UNIVERSITY OF KWAZULU-NATAL

Developing an investor aftercare model for promotion of the agro-processing sector: The case of Limpopo Province

by

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A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in Leadership Studies

Graduate School of Business and Leadership

College of Law and Management Studies

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2022

DECLARATION

I, Sepele Johannes Matlala (202526928), declare that:

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ACKNOWLEDGEMENTS

"*Never stop learning because life never stops teaching. Learning is both a challenging and inspiring journey, yet it is necessary to increase one's body of knowledge and skills*". This has always proven to be the driving force behind my thirst for new knowledge and skills in life. I have now come to the end of this doctoral thesis, one of my life's highest achievements. I would like to thank the Almighty God for giving me wisdom and strength to choose this field of study. I would also like to pass my gratitude, appreciation and contribution to the following people and organisations towards the completion of my thesis.

The University of KwaZulu-Natal Graduate School of Business and Leadership for granting me a bursary, which enabled me to work through this thesis. Doctor Pfano Mashau, my study supervisor, for the guidance, constant support, patience, encouragement, and mentorship during the course of the study. My colleagues for their constant encouragement and moral support they provided to me during my research.

My respondents from Limpopo Department of Agriculture; Limpopo Economic Development Agency; Capricorn District Municipality; Mopani District Municipality; Sekhukhune District Municipality; Vhembe District Municipality; Waterberg District Municipality and Subtrop who volunteered their personal narratives for the purpose of this study.

My mother and late father for always believing in me as well as shaping me to be what I am today. My Mother's influence has made me a disciplined, organised and a focused person. Father, I know that you are proud of me from wherever you are. Here I am, a doctoral grandaunt, and still determined to rise higher. My dear wife, Mahlodi and daughter, Reshoketswe for their understanding while my focus was on my studies, to the degree such that I neglected them when they needed my attention.

My sisters, nephews, and nieces for always encouraging me to soldier on. Now your only brother and uncle has completed this important journey, which you've been part of. My extended family, now you know my research was a legitimate reason for my failure to attend important family gatherings. I hope this thesis serves as an inspiration for my family and relatives, to always stay focused and seek to achieve what seems to be impossible in life.

ABSTRACT

Investor aftercare is a more often ignored part of investment promotion. This study investigated investor aftercare practices in the Limpopo Province of South Africa. The aim was to establish Limpopo's current investor aftercare practices in relations to promotion of agro-processing in the province.

Investor aftercare and agro-processing were reviewed in detail to give context to the study, while a convergent-parallel approach of the mixed method was used in data collection to establish Limpopo's current investor aftercare practices in relations to the promotion of agro-processing in the province, where primary data was collected using a questionnaire and interviews. A review of existing literature was used to supplement and support the primary data. The population in the study included officials from the Limpopo Economic Development Agency, Limpopo Department of Agriculture, the five district municipalities of the province, and the organisation Subtrop as an industry association. A sample of 133 respondents was used, 16 of which provided data through in-depth interviews and 117 through questionnaire responses. The sample participants were selected purposively as key informants who were deemed to have the required information for the study. The interview and questionnaire data were coded, then summarised in terms of frequencies and graphically, and analysed for statistical significance using inferential statistical tests (Chi-square, Pearson's correlation coefficient) where appropriate. Factor analysis of questionnaire responses regarding perception on investor aftercare gave an indication of the dimensionality of these responses.

The results indicated that investor aftercare was not being adequately institutionalised, as several stakeholders in Limpopo seemed to discharge it in a silo approach. This leads to a lack of clarity and worrying overlaps of institutional mandates as far as investor aftercare is concerned. This state of affairs renders investor aftercare less effective. As remedy, a new investor aftercare model, termed the Experiential Investor Aftercare Model, is proposed for the province's agro-processing sector. The study recommends a review of the institutional arrangement of investor aftercare in Limpopo Province, accompanied by implementation of the proposed investor aftercare model, in order to realise investor aftercare's potential in promoting Limpopo's agro-processing sector.

Keywords: Investor Aftercare, Agro-processing, Promotion, Investment, Unemployment.

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AfDB	African Development Bank
ANC	African National Congress
APAP	Agricultural Policy Action Plan
AU	African Union
B-BBEE	Broad-Based Black Economic Empowerment
BITC	Botswana Investment and Trade Centre
BR&E	Business Retention and Expansion
BRICS	Brazil, Russia, India, China and South Africa
BIT	Board of Trade and Industries
CAADP	Comprehensive Africa Agriculture Development Programme
CASP	Comprehensive Agricultural Support Programme
CCRED	Centre for Competition, Regulation and Economic Development
CEOs	Chief Executive Officers
CFFPI	Centre for Farmland Policy Innovation
CFTA	African Continental Free-Trade Area
CI	Czech Invest
COMESA	Common Market for Eastern and Southern Africa
DA	Democratic Alliance
DAFF	Department of Agriculture, Forestry and Fisheries
DFI	Direct Foreign Investment
DTI	Department of Trade and Industry
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FOEs	Foreign-Owned Establishments
GDP	Gross Domestic Product
GVCs	Global Value Chains
IDA	Irish Development Agency
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDTT	Industrial Development Think Tank
IDZ	Industrial Development Zone

IFC	International Finance Corporation
IGDP	Integrated Growth and Development Plan
IMF	International Monetary Fund
IPA	Investment Promotion Agency
IPAP	Industrial Policy Action Plan
ITAC	International Trade Administration Commission of South Africa
KenInvest	Kenya Investment Authority
LDA	Limpopo Department of Agriculture
LED	Local Economic Development
LEGDP	Limpopo Employment Growth and Development Plan
LEDA	Limpopo Economic Development Agency
LGDS	Limpopo Growth and Development Strategy
LNDC	Lesotho National Development Corporation
MDG	Millennium Development Goal
MNC	Multinational Corporation
MNEs	Multinational Enterprises
MOUs	Memorandums of Understanding
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NGP	New Growth Path
NRCS	National Regulator for Compulsory Specifications
OECD	Organisation for Economic Co-operation and Development
OSS	One-Stop-Shop
PanAAc	Pan-African Agribusiness and Agro-industry Consortium
PGDS	Provincial Growth and Development Strategy
PwC	Pricewaterhouse Coopers
PPP	Public-Private Partnership
RSA	Republic of South Africa
R&D	Research and Development
RIDS	Regional Industrial Development Strategy
RVCs	Regional Value Chains
S.A	South Africa
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs

SAJE	South African Journal of Economics
SAMAC	Southern African Macadamia Growers' Association
SARB	South African Reserve Bank
SARS	South African Revenue Services
SEDA	Small Enterprises Development Agency
SEED	Social and Environmental Enterprises Development
SERO	Socio-Economic Review and Outlook
SEZ	Special Economic Zone
SMMEs	Small, Medium and Macro Enterprises
SOEs	State-Owned Enterprises
SPSS	Statistical Package for Social Sciences
STATS S.A	Statistics South Africa
TIC	Tanzania Investment Centre
TIPS	Trade and Industry Policy Strategies
TNCs	Transnational Corporations
TNE	Transnational Enterprise
TISA	Trade and Investment South Africa
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNIDO	Nations Industrial Development Organisation United
WEF	World Economic Forum

DEFINITIONS OF MAIN CONCEPTS

1. **Agro-processing** - The agro-processing industry covers a broad area of post-harvest activities, comprising minimally processed, artisanal and packaged agricultural raw materials, the industrial and technology-intensive processing of intermediate goods and the fabrication of final products from agriculture (DAFF, 2012). The FAO (1997) and Henson and Cranfield (2009) define agro-processing as a subset of manufacturing that processes raw materials and intermediate products derived from the agricultural sector. Agro-processing is the process whereby manufacturers convert primary agricultural products into consumable commodities suitable for consumption. It is broadly a sub-sector which is greatly important to the production of food, beverages and non-food products like tobacco, sisal, as well as the treatment of wood for furniture and paper products (SEDA, 2012).

2. **Black Industrialist** - A Black Industrialist is defined as a juristic person, including co-operatives, incorporated in terms of the Companies Act (2008) owned by black South Africans as defined by the B-BBEE Act, who creates and owns value adding industrial capacity and provides long-term strategic and operational leadership to a business (South African Government, 2019). A black industrialist can also be a natural person. The following are characteristics of a black industrialist:
   - Provides strategic and operational leadership to the business.
   - Has a high level of ownership and/or exercises control over the businesses;
   - Identifies opportunities and develops businesses to take advantage of these opportunities (entrepreneurial).
   - Takes personal risk in the business.
   - Does business in the manufacturing sector, with reference to IPAP focus areas, and
   - Makes a long-term commitment to the business and is a medium to long-term investor.

   While there is no desire to support entities with significant and dominant black ownership and control, it is accepted that there may be a need to include other shareholders to attract relevant skills, finance, and opportunities.

3. **Co-operative** - An independent association of persons united willingly to meet their common economic, social, and cultural needs and aspirations, through a mutually owned and democratically controlled enterprise (International Co-operative Alliance, 2009). Co-operatives have a confirmed record of creating and sustaining employment opportunities, and as a result have the capacity of dealing with unemployment (International Labour Organisation (ILO), 2015).

4. **Foreign Direct Investment** - Foreign Direct Investment (FDI) is defined as an investment that involves a long-term relationship reflecting a lasting interest of a resident entity in one economy (the direct investor) in an entity resident in an economy other than that of the investor (IMF, 1993). FDI consists of a package of assets transferred, as well as intermediate products such as capital, technology, management skills, access to markets and entrepreneurship (Dunning, 1995; International Monetary Fund, 1993). Key components of FDI are equity, capital, local earnings that are reinvested, as well as loans from the parent company to the local chapter (UNCTAD, 2009). FDI has four key characteristics. First, it involves the transfer of non-financial assets such as technology, intellectual capital and informal managerial or technical guidance, in addition to financial assets (Dunning, 1970; Dunning, 2002; Dunning and Lundan, 2008). Secondly, there is no charge for ownership of the assets that are transferred. In other words, the power to control decision-making over the use of the transferred resources remains in the hands of the investing entity (Dunning, 1970; Dunning, 2002; Dunning and Lundan, 2008). Thirdly, it is invisible and less fungible than portfolio investment (Dunning, 1970; Dunning, 2002). Fourthly, it is motivated by the opportunity to achieve better economic performance than what is currently earned by competitor firms.

5. **Incubation** - The process whereby established companies and business experts mentor and assist new businesses to develop by providing them space, enterprise development and training services (Mashau, 2016).

6. **Investment Promotion Agency** - An Investment Promotion Agency (IPA) is a government agency or non-profit organisation which functions like a chamber of commerce. Its mission is to attract investment to a country, state, region or city. It also manages investment incentives that the city, state or country may offer to companies which invest there (Trnik, 2007).

7. **Local Economic Development** - Local Economic Development (LED) is understood as the joint venture between local stakeholders, which embraces partnerships in formulation and implementation of strategies with the aim of utilising local economic resources for job creation and economic growth (Rodriguez-Pose and Tijmstra, 2005; Nel and Lynelle, 2006).

8. **Multinational Enterprise** - A Multinational Enterprise (MNE) is an enterprise that engages in FDI and owns or controls value adding activities in more than one country (Dunning, 1995). In the FDI literature an MNE is also sometimes referred to as a transnational enterprise (TNE), transnational corporation (TNC), multinational corporation (MNC) or a foreign-owned establishment (FOE). In this study, MNE, Transnational Corporations (TNC), FOE and MNC will be used interchangeably.

9. **Promotion** - According to Belch and Belch (2001), promotion is defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea. In the context of this thesis, promotion means the coordination of all efforts to attract investment with the ultimate aim of sector and local economic development.

10. **Social and Environmental Enterprises Development (SEED)** - SEED is a worldwide partnership for action on sustainable development and the green economy. Started by the United Nations Environment Programme (UNEP), International Union for Conservation of Nature (IUCN) and the United Nations Development Programme (UNDP) at the 2002 World Summit on Sustainable Development in Johannesburg, SEED supports ground-breaking small-scale and locally driven enterprises around the world which incorporate social and environmental benefits into their business model. SEED is held by Adelphi Research gGmbH, located in Berlin, Germany, Adelphi Research is a prominent think tank for policy analysis and strategy consulting. The institution provides creative solutions and services concerning international environment and development challenges for policy, business, and civil society communities (SEED, 2018).

11. **Sovereign Credit Rating** - According to Mugobo and Mutize (2016), Sovereign Credit Rating (SCR) is an assessment of the credit worthiness of an independent government by a credit rating agency (CRA) of the nation's capacity to pay back its debts and its probability of default. SCR is defined by Ashburton Investments (2016) as an opinion about the creditworthiness of a country, which is determined through an assessment of the sovereign's willingness and ability to honour its present and future commitments in full and on time. SCRs are an indicator of the risk level related to the investment environment of a country and are used to establish the premium payable on debt instrument issued by the country.

12. **Special Economic Zones** - DTI (2019) defines SEZs as geographic areas with special infrastructure and regulatory provisions with the main goal of attracting foreign direct investment and, in so doing, alleviating the unemployment problem in South Africa. SEZs' common features include a geographically demarcated area, streamlined procedures such as special regulations, tax holidays and customs which are administratively governed by one institution. Many governments choose SEZs to attract investors, increase export earnings and create jobs. The SEZs are considered a practicable and realistic choice to overcome some of the limitations related to policies in developing countries in the short-term (OECD, 2014).

13. **Unemployment** - According to Musyoka (2015), literature suggests two definitions of unemployment, namely, the narrow and the expanded. The most used concept, commonly termed as the narrow definition, captures only those actively looking for employment while the expanded definition considers a mix of those actively looking for employment as well as those who are discouraged to the extent that they are no longer looking for employment. This project applies the expanded definition.

CHAPTER 1: INTRODUCTION AND SCOPE OF THE STUDY

1.1. INTRODUCTION

South Africa's economy has had low economic growth (Madalet, 2018; Brown, 2019), and it has displayed an average annual growth of a mere 1.1% over the past four years (Naude, 2018). This low growth has resulted in the economy not growing rapidly to absorb new entrants into it, and this has caused increases in unemployment (Naude, 2018).

The official report released by Stats SA indicates that the unemployment rate remained the same in the country at 29.1% between the third and fourth quarters in 2019, which is the highest unemployment rate since StatsSA started measuring unemployment using the Quarterly Labour Force Survey (QLFS) in 2008. The report indicates that Limpopo Province recorded an unemployment rate increase of 1.7% points. It was further learned that the year-on-year unemployment rate increased by 2.0% points in the country with Limpopo recording the largest increase of 6.6% points (Stats SA, 2020).

The effort to create jobs in the provincial economy should focus on the promotion of the labour-absorbing industries (Stats SA, 2017). The National Development Plan (NDP) aims to deal with the country's challenges of inequality and poverty through stimulating economic growth and job creation. The NDP envisages the unemployment rate falling from 25% in 2012 to 14% by 2020 and 6% by 2030.This would require the creation of an additional 11 million employment opportunities. In turn, an average economic growth rate of 5.4% per annum is required to attain this goal. Instead, economic growth has underperformed, and the unemployment rate has increased since 2012 (NDP, 2012).

The DAFF Agro-processing strategy (2012) states that, the New Growth Path (NGP) has a target of 145 000 jobs to be created in agro-processing by 2020, while the Industrial Policy Action Plan (IPAP) 2 has a more conservative estimate target of 66 180 jobs to be created over the next ten years. Agro-processing contributes to sustainable livelihoods through improved income, which often results from employment (Mhazo et al., 2012).

The agro-processing sector has the power to be transformative and improve the stagnating growth in South Africa. The ITAC (2016) concurs and states that the processing of agricultural products can help South Africa realise value added growth and support labour-intensive sectors of the economy. Limpopo could be better positioned to play an important role in realising both the NGP and the IPAP's

targets, due to the province's wealth of agricultural resources, which could be used to stimulate agro-processing for various products (Urban-Econ Development Economists, 2012).

The latest unemployment rate increase of Limpopo Province, as previously shown, is a clear indication that the province is failing to enjoy the benefits associated with the agro-processing sector. This limitation could perhaps be due to the province's investor aftercare practices in relation to promoting the sector.

Investor aftercare is defined by Danson and Lloyd (2012) as the company level interventions aimed at facilitating business growth. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) (2017) defines investor aftercare as an equivalent of customer care that adheres to the sales motto, that it is almost nine times less costly to sell to an existing customer, as it is to attract and successfully develop a new one.

Investor aftercare is, therefore, defined by the researcher as the programme aimed at encouraging existing investors to re-invest and equally help to convince other potential investors to invest in a certain location. The economic development maxim is that the greatest return on investment of economic development resources derives from the retention and growth of existing businesses (City of Guelph, 2013). Peters (2018) states that investor aftercare is very important especially in retaining investors, just as after-sales within a company aim to maintain customer loyalty. At the same time, investor aftercare adds value to a product or service beyond the selling point, the decision to invest, or re-invest. The benefits of well thought out aftercare include further capital investment, fostering local economic growth, and more new employments.

The state of unemployment in Limpopo further suggests that investors are currently not reinvesting to expand their operations, and this could be attributed to the province's investor aftercare as has already been alluded to above. In view of the above, this study is an attempt at understanding Limpopo's current investor aftercare practices in relation to promotion of the agro-processing sector, in order to encourage reinvestment by existing investors and attract more investors that are new. The study further attempts to address the problem faced by the province as stated in the section that follows.

1.2. PROBLEM STATEMENT

Existing investors in Limpopo Province are not well taken care of, thus the study wants to provide an aftercare model to take care of them in order to encourage agro-processing reinvestment as well as

new investment portfolios. According to Urban-Econ Development Economists (2012), Limpopo Province produces high volumes of mangoes, citrus, bananas, litchis and avocados. Other products produced by the province include tea, nuts, guavas, sisal, cotton, tobacco, timber, sunflower, maize, wheat cultivation as well as grapes. Most of the northern parts are devoted to cattle and game ranching, earning a reputation for quality biltong, which is a popular South African salted and dried meat. The province is also home to the country's biggest producer of tomatoes, ZZ2. Limpopo is rich in agricultural resources which could stimulate the development of agro-processing for various products (Urban-Econ Development Economists, 2012).

The province has considerable investment opportunities in the areas of processing and the packaging of fruits and vegetables as well as opportunities for the export of beef, pork, chicken eggs, fruit and vegetables. There is also potential for the additional production of sunflowers, soya beans and maize under dry-land conditions. Soya beans represent a particularly profitable investment opportunity with substantial quantities currently being imported (Urban-Econ Development Economists, 2012). Despite the agricultural potential and output of the province, the linkage between agriculture and industry appears weak, value additions by the manufacturing sector remain low, and there are few agro-processing entities in Limpopo Province (SEDA,2012). Initial capital has been a constraint (Sebopetji and Belete, 2009), but even after it has been overcome there are several bottlenecks that hinder the success of the agro-processing sector in the fruit and vegetable producing areas of the Limpopo Province, including the lack of transport for the produce to the market or processing plant (van der Walt, 2017).

This state of affairs means that most of the agricultural produce from Limpopo has to be marketed or exported at commercial centres outside the province, which in essence entails that the province is exporting the much-needed employment opportunities that are supposed to be created by the province's agro-processing sector. Furthermore, it means the produce is exported in raw state outside the province and imported or sold back to the province as processed and costly products. This might perhaps be because the province's investment promotion effort is less effective in attracting more investors into the province's agro-processing sector. Therefore, an investor aftercare model is needed to redress the negative situation. Historically the lack of investor aftercare has been a problem in Limpopo Province, causing investment failure, including in the SMME sector (Ladzani, 2010).

1.3. THE RATIONALE FOR THE STUDY

Many countries have battled to keep investors after an investment peak. This is particularly applicable in post-crisis investment promotion, when attracting new investors becomes costlier and challenging. Good aftercare and policy advocacy, including feeding investors' advice into policy making, can help deal with investment climate challenges(OECD,2014).

There is growing interest in learning about how to work with investors to encourage further expansion, increase the value of the investment to the host country, lessen the risk of disinvestment, reinforce the local business ecosystem, and increase worldwide connectedness with other business hubs and increase stakeholder value. To deliver on these ambitions, aftercare has to play investor services, policy advocacy, and place making as the main roles. Together, they generate a good circle that builds the best conditions for a business to flourish, while also building intangible and tangible location assets, including place, brand, and more sustainable communities (Peters, 2018).

WAVTEQ (2016) states that any investment made has a multiplier effect on the local economy. As a result, to increase the benefit to a location, supporting investors should be the responsibility of all stakeholders, not just the Investment Promotions Agency (IPA). It calls for the coordination of several stakeholders such as government institutions, businesses, academia, chambers of commerce, foreign embassies, start-ups, and Non-Governmental Organisations (NGOs). Rephrasing the idea that it takes a village to raise a child, Peters (2018) says it takes a whole ecosystem to grow a company. Therefore, supporting existing investors is a stakeholders' collaborative duty that never ends.

This study seeks to explore investor aftercare as an alternative tool for Limpopo Province's agro-processing investment promotion. Previous studies on investor aftercare focused on analysing and understanding the relationship between investment aftercare and inward Foreign Direct Investment (FDI) in South Africa (Manasoe and Mears, 2011); evaluating investment promotion agencies (UNCTAD, 2008), as well as developing a framework for FDI promotion (Loewendahl, 2001). Therefore, there is a need to establish how investor aftercare could be used to promote investment as opposed to the traditional and costly outward investment promotion campaigns.

Importantly, this study focuses on developing an investor aftercare model for the promotion of the agro-processing sector in Limpopo Province since no study has been conducted in this field. The study is necessary because it could result in the development of an investor aftercare model on how to promote Limpopo Province's agro-processing sector.

1.4. RESEARCH AIM AND OBJECTIVES

The inititial presumption at the start of the study was that Limpopo Province did not have an investor aftercare model, and that the current investor aftercare model used in Limpopo Province, if any, seems to be ineffective in terms of promoting the agro-processing sector in the province. This presumption was based on the situation in the province as outlined above in the problem statement (Section 1.2). Hence as indicated before, the linkage between agriculture and industry appears weak, and value additions by the manufacturing sector remain low, and there are few agro-processing entities in Limpopo Province (SEDA, 2012). Therefore, the aim of this study is to establish Limpopo's current investor aftercare practices in relation to promotion of agro-processing in the province. As objectives, the study seeks:

- To explore the strategies used in promoting agro-processing in Limpopo Province;
- To investigate the stakeholders' perceptions on the current investor aftercare strategies;
- To assess the relevance of the current aftercare model in the province;
- To investigate the potential benefits of investor aftercare in the province;
- To review the investor aftercare models in order to develop one for the province's agro-processing sector.

1.5. RESEARCH QUESTIONS

The research aim and objectives mentioned above, as well as the need for the study, had the following linked research questions:

- Which strategies are in use to promote agro-processing in Limpopo Province?
- Why are these strategies being used?
- How relevant is the current aftercare model in relation to promotion of agro-processing?
- Which benefits are associated with investor aftercare in the province?
- What is the most suitable aftercare model for the province's agro-processing sector?

1.6. RESEARCH METHODOLOGY

There are three main research methods: qualitative, quantitative and mixed-methods. Qualitative is one in which the researcher relies on the views of respondents; asks broad, general questions; collects data consisting largely of words from respondents; describes and analyses these words for themes and conducts the inquiry in a biased and subjective manner (Creswell, 2013). On the other hand, the

quantitative approach asks specific, narrow questions, collects quantifiable data from respondents; analyses these numbers using statistics and conducts the inquiry in an unbiased and objective manner (Creswell, 2013).

This study applies mixed-method approach. By mixing both qualitative and quantitative methods, the study provides a better understanding of a research problem than either one method alone, as well as ensures that the weaknesses in one method are offset by the strengths of the other method. This method further extends the breadth and range of inquiry by using different methods from different inquiry components. In this view, the usage of the mixed-method increases the reliability and validity of the findings. Primary data was collected using a questionnaire and an interview guide. Content analysis or documentary review was also undertaken through a desktop search involving a review of existing literature on investor aftercare and agro-processing . Documentary review was used to supplement and support the primary data. Both credible internet sources and student papers were used in this regard.

The population in this study included the executives and staff members from Limpopo Economic Development Agency, Limpopo Department of Agriculture, five district municipalities (Capricorn, Mopani, Sekhukhune, Waterberg and Vhembe) as well as Subtrop as an industry association. All these organisations are based in Limpopo Province.

Quantitative data was analysed descriptively and inferentially using Microsoft Excel and Statistical Package for Social Sciences (SPSS), while qualitative data was analysed using thematic analysis, where collected data was grouped and transcribed into themes in line with the interview questions and responses, for easy discussion and interpretations into findings and recommendations. The services of a qualified statistician were used to conduct data analysis as well as verification of methods and results.

1.7. SIGNIFICANCE OF THE STUDY

According to Manasoe and Mears (2011), scientific studies are carried out for a particular purpose, mostly to address a particular problem. Development studies are, therefore, carried out to address a particular development problem. The significance of this study is two-fold. Firstly, to assist the researcher in his career and professional development in understanding the relationship between investor aftercare and investment promotion with special reference to Limpopo Province's agro-processing sector (investment opportunities), and secondly, to contribute to investor aftercare stream of research by shedding some light on how investor aftercare impacts on investment attraction or

promotion. Wessenndorp (2008) states that when the host country provides investor aftercare services to its existing investors it encourages reinvestment, enhances the development impact of investment, improves project implementation rates and builds a strong reputation as an investment location.

Investor aftercare has, without doubt, become a very important issue to attract, retain and expand investment, because it has the potential to promote and contribute to the success of any sector. This is the case in many countries, including England (Almond et al., 2015), Central-Eastern European countries (Capik, 2021), Korea (Ahn, 2008), Malaysia (Ayub and Zhen, 2020), Caribbean countries (Urones, 2017), Spain and Ireland (Guimón, 2009). Therefore, this study explores aftercare strategies for promoting agro-processing in Limpopo Province. In addition, the study investigates the stakeholders' perceptions on the current investor aftercare activities; assesses the relevance of the current aftercare model in Limpopo; investigates the effects of investor aftercare while concurrently assessing the relevance of after care services in the province. The study also investigates an ideal investor aftercare model; as well as recommends the guidelines for successful implementation of the model to ensure competitiveness of the agro-processing sector in the province. The impact of agro-processing investment in Limpopo would depend on how investors are taken care of. It is, therefore, important for the study to be carried out as it adds value in the province in many ways.

The significance of the study is based on the fact that investor aftercare is fairly a new area with limited studies carried out on it in South Africa. Although the focus of the study is Limpopo, the findings would empower economic development practitioners, as well policy makers, in South Africa and beyond, on how to promote sectors through investor aftercare.

The study would provide guidelines on how countries and provinces could develop their investor aftercare in order to attract, retain and expand investment. The study also adds to the body of knowledge in the research area, thereby addressing the research gap or limited literature with old sources. The study could benefit the private sector involved in agro-processing in Limpopo and the country at large.

The province could use this study to assess the strengths and weaknesses of its current strategies in promoting the agro-processing sector. When the sector has been well promoted and more investors have been attracted and retained, it could contribute to economic development. In this way, the study could contribute to the reduction of the high level of unemployment as well as improving the standard of living and life expectance rate.

Should the recommendations of the study be implemented, the promotion of the agro-processing sector in Limpopo should lead to positioning the province as an investment destination of choice for both potential and existing investors who want to be in agro-processing. In conclusion, the findings and recommendations of this study can be replicated in promoting various other economic sectors in Limpopo in particular and the world in general; and perhaps also help to address the integrated development needs of the province.

1.8. LIMITATIONS

According to Mashau (2016), limitations are potential weaknesses in the study that are out of control of the researcher. The researcher managed to obtain valuable data from respondents despite some limitations experienced. There is limited literature on this area of study, hence the researcher used old sources in Chapter 3.

This study only focuses on Limpopo Province, due to both time and financial limitations. However, findings are replicable to other provinces in the country. Also, the study constrained itself to government and industry association, and left out other stakeholders such as agro-processing entities and farmers or suppliers. The selection of Limpopo was informed by the fact that it has a well established agricultural sector. By this token, therefore, other provinces which do not have well established agricultural sectors might be significantly different.

This particular study only interviewed government and industry association officials; and therefore, the perspectives of existing investors or industry players are not necessarily represented in the findings of the study. And even among government and association officials, the researcher interviewed selected senior officials, who often do not interact with the industry on a day-to-day basis.

Due to the respondents' busy work schedules, data collection took longer than planned as some of respondents kept on postponing appointments, which prolonged the data collection process. This was also because the respondents were from various organisations and districts, which meant the researcher travelled to all five districts of the province.

1.9. DELIMITATIONS

Delimitations are potential weaknesses in the study that are under the control of the researcher (Mashau, 2016). Mashau (2016) further indicates that delimitations are set to help the researcher's goals to be possible to achieve. On delimitations, the researcher chose research questions and

objectives after carefully establishing their achievability and their potential to address the research problem. Furthermore, the researcher used both an interview guide and a questionnaire to collect data from respondents, which encouraged respondents to be more willing to take part in the research project.

1.11. STRUCTURE OF THE THESIS

The study report is structured into seven chapters as outlined below.

Chapter 1: Introduction and scope of the study

This chapter focuses on the orientation of the study by providing the introduction, followed by the problem statement, rationale of the study, research aim and objectives, research questions, research methodology, significance of the study, limitations, delimitations, , as well as the structure and summary of the study.

Chapter 2: The current investment climate in South Africa

This chapter deals with South Africa's economic outlook; Limpopo Province's economic outlook, the size of South Africa's economy, purchasing power and consumer behaviour. The chapter further discusses South Africa's overall investment climate, which encompasses reasons for investing in South Africa; factors affecting the country's investment attraction drive as well as important factors that potential investors consider in their investment decisions.

Investment climate is regarded as the conditions in a country that affect whether individuals and institutions such as banks are willing to lend and acquire a stake (invest) in the businesses operating there. An unfavourable investment climate is one of various hindrances faced by under-developed countries. The chapter concludes by arguing for the favourable investment climate which plays a very important role of investment attraction, retention and expansion in the drive for sustainable growth and economic modernisation in developing countries like South Africa.

Chapter 3: Investor aftercare

This chapter focuses on investor aftercare as one of the main concepts of the study. This concept is explicitly explored, focusing on the definition; existing or current models; characteristics; objectives; role; determinants; challenges as well as discussing its overview in Africa, South Africa and Limpopo Province. It further deals with the best learning practices. The chapter concludes by putting emphasis

on the potential that investor aftercare has on investment promotion as opposed to the use of outward trade missions which are inherently costlier without immediate returns.

Chapter 4: Research Methodology

The chapter outlines the research methodology employed to guide the primary data collection. Essentially, it outlines the steps followed in conducting the research, and presenting various sources of information, data collection and analysis methods. The chapter deals with the mixed-method as the method used in this research project, which includes the administration of both questionnaires and interviews. It also outlines various economic development stakeholders in Limpopo province that participated in this project through provision of data. The chapter concludes by outlining the importance of using the mixed-method in the study.

Chapter 5: Agro-processing and Limpopo Province's agro-processing commodity value chain analysis

This chapter deals with agro-processing as another main concept of the study. The concept is reviewed in detail focusing on the definition; characteristics and economic benefits as well as discussing its overview in Africa, South Africa and Limpopo province. The importance of agro-processing in the socio-economic landscape is stressed.

Then the chapter deals with the agro-processing commodity value chain analysis in Limpopo Province, with special reference to citrus; subtropical; macadamia; vegetables; industrial crops as well as grains. It sheds light on the actors participating in each link; how they participate or could participate in the link; and opportunities to facilitate or improve those linkages. It concludes by emphasising that given a host of commodity value chain opportunities in Limpopo, effective promotion of agro-processing sector could have huge economic spin-offs for a rural province such as Limpopo province by creating new employment opportunities as well as increasing the revenue base through new investment and reinvestment.

Chapter 6: Presentation of and analysis of qualitative and quantitative results

This chapter analyses the qualitative data based on the six themes emerged from the interviews conducted as well as research objectives set out in Chapter One. The six themes are: understanding investor aftercare; practices of investor aftercare; monitoring and evaluating investor aftercare; perceptions on current investor aftercare;investor aftercare model and the implementation guidelines

as well as the role of government. The chapter further presents quantitative data analysis based on responses collected from the respondents using the questionnaire.

Based on the consolidation of both qualitative and quantitative data, the chapter concludes by indicating that a clear understanding of the aftercare concept, practices, monitoring and evaluation,the implementation of a model or guidelines as well as the role of government are important for effective implementation of aftercare. It outlines the ideal investor aftercare model that is developed, indicating that information sharing with the investors, public-private partnership, adequate skills or competencies and sufficient resources are important for effective implementation of investor aftercare, as well as stressing that aftercare is critical aspect of Local Economic Development.

Chapter 7: Conclusions and recommendations

This chapter provides the conclusions and recommendations reached in this study in relation to the development of the investor aftercare model that could be used for promotion of the agro-processing sector in Limpopo Province. It deals with what Limpopo should do to promote the agro-processing sector in the province. Chief amongst others is to implement the researcher's newly developed model called experiential investor aftercare, to bring about the much sought after positive experience amongst existing agro-processing investors in the province. The chapter further stresses that the implementation of the proposed model should be accompanied by a more comprehensive investor aftercare strategy with clear objectives, services, and targets.

The chapter concludes with a brief overview of the areas recommended for further research that were identified in the course of the study, as well as outlining the extent to which the study managed to realise its set objectives. The chapter further discusses the general contribution of the study to the body of knowledge.

1.12. SUMMARY

This chapter focused on the nature and scope of the study, dealing with the introduction of the study, the problem statement which highlights the focus of the study, rationale of the study which justifies the need for the study, research aim and objectives. In order to achieve the stated aim and objectives, a number of research questions were posed. A research methodology, significance of the study, limitations, delimitations and the structure of the thesis were articulated to outline what to expect in each of the individual chapters.

The next chapter deals with the current investment climate in South Africa, which plays a very important role in understanding the country's capacity and the overall competitiveness in attracting the much-needed investment. Without this understanding, one would not be able to come up with new ways of improving investment attraction, retention and expansion efforts in order to reduce the rate of unemployment and subsequently increase the revenue base of the country.

CHAPTER 2: THE CURRENT INVESTMENT CLIMATE IN SOUTH AFRICA

2.1. INTRODUCTION

This chapter highlights the factors that influence investment in South Africa. The investment climate in the country has a bearing on investment and, subsequently, on investor aftercare which is examined in this study. Stern (2003) states that many people agree that investment is vital for economic prosperity and growth, and that a favourable investment climate is crucial for the promotion of business dynamism. Haye (2019) refers to investment climate as the economic, financial, and socio-political state of affairs in a country that affects whether individuals and institutions such as banks are keen to lend money and invest in the business operating there. The unfavourable investment climate is one of the numerous limitations faced by many countries, especially under-developed ones. Regulatory reforms are often a strategic component of eradicating the barriers of investment. Several non-profit organisations have been established to spur economic development by improving the investment climate in these countries.

For individuals and institutions to be motivated at investing in a given investment climate, they need to have a rational expectation for conditions that would permit their investments to flourish and increase. In short, the private sector needs an enabling and active state to function efficiently and fairly. If the state is not trusted to offer that level of assurance, doing business becomes problematic. Clear rules are a pre-requisite on how the state interrelates with the private sector. Therefore, there should be a conducive environment for productive engagement between state agents and private business. Private sector growth is essential for developing countries to create jobs and raise incomes. The nature and degree of private sector growth in a country is determined by various factors (Haye, 2019).

Therefore, this chapter deals with South Africa's economic outlook; the size of South Africa's economy, purchasing power, and consumer behaviour; and South Africa's overall investment climate which includes reasons for investing in South Africa. Amongst others, these include the country as the link between the BRICS and Africa, having advanced financial infrastructure, healthy banking system, improved global portfolio performance, wealthy in natural resources, government's continued effort to court Foreign Direct Investment (FDI), the rollout of Special Economic Zones (SEZs), no new restrictions on profit outflows, the opening of Invest S.A. one-stop shops, robust foreign investor protection and investment opportunities in various sectors.

The chapter further deals explicitly with factors affecting the country on its investment attraction drive. The factors include, amongst others, the country's small population size, uncertainty and lack of confidence, lack of political will, skills levels and the HIV/AIDS pandemic, inflexible and over-regulated labour regime, failure of investment incentives, unreliable electricity/energy supply, corruption, expropriation of land without compensation, coronavirus (Known as COVID-19) as well as the negative sovereign credit rating. The inclusion of COVID-19 is justified by Peters et al. (2022), who show that COVID-19 has relevance to investor aftercare. The chapter also converses on essential factors that potential investors should always consider when making investment decisions such as trade openness, the efficiency of government regulation, safety and security, property rights, policy continuity, quality of infrastructure, control of corruption, economic stimulus and recovery plan.

2.2. SOUTH AFRICA'S ECONOMIC OUTLOOK

PwC (2018) indicates that the South African economy is forecast to increase by 1.8 % in 2019, generally due to a predictable escalation in private investment resulting from improved business and consumer confidence (PwC, 2018). South Africa's economic outlook is discussed next using relevant sub-sections.

2.2.1. Employment

South Africa's unemployment rate reached 27.7 % in the third quarter of 2017, the highest rate since September 2003. Average formal non-agricultural employment dropped by 0.4 % in the first three quarters of 2017 compared with the same period in 2016. Average employment in the public service accounts for about 21% of total formal non-agricultural employment, contracted by 3.6 % in the first three quarters of 2017 (The Treasury, 2018).

Obviously, private sector job creation remains the only viable way to decrease unemployment. Labour relations have enhanced, but employment outcomes hang on a continued rise in confidence and investment. However, since 2015, the private sector's input to job creation has dropped (Business Live, 2019). Financial and business services that account for the most significant number of private sector jobs shrank by 0.3 % from first quarter to the the third quarter of of 2017. In the same period, construction, which employs 7.9 % of private sector employees, contracted by 1.4 % (ERR News, 2018).

2.2.2. Household consumption

Household consumption expenditure increased by 1.4% in the first three quarters of 2017 compared with a 0.7% increase over the same period in 2016. Spending on services, such as education, increased by 2.3% (The Treasury, 2018). Despite strong growth in the third quarter, the expenditure of durable goods dropped by 0.3% in the first nine months of 2017, in contrast with a more considerable shrinkage of 7.8% over the same period in 2016. Since climaxing at 87.8% in the first quarter of 2008, household debt as a percentage of household disposable income has continued to drop, reaching 72.5% in the third quarter of 2017 (Bloomberg, 2020). Household consumption was projected to rise by 1.3% in 2017 to reach 2.3% in 2020 as employment growth goes faster, confidence increases, and more favourable credit conditions boost buying power (Deloitte, 2020).

2.2.3. Investment

Real gross fixed capital formation dropped by 0.2% during the first three quarters of 2017. Private investment, which accounts for about 60 % of total investment and has been decreasing since 2015, such that it shrank by 2.1% in 2017. Investment by public corporations shrank by 1.7 % during the first three quarters of 2017. Investment growth was anticipated to improve moderately, from 1.9 % in 2018 to 3.3 % in 2019 (The Treasury, 2018). The investment to GDP ratio was 19.5% in 2016, well below the NDP target of 30 % of GDP by 2030. Boosting gross fixed capital formation is essential to increase the economy's potential growth rate (StatsSA,2020)

2.2.4. Exchange rate

The rand gained strength by 10.6 % against the U.S. dollar in 2017, getting to R12.38/US$ at year-end – a level last seen in June 2015 (Business Insider, 2018). The currency's latest performance mirrors investors' response to domestic political developments and general strength in developing-country currencies. These currencies profited from U.S. dollar weakness, the quest for higher earnings by international investors, and rising global commodity prices. The actual effective exchange rate went down by 5.9 % between January and November 2017, which indicates an improvement in South Africa's international competitiveness (CNB, 2020). Low inflation can help to endure these competitiveness gains.

2.2.5. Balance of payments

The current account deficit contracted to 2.3% of GDP during the first three quarters of 2017, from 3.8% over the same period in 2016. This was mainly due to a higher trade surplus, as South Africa's terms of trade. The export prices to import prices ratio improved in the first three quarters of 2017

relative to the same period in 2016 (Agri Trades, 2020). The deficit in 2017 is projected to average 2.2% of GDP, the smallest since 2010. Since 2013, the current account deficit has gradually deteriorated, mainly due to lower import growth. As import growth fast-tracks and some terms of trade achievements were reversed, the deficit is expected to broaden to 3.2% of GDP in 2020 in line with higher economic growth (Bloomberg, 2020).

The worth of total exports increased by 4.8% in the first three quarters of 2017, while the total imports fell by 1.2 % (Stats SA, 2019). Certain agricultural exports have presented positive growth in recent years, mainly in new markets. The worth of citrus exports to China, for example, increased by 59.2 % in 2017 compared with the previous year. Over the same period, the worth of citrus exports to Asia increased by 14.1%, while exports to Europe increased by 6.1% (DTI,2019). In contrast, the worth of manufacturing exports dropped by 3.9% in quarters one to three in 2017 compared with the corresponding period in 2016. Exports of machinery, vehicles, and food and beverages shrank (Bloomberg, 2020).

South Africa depends on foreign inflows to fund investment due to a low domestic savings rate, as presented by a persistent current account deficit. South Africa received capital inflows equal to 1.7 % of GDP in the first three quarters of 2017, compared with 4.9 % in 2016. In the first three quarters of 2017, foreign direct investment outflows improved to R65.2 billion in contrast with net outflows of R3.3 billion over the same period in 2016 (Tralac, 2018). High attainment informed this of foreign financial assets. The lower foreign direct investment raises the country's dependence on more unstable portfolio flows, which stayed steady through 2017 (Brand South Africa, 2017).

2.2.6. Inflation

Headline inflation dropped to 5.3% in 2017 from 6.3% in 2016. Lower inflation was due to lower non-alcoholic beverage and food prices, which were moderated from 10.5% to 6.9 %, primarily due to the strong recovery in agriculture. Primary inflation, which omits price-volatile items such as fuel, food, and electricity, dropped to 4.7 % in 2017 from 5.6% in 2016. For 2018, headline inflation was estimated at 5.3%, which comprises 0.6 % points added by tax proposals (SARB,2018)

Electricity inflation, which dropped from 9.2 % in 2016 to 4.7% in 2017, was expected to stabilise at about 3.7 % in 2018 after the regulator approved of a 5.2% Eskom tariff increase. The medium-term forecast undertakes that electricity price inflation will not surpass 8% (Stats SA,2020).The core risks to the inflation outlook remain a weaker-than-anticipated exchange rate, higher average wage growth, and higher global oil prices.

2.3. LIMPOPO PROVINCE'S ECONOMIC OUTLOOK

Limpopo Socio-Economic Review and Outlook (2018/19) states that the province is still facing the triple challenge of unemployment, poverty, and inequality. Therefore, the central policy to address these challenges is to build a higher level of economic growth. The assumption is that higher growth will result in a higher level of job creation, which will subsequently help to deal with the concerns of inequality and poverty. The growth performance of the Limpopo economy is very vital to determine the capacity to address the challenges of unemployment, poverty, and inequality. The Limpopo economy has succeeded in coming up with a positive growth of 1.2 % in 2017, which was a recovery from the 2016 negative growth rate of 1.6 %. The provincial outlook looks positive, moving towards 2020, though it is still below the 3 % growth target set out in the Limpopo Development Plan (LDP).(LEDA,2020).

The provincial economy relies on national economic development. As a result, it can be envisaged that, the provincial economy will likely gain from the national and international spill over effect. It should be noted that, since 1994, the key contributors to the Gross Domestic Product (GDP) in Limpopo are the tertiary and the primary sectors. This state needs to be dealt with through stimulation of the secondary sector performance. The secondary sector is also seen as a significant contributor to job creation (Limpopo Socio-Economic Review and Outlook, 2018/19).

Limpopo Province has continuously experienced positive growth in its population over time, while still confronted with unemployment, inequality, and poverty. This has placed a strain on the provincial fiscus as the increasing numbers continue to be reliant on the state coffers to provide access to health and free education. The central policy to address these challenges is to create a higher level of economic growth (OECD, 2020). The higher growth will result in a higher level of job creation, which subsequently will help to deal with the concerns of poverty and inequality (Limpopo Socio-Economic Review and Outlook, 2018/19).

According to Stats SA (2017), the unemployment rate in Limpopo increased from 19.3 % in the 4th quarter of 2016 to 19.6 % in the same quarter in 2017. This insignificant increase in the unemployment rate is seen in the increase in the actual number of unemployed people from 337 000 to 346 000. The increase in unemployment shows the economic evil that still need to be dealt with by creating employment. The solution is to increase the labour force absorption and participation rates in the provincial economy. During the third quarter of 2017, the labour force absorption rate was 39.3 %, and the participation rate was 48.6 % in the province.

More than two million people were believed not to be economically active, and 377 000 job seekers believed to be hopeless and not energetically looking for work (Bertelsmann, 2016). The way forward is to simply create jobs in the provincial economy by promoting the labour-absorbing industries. A key challenge in this regard is the capital-intensive nature of mining as a sector which restricts the potential to create more jobs. The mines should also commit to hiring local labourers in the mines (Stats SA, 2017).

2.4. SIZE OF ECONOMY, PURCHASING POWER AND CONSUMER BEHAVIOUR IN SOUTH AFRICA

The economy of South Africa is the second largest in Africa, after Nigeria. It is one of the most industrialised countries in Africa. South Africa is an upper-middle-income economy classified by the World Bank (World Bank, 2020). Since 1996, together with the end of over twelve years of international sanctions stemming from apartheid rule, South Africa's Gross Domestic Product nearly tripled to peak at $400 billion in 2011 but has since dropped to approximately $350 billion 2017 (World Bank, 2020). In the same period, foreign exchange reserves improved from $3 billion to approximately $50 billion, creating a diversified economy with a rising and substantial middle class within two decades of ending apartheid (PwC, 2018).

Although jewellers, property, and cars signify apparent signs of wealth, there is another, a less appealing indicator of the country's increasing prosperity on current consumption evidenced by capacity of consumer to put food on their plates. Over the past two decades, stable economic growth and improved average income per capita pushed big numbers of consumers towards protein-filled diets. This has resulted in meat consumption levels skyrocketing. In 2016, South African consumers spent about R205 billion (US$15.8 billion) on meat products, which represented one third of the total expenditure on food. Ten years ago, South Africa used up to R46 billion (US$3.5 billion) on meat products, which represents only about a quarter of total expenditure on food (WEF, 2017).

Presently, the middle class represents about 70% of the South African population and 55% of total income earned. During the last five years, the percentage of the population getting less than R5,000 (US$385) per month reduced from 56% to 40%, while the percentage of the population earning more than R5,000 (US$385) per month has risen from 44% to 60% (WEF, 2017).

2.5. SOUTH AFRICAN'S OVERALL INVESTMENT CLIMATE

PwC (2018) states that South Africa has a well-developed market economy, providing investors a plethora of investment opportunities. A positive aspect of South Africa's business and investment

climate is the new president, Cyril Ramaphosa, who assumed office in February 2018 and emerged from the former president's economic mishandling. The South African administration aims to fast-track progress, eliminate poverty and inequality, create a more inclusive society, and double the GDP by 2030 (Haroon et al., 2014).

The government is dealing with the challenges that have resulted in South Africa's decline in the business sector as scored at World Bank, including a shortage of skills and a weak education system, which worsens South Africa's growth and service delivery. South Africa's private sector makes 75% of the country's Gross Domestic Product. The general business environment is conducive for private sector investment (PwC, 2018).

2.6. REASONS FOR INVESTING IN SOUTH AFRICA

According to PwC (2018), the South African government has done a good job stimulating foreign investment for the country to be suitable for investment. There are a number of reasons for investing in South Africa, as detailed in the sections that follow.

2.6.1. Link between the BRICS and Africa

South Africa is an excellent investment destination, with market opportunities that lie within its borders and as an entry point to the African continent. The country, as an economic powerhouse of Africa, is part of the BRICS group of countries with Brazil, Russia, India, and China (DIRCO, 2020). The country has a suitable demographic profile, and its fast-increasing middle class has increasing expenditure levels. This is an attractive market for investors who aspire to get exposure to African growth by avoiding the downsides of trading costs, inadequate data, transparency, less mature markets in terms of liquidity. South Africa is suitable to display the fundamental part of the growth, with its competitive industries, the closeness of African markets, and competitive countries (Haroon et al., 2014).

Business Tech (2017) indicates that some research recommends that South Africa be no longer a default choice for international companies considering entering the sub-Saharan African (SSA) market. Countries like Kenya and Nigeria, for instance, are getting significant attention and investment in specific sectors. However, South Africa-based companies' success at home and in the rest of Africa is evidence of the significance of what a solid basis of private investments can have in developing Pan-African Companies.

The Africa Report indicates that South Africa-based companies account for 35 out of the 50 largest companies by U.S. dollar turnover on the continent (Holmes, 2013). From a stock exchange market capitalization perspective, the largest Pan-African companies comprise telecommunications giant MTN with over 240 million subscribers in Africa and the Middle East, Standard Bank with a presence in eighteen African countries, and Shoprite which has over 2 700 retail stores in fifteen countries in Africa (Statistica, 2020).

What are the benefits of being located in South Africa as a base for SSA success? The World Economic Forum (WEF), Global Competitiveness Index (GCI) 2017–2018 report, indicates that South Africa ranks amongst the top 25% of countries globally in several aspects. These comprise the auditing and reporting standards, the strength of investor protection, efficiency of the legal framework in settling disputes, corporate tax, protection of minority shareholders' interests, capacity for innovation, accessibility of financial services, and air transport infrastructure quality, which is vital for business mobility (WEF, 2017).

The IMF (2018) anticipated the South African economy to increase by 3.3% in 2018 and 3.5% by 2019, from an average of 2% per year during 2016-2017. These figures are even higher exclusive of the region's largest economies (Nigeria, South Africa, and Angola). During 2018–2019, the SSA region is geared to be home to some of the fastest-growing economies in the world, as has been the case over the past decade. At present, South Africa is putting structures in place to support future trade and investment growth and join the Tripartite Free-Trade Area (TFTA) in July 2017 (IMF, 2018). The regional structure will ultimately comprise 26 African countries that, over a five- to eight-year period, will offer tariff liberalisation on 100% of tariff lines. Intra-Africa trade is low as compared to that of other economic regions.

2.6.2. Financial infrastructure

South Africa is one of the world's preferred emerging markets, offering investors exceptional investment opportunities and advanced financial infrastructure. The South African Reserve Bank (SARB) holds the oversight part in the country's banking services industry. At the same time, the Financial Services Board oversees the non-banking financial services industry (Business Tech, 2017).

2.6.3. Healthy banking system

South Africa's banking sector is developed from an infrastructure standpoint and stable from a financial standpoint. The country has a mature settlement, risk control, and foreign exchange control systems, which has significantly supported international banking and investment (PwC, 2018).

2.6.4. Improved global portfolio of performance

The South African market does not increase when the U.S. market decreases because the two markets are not well correlated. This means that investing in South Africa can increase one's portfolio of performance. When you broaden your horizons into South Africa, you can expect to get a higher portfolio return for a certain level of risk (PwC, 2018).

2.6.5. Natural resources

South Africa is rich in terms of natural resources, and as a result, enjoys attention globally.
The country is the world's largest producer of gold and platinum, as well as one of the significant producers of base metals and coal, which account for a vast percentage of both production and reserves. The country's diamond industry is the largest by value and the sixth largest by volume in the globe. The agricultural sector is well established, and secondary manufacturing in the agro-processing displayed by many locally produced food items found in retail food outlets. South Africa is not self-sufficient in all critical agricultural products. It is as well a net food exporter in a typical year (Business Tech, 2017).

2.6.6. Government continues to court Foreign Direct Investment (FDI)

OECD (2017) states that throughout its economic and political decline, South Africa has been able to keep a vigorous campaign grip in attracting FDI into the country to promote economic growth. The country does not have more regulatory limitations on foreign investment, and approximately all business sectors are open to foreign investors.

2.6.7. The rollout of Special Economic Zones (SEZs)

SEZs are established to enable manufacturing companies to gain from tax benefits, protection from import competition, higher quality infrastructure, and duty-free movement of goods. Based on the country-level differences in natural endowments, these zones embolden countries to support specific industrial subsectors to take advantage of their competitive advantage and ensure growth (Langness, 2017). SEZs have had varied success rates internationally, where some have been able to transform economies. Due to this, the South African government is on a ramped-up process of rolling out these

structures by adopting the SEZs Act No. 16 of 2014. This Act sets out four different zones (Department of Justice, 2020):

The industrial development zone - a purpose-established industrial estate that leverages foreign fixed, direct and domestic investment in value added and export-oriented manufacturing industries and services.

A free-trade zone - a duty-free area providing distribution and storage facilities for value adding activities within the zone for export.

Sector development zone - an area focused on developing a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market.

Free port - a duty-free area nearer to a port of entry where imported goods may be delivered for value adding activities within the zone for storage.

South Africa has struggled to develop SEZs that meaningfully contribute to additional economic growth or transformation (DTI, 2019).

2.6.8. No new restrictions on profit outflows

Many countries in economic or political trouble have used capital controls to accomplish the cross-border outflow and inflow of foreign capital. The primary purpose of these controls in up-and-coming markets is to lessen the instability of the exchange rate and to offer stability in the economy by decreasing sharp fluctuations in the capital in- and outflows. South Africa, with its pressure on FDI inflows and unstable currency, has resisted this choice.

2.6.9. Opening of InvestSA one-stop shops

The Department of Trade and Industry (The DTI) division, Invest S.A., is busy launching one-stop shops to make South Africa a more investor-friendly country. One-stop-shop (OSS) is a single instrument made up of various government departments working together under a unified structure to co-ordinate and streamline various processes to deliver transparent and efficient services to investors. The purpose of this initiative is to increase the quality and quantity of FDI in South Africa. The DTI believes these facilities will unblock, fast-track, and lessen the red tapes in government. The

OSSs aims to support by assisting with licensing, licensing permit approvals, and registration processes.

InvestSA launched the National OSS in March 2017 in Pretoria, followed by a Cape Town office in September and a Durban office in November. The objective is to establish an OSS in every province in South Africa. The participating departments include DTI; Agriculture; Forestry and fisheries; Co-operative Governance and Traditional Affairs; Economic Development; Energy; Environmental Affairs; National Treasury; Health; Labour; Home Affairs; Minerals; Public Enterprises; Rural Development and Land Reform; Science and Technology; Water and Sanitation; and Small Business Development (DTI, 2019). The OSS concept that is being rolled out this way intends to promote investment in South Africa by easing the availability of information to potential investors, since many investment-relevant government departments are involved in one location (one OSS).

2.6.10. Robust foreign investor protection and sector investment opportunities

World Bank (2018) states that South Africa is rated 24 out of 190 countries for investor protection in the World Bank Doing Business 2018 report. The country offers similar protection to that of Taiwan, Spain, Slovenia, and Bulgaria. The country has a strong performance in this feature. According to DTI (2019), the South African economy's potential is evident in the diverse sectors and industries that exist in the country, and there are so many opportunities in different sectors for those interested in investing in South Africa.

The following are some of the sectors which have high growth and investment potential (DTI, 2019):

- Agro-Processing; Business Process Outsourcing and IT-Enabled Services;
- Capital / Transport equipment, metals, and electrical machinery and apparatus;
- Electro-Technical; Textile, Clothing, and Leather; Consumer Goods;
- Boatbuilding; Pulp, Paper, and Furniture;
- Automotive and Components; Green Economy Industries;
- Advanced Manufacturing; Advanced Manufacturing - Laser technology;
- Advanced Manufacturing - Advanced Robotics;
- Bio-manufacturing; Tourism; Chemicals, Plastic Fabrication, and Pharmaceuticals;
- Creative and Design Industry and
- Infrastructure Development as well as Oil and Gas.

2.7. FACTORS AFFECTING INVESTMENT INTO SOUTH AFRICA

South Africa's investor confidence has been broadly negative since the start of 2013 and remained negative until the first three weeks of November when the Bureau for Economic Research (BER) conducted its final (fourth quarter) survey for 2017. Investor confidence was seven-and-a-half-year low during the second quarter of 2017, with seven out of ten respondents not pleased with business conditions. FDI inflows dropped from an equivalent 2.3% of Gross Domestic Product (GDP) during 2013 to 0.5% of GDP in 2016 (BER, 2017). Potential investors cite several reasons for their reluctance to invest in the country, including the following (Bureau of Economic Research (BER), 2017):

2.7.1. Small population

South Africa's population of about 44 million people is considered too small, and its market is considered under-developed to attract FDI, predominantly market-oriented FDI. The market size is also too small because of the high prevalence of poverty, mainly among the black majority and the imbalanced distribution of income. The relationship between economic growth and FDI in South Africa is unclear. It is argued that FDI, once attracted, will stimulate economic growth as opposed to the reverse, where South Africa needs a significant amount of economic growth to attract FDI in the first place. Economic growth in South Africa and the attraction of FDI require a great deal of long-term domestic fixed investment by both the public and private sectors (Tsai, 1994).

2.7.2. Uncertainty and lack of confidence

Tsai (1994) further indicates that lack of confidence and uncertainty mirrored in low rates of domestic savings and investment, and the listing of major South African companies on foreign stock exchanges (e.g., Old Mutual, Anglo American Corporation, South African Breweries, and Dimension Data) are all contributing factors to low FDI to South Africa. The question asked by multinationals is: if South Africans do not invest in the South African economy, why should we as foreign nationals do so? The risk factor generally associated with an investment in new markets also applies to South Africa. In southern Africa, politically volatile events in the region have hatched concerns over the rule of law, property rights, and governance. The crime rate in the country has a negative psychological effect and raises the cost of doing business.

2.7.3. Skills levels and the HIV/AIDS pandemic

Investors have voiced some concern about the skills levels in large parts of the workforce. However, the immediate problem is the HIV/AIDS pandemic that affects a large percentage of the population's

economically active segments. South Africa's complex and bureaucratic immigration policy for skilled people worsens this shortage of skilled human capital. The problem is exacerbated by government's perceived failure to take the required drastic policy steps to deal with it (UNCTAD, 2001).

2.7.4. Inflexible and over-regulated labour regime

Wei (2000) states that South Africa's labour regime is perceived to be over-regulated and rigid. The struggle is laying-off workers and complying with employment equity legislation is seen by global multinationals as a disincentive to investment. Also, the country has active and robust unions with high status in the country due to its role in overthrowing the apartheid regime. The opposition of organised labour is likely to create a significant barrier to future privatisation, while strikes continue to create an interruption in the economy.

2.7.5. Failure of investment incentives

Investment incentives in the country do not at all times attract the right kind of investment. Examples of some incentives available in South Africa are equipment and inputs, exemption from import duties, specific tax deductions, accelerated depreciation allowances, straining grants, employment subsidies, infrastructural development. Although such incentives have attracted investment initially, they seem to have lost their effectiveness (World Bank,2018).

2.7.6. Unreliable electricity/energy supply

Electricity supply has not kept pace with growing demand, and power outages are the result of insufficient investment in increasing and maintaining electricity supply capacity. The economic cost is too high such that in February 2015, the National Treasury (2015) projected that a further decline in supply could subtract a 1% point from Gross Domestic Product growth in 2015. The conclusion of current investment plans should raise capacity by a quarter in 2021. However, a third of electricity now derives from more than 40 years old generators, concluding that shortages are expected to resurface (Rustomjee, 2015).

Financing of further investment will require prices that reflect costs, which is not the case today. The effectiveness of the system would be enhanced by the introduction of an independent system and market operator. Further actions to stimulate competition between generators would comprise establishing a wholesale spot exchange and securing non-discriminatory third-party access to the transmission and distribution grids for private generators through structural separation (OECD, 2001).

Increasing supply from private co-generation would be an effective strategy of easing the current constraint. The auction programme for purchasing renewable energy has confirmed the appetite of private investors to participate in infrastructure projects when enough certainty is given; the extension of the programme to electricity from non-renewable energy sources should be accelerated to increase near-term supply. The extension should not be so massive that it stops the development of a competitive market. A problem in guaranteeing the third-party right of entry is that a variety of municipalities uses their distribution tariffs for cross-subsidization without investing adequately in the maintenance of their distribution network—a small collection of electricity bills is an added problem.

2.7.7. Corruption

In 2006, the year before former President Jacob Zuma was elected as leader of the African National Congress (ANC), South Africa was ranked 51 out of 163 countries by Transparency International's Corruption Perception Index, with first place being the most corrupt. By the 2012 edition of the annual assessment, South Africa had deteriorated to 69 out of 176 countries, and it ranked weaker than 60 positions in the following fourth editions. It is now on par with countries like Senegal, Oman, Suriname, and Montenegro (Transparency International, 2017).

2.7.8. Expropriation of land without compensation or policy uncertainty

The Economist Intelligence Unit's report of the 2017 Global Food Security Index indicated that South Africa was regarded as the most secure country on the continent in terms of food, at 44th out of 133 countries. This Index captures the most significant aspects of food security: availability, affordability, quality, and safety. South Africa's justly high rating has been made possible by steady agricultural output over the years, resulting in South Africa being one of the limited net exporters of agricultural products globally (Agriculture Business Chamber, 2017).

Agriculture Business Chamber (2017) further states that this is a remarkable accomplishment, considering that South Africa is comparatively weak in terms of resources compared to many of other African countries. What makes South Africa different from the continent is a high level of investment in the sector, mainly driven by strong institutions, open markets, and property rights capable of being enforced through the courts.

This brings us to an essential point of expropriation of land without compensation. In an instance where such a proposed policy is approved, it would threaten the established confidence investors

have in South Africa's property rights framework. There would be negative repercussions for agricultural investment. The agricultural sector wants investors to commit resources by investing in the land to increase production. If a policy of expropriation of land without compensation is implemented, investors would be unwilling to invest out of a fear that they would most probably not be able to recover the value of their investments if the land is expropriated without compensation (Agriculture Business Chamber, 2017).

AgriSA (2017) states that policy uncertainty can negatively affect the financing of the agricultural sector and talks of expropriation without compensation are causing grave policy uncertainty. The reduction in recognition of property rights could threaten investment into the capital development of the land by both primary and secondary agriculture. Agriculture is vital to the development of the economy as it has strong backward and forward linkages with numerous other sectors of the economy like manufacturing. Backward linkages comprise agricultural goods such as chemicals, fertilisers, implements, and chemicals from the manufacturing sector.

Spending on intermediary services and goods to the value of R142 billion was spent in 2017. On the forward linkages side, agriculture provides raw materials to industry and the food supply chain in general. About 70% of agricultural output is used as intermediary products in other sectors, predominantly the agro-processing sector, contributing more or less 20% to employment in the manufacturing sector (AgriSA, 2017).

Indeed, economic transformation and inclusive economic participation are needed in South Africa. However, expropriation of agricultural land without compensation could negatively affect the agricultural sector's competitive advantage and compromise national food security, thereby leading to poverty and unemployment (AgriSA, 2017). AgriSA (2017) further states that the agricultural sector has three fundamental roles in the South African economy: ensuring that the nation is food secure, contributing to the GDP, and contributing to creating jobs. These fundamental roles are discussed as follows (AgriSA, 2017):

Ensuring that the nation is food secure: Many people in South Africa face hunger as a daily reality. The agricultural sector has a role in dealing with this problem and ensuring the nation's food security.

Contributing to the GDP: South African's GDP has contracted by 0.7% in the first quarter of 2017, leading to a technical recession after a second straight quarter of negative growth. The situation could

have been far worse had it not been for the agricultural sector's contribution to the GDP and a year on the year growth rate of 22% upwards.

Contributing to employment creation: The agricultural sector creates more than 5% of the country's labour force. This is twice the mining sector's contribution, and it is more or less on the same level as the transport sector (GrainSA, 2016).

South Africa's population has increased by about 15.5% in the past years, and it is surmised to be more than 80 million in 2035 (World Bank, 2020). This tells that more food supply would be required to sustain the increasing population. Land as one of the strategic factors for production in the agricultural sector, and its ownership, is significant for its sustainability. The agricultural sector's capability would need to be improved to stop food demand from exceeding domestic supply and ensure that the sector remains competitive. This could only be possible if commercial farmers remain on the farms to continue farming activities without disturbances.

Capital investment is highly required to ensure productivity and sustainability in the sector. In 2016, the value of capital investment in the agricultural sector was at R427 790 million, in which land and fixed improvement was 54.1% (AgriSA, 2017). Expropriation of land without compensation is likely to change this trend, leading to severe disinvestment in the sector. Without investment, the sector would retrogress, productivity would be compromised, and job losses would then follow, which may lead the country into a deeper recession in the coming years.

Also, for the development and sustainability of their farms, most farmers depend on creditors such as commercial banks, agricultural co-operatives, and the Land Bank. In 2016, finance received from agricultural co-operatives, commercial banks, land banks, and other lenders amounted to approximately R145 billion, primarily to finance capital assets of which land and fixed improvements constitute more than 50% (Bizcommunity, 2019).

According to Boshoff et al. (2018), agriculture constitutes only 2.5% of South African's GDP. However, when the upstream (input supplies of fertiliser, seed, feed, animal, and plant health industries) and downstream (food-processing, distribution, transport and storage, trade industries) food chains are added, this comes to close to 7% of GDP, which makes it a large part of the total production of South African economy.

A programme of mass expropriation would lead to a prolonged period in which there is no net new investment in agriculture, which means no growth in agricultural output and no growth in the

agribusiness sector (Boshoff et al., 2018). This is because commercial farmers, irrespective of race, who have not yet been expropriated, are hardly expected to start new investments and because the new farmers would not have the necessary means to invest.

It is also worth noting that the poor spend a larger share of their income on food than wealthier people do and that a shrinking or stagnant agriculture due to lack of investment as expounded above could be accompanied by higher food prices, which would impoverish the poor rather the middle-income and wealthier people of the country. It is, of course, possible to import numerous commodities and process them in South Africa. However, there is a limit to this as South Africa would have to give up foreign currency to import the raw materials that go into the production of the food we eat (Boshoff et al., 2018).

The agro-industry is more labour-intensive than most other industries in South Africa. On average, primary agriculture employs 4.5 additional workers for every R1 million in capital invested, although the food-processing industry is the most labour-intensive component of South Africa's manufacturing sector. Generally, growth in employment could only take place due to growth in investment. Therefore, it could be argued that the expropriation of land without compensation would result in a drop in employment (Boshoff et al., 2018).

One of the risks in the expropriation of land without compensation is the influence it has on general prices in the economy as all prices result from incomprehensible and uncountable interactions between economic agents that lead to the ever-changing prices that are attached to everything. The land is one form of property which is difficult to define property rights are necessary to establish capital investment across the whole economy. If property rights are to be affected, the anticipation would be that all might be affected in the future (Kirsten, 2017).

Moreover, the economy is mostly based on the credit structures of numerous role players and their risks profile, and this structure brings about the return that is required to compensate for the risks involved. This return requirement is linked to prices. The spill-over effects of expropriation would be experienced across all sectors of the economy and would not be restricted to agriculture. If the government alters one set of prices, other prices have to permit the market to reach a new equilibrium (Kirsten, 2017).

Various assets related to land would also react by declining in value, whereas those that are not affected by the changes would, as a result, need to increase. Foreign assets would gain value, resultant in more demand for them, which, as a result, would influence the value of the currency. Domestic

asset classes open to the sector, like banks, would have much of their value shattered, leading to much less available credit, regardless of the sector (Boshoff et al., 2018).

Agriculture Business Chamber (2017) states that, above all, land reform must take place in a viable way. Therefore, if land reform is done in a viable way, agricultural production and food supply continue to be vibrant over the coming years to avoid essential food items from becoming too expensive. If the price of food rises because of uncertainty concerning expropriation without compensation and the related disinvestment into the sector, the situation will become even worse. It is, therefore, significant that the country finds solutions to fast-track land reform without causing large-scale uncertainty in the agro-food system.

2.7.9. Coronavirus (Known as COVID-19)

According to Smith (2020), South Africa put travel restrictions on countries most affected by the coronavirus to ease off the pandemic's human and economic toll. Despite confirmed cases in South Africa being less than in both China and Italy without any fatalities reported as yet, President Cyril Ramaphosa addressed the nation on the 15th March 2020 and declared a national state of disaster.

Smith (2020) further states that South Africa has also joined several African nations in putting travel restrictions on many mainland European countries, South Korea, the U.S., and U.K. School closures, bans on public gatherings, and transport and other emergency measures were also implemented. The government also closed 35 of its 72 land border crossings and two of its eight seaports.

The nation's economic outlook was bleak coming into 2020, but the arrival of COVID-19 was expected to destabilize any fragile attempt at recovery further. The impact of external pressure from a deterioration of the global economy and South Africa's already weak fundamentals, including its spiralling debt profile and well-documented energy crisis, indicates that the economy would contract that year, 2020 (Smith, 2020).

The public deliberation on strategies to deal with COVID-19 frequently, uselessly diametrically positions health and economic considerations as trade-offs. Economic policy does have health consequences, and The Health policy has economic consequences. The two should be seen as parts of a comprehensible unit. In South Africa's case, the country presently faces three interconnected problems. These are the public health risk from the COVID-19 pandemic, the health and economic effects of the lockdown, and a variety of intractable economic problems indirectly because of the

present pandemic. These include high unemployment, falling per capita income, and low economic growth (Madhi et al., 2020).

Madhi et al. (2020) argue that any possibly viable response to COVID-19 needs to address all three facets in concert. This is mainly significant as the country plans for the next phase of its response after the lockdown. Concentrating only on the health challenges and not considering the economic issues will end in substantially higher economic costs and weaken the health imperatives. They believe that a prolonged lockdown will not certainly have the effect of clearing the nation of the Virus, but it may well result in excessively high health and economic consequences.

The first lockdown was sensible and is likely to have dropped the risk of community spread of SARS-COV-2. However, the correct number of COVID-19 (the disease caused by SARS-COV-2) cases is hard to measure. A few tests have been done, and community-wide screening for suspected infectious cases have been delayed. The existing evidence on the COVID-19 pandemic proposes that any first control of the disease through lockdown will be short-lived. Also, it is expected to end in a rebound of cases without aggressive community-wide testing for SARS-COV-2 infectious cases, the isolation of the identified cases, and quarantine of their nearby contacts for at least fourteen days (Madhi et al., 2020).

Also, South Africa may find itself everlastingly hurt by the concurrent devastation of both the demand and supply sides of the economy under a prolonged generalised lockdown. For instance, a prolonged lockdown could result in the undermining of other health services. The economic ramifications of a lockdown, too, are severe.

Initial forecasts put forward significant economic distraction from the immediate lockdown, costing the economy an estimated R13 billion per day. Initial forecasts by the South African Reserve Bank showed that South Africa could lose 370 000 jobs in 2020. Forecasts by private banking analysts based on the first 21-day lockdown put forward a GDP contraction of 17% during the year 2020, which would lead to a fiscal deficit of 12% of GDP (forecasted at 6.8% in the 2020 budget) and a debt-to-GDP ratio over 81% in 2021. This indicated that the country's already limited public finances would further be constrained (Madhi et al., 2020).

Madhi et al. (2020) further indicate that South Africa needs to transition to a risk-based strategy that provides adequate health protection and permits for the recommencement of some economic activity. They point out that a health strategy founded on an extended generalised lockdown is economically not sustainable and damaging to public health. Instead, they argue that South Africa needs a

connected health and economic strategy that permits for some economic activity while preventing the uncontrolled spread of the Virus. This requires many health and economic actions to be applied in a synchronised manner.

In conclusion, Madhi et al. (2020) suggest the following interventions. Firstly, to reduce the rate of infections, the country must be ready for the competence of mass virus testing and proficient contact tracing before the end of April 2020. A transparent approach to social distancing must complement this. Secondly, economic activities must be permitted in a manner consistent to prevent the spread of the Virus.

Within the restrictions of the health strategy outlined above, a risk-based economic strategy is required that balances economic and health imperatives. Decisions on the differential opening of the economy needed to be made, such as opening sectors with low risk of infection (highly automated factories) first. The health and economic strategy need to be executed dynamically in response to the latest evidence (Madhi et al., 2020).

2.7.10. Negative Sovereign Credit Rating

Mugobo and Mutize (2016) define Sovereign Credit Rating (SCR) as an assessment of the creditworthiness of any independent government by a credit rating agency (CRA) of the nation's capacity to pay back its debts and its probability of default. SCR is defined by Ashburton Investments (2016) as an opinion about the creditworthiness of a country, which is determined through an assessment of the sovereign's willingness and ability to honour its present and future commitments in full and on time.

SCRs are an indicator of the risk level related to the investment environment and are used to establish the risk premium payable on debt instruments issued by the country. This will frequently also have spill-over effects on the bank, corporate, and state-owned company (SOC) debt markets. These entities generally raise debt at a premium to government, which is seen as the slightest risky borrower in a country. Both SOC and bank ratings will usually be downgraded following the sovereign downgrade. This is because of the dwindling in the government's ability to support its SOCs and banks due to weaker government fundamentals and weaker rating uplift expectations. These changes may prompt some form of overall re-pricing of the cost of credit in a country (Ashburton Investments, 2016).

Various credit ratings are produced by several local and international credit rating agencies, including local currency and foreign currency, as well as the agency's future outlook for such rating. There are presently global rating agencies that rate South Africa, namely, Moody's Investor Services (Moody's), Standard and Poors (S&P) and Fitch Ratings. The three agencies' sovereign rating methodologies are generally alike and measure five assessment factors (Institutional strength, Economic growth, External position, Fiscal position, and Monetary policy) to determine the final rating (Ashburton Investments, 2016).

Mugobo and Mutize (2016) indicate that Foreign Direct Investment (FDI) has developed to be an attractive substitute to borrowing from multilateral institutes such as the World Bank and the International Monetary Fund for promising economies. International investors prefer to invest in countries with an SCR as they view it as a good measure of risk allocation. Ratings afford foreign investors insights into the level of risk associated with investing in the debt of a particular country. With adverse credit ratings like junk status, the message to investors is that the country's debt has increased, and there is a prospect that the government may not have the resources to pay back what it has borrowed (Maasdorp, 2020).

Empirical findings show that there is a statistically substantial connection between FDI and SCR downgrades. Evidence also indicates that not all downgrades from the three CRAs equally affect investors' decisions as Moody's downgrades tend to lead, causing FDI to react to a higher degree. However, not only SCR downgrade defines FDI into S.A., but there is a variety of other basics that the government should deal with to attract investment and stabilise financial markets (Mugobo and Mutize, 2016).

On Friday, the 27th March 2020, Moody's downgraded South Africa to junk status, stating the ongoing decline in fiscal strength and structurally weak growth. Furthermore, it raised a concern that issues such as labour market inflexibilities and indecision over property rights caused by the planned land reform remain unaddressed (Phakathi, 2020). The move by Moody's Investors Service to downgrade S.A. to junk status was likely to bring a decline in capital investment in the agricultural sector, with farmers struggling to get credit. The decline was difficult to quantify at that stage but would be substantial enough to indent the sector's prospects, which is mainly viewed as the main driver of growth by the government. It will probably last for as long as S.A. is in sub-investment grade, and uncertainty around land reform remains (Phakathi, 2020).

Moody's decision was followed by Fitch downgrading S.A.'s rating on Friday, the 3rd April 2020, taking it further into junk territory. Fitch had already cut S.A.'s rating to one notch below investment

grade the previous year, and the latest downgrade took it two notches down, in line with S&P Global Ratings. Fitch also kept a negative outlook on the rating, indicating that further downgrades could follow in the next 12 to 18 months. The rating agency said the downgrade was the result of the lack of a clear path towards government debt stabilisation and the expected impact of the coronavirus shock on public finances and economic growth (Joffe, 2020).

According to Phakathi (2020), S.A.'s farming sector is seriously in debt. Total farm debt was at R168bn in 2018. Approximately 60% of the debt is with commercial banks, 29% with the Land Bank, and the rest ranges between private people, agricultural co-operatives, and other institutions. This would be a setback for the sector as the primary foreign currency earner. Phakathi (2020) further indicated that President Cyril Ramaphosa's July 2018 declaration that the ANC would pursue to amend the constitution to realise land reform pushed the issue to the top of the investor's agenda and led to a decline in the value of the rand.

The issue would be back on the agenda when parliament resumed, possibly after the coronavirus had been arrested. The downgrade by Moody's indicated that all three major rating agencies now held S.A.'s sovereign debt rating at sub-investment grade, which would cause the country to drop off global bond indices, such as the FTSE World Government Bond Index, tracked by global institutional investors. The downgrade could lead to a decline in confidence levels in the agricultural and agribusiness sectors and, subsequently, investment (Phakathi, 2020).

With economic conditions having declined in the country further because of the spread of COVID-19 and actions put in place to arrest the Virus, the confidence levels in the capital investment sub-index could weaken in the coming quarters. This will lead to a decrease in investment levels in agriculture. Such a situation would be a limitation for the government and the private sector's goal of ensuring that S.A.'s agriculture is amongst the sectors that drive economic growth and bring about much-needed employment opportunities (Phakathi, 2020).

Phakathi (2020) concludes by saying that the rand's instability and the rating downgrade will also affect the cost of agricultural inputs. S.A. imports nearly 80% of its fertiliser, 99% of the agrochemicals' active components, and much of its agricultural equipment. A weaker domestic currency will affect the cost of these inputs. The rating downgrade could also affect the availability of credit.

2.8. IMPORTANT FACTORS THAT POTENTIAL INVESTORS CONSIDER IN THEIR INVESTMENT DECISIONS

PwC (2018) has outlined a set of nineteen critical factors that potential investors will always consider in their investment decisions. These factors, amongst others, include Trade openness, the efficiency of government regulation, safety and security, property rights, policy continuity, quality infrastructure, control of corruption, economic stimulus, and recovery plan.

2.8.1. Trade openness

The World Bank (2018) calculated trade openness as the sum of exports and imports of goods and services measured as a GDP percentage. This calculation denotes the comparative size of goods and services traded as a sign of how open an economy is to trade. Trade openness would positively influence FDI inflows by indicating the capacity and readiness of the destination country to make exports and secure imports. The IMF (2006) states that trade liberalisation would decrease trade and administrative barriers, thereby improving the business environment and assisting in attracting FDI.

South Africa's trade totalled 61% of its GDP during 2010-2016 compared to that of other African countries such as Algeria, Mali, Niger, and Burkina Faso. These countries were below the global median of about 84%, with South Africa positioned 135 out of 181 countries (PwC, 2018).

2.8.2. Efficiency of government regulation

The annual WEF Global Competitiveness Index (GCI) publications give data representing the burden of government regulation, based on a representative survey of CEOs. The respondents indicate how burdensome it is for companies in their countries to comply with the public administration's requirements efficiency of government regulation. It would influence FDI inflows by influencing the transaction process and future operational and administrative processes associated with the target enterprise (PwC, 2018).

According to WEF (2016), South Africa's mark for government regulation efficiency averaged 2.87% points during 2010-2016. This positioned it below the mid-point of four and a global median of 3.42%, and at a comparable level to upper-middle-income economies like Mexico, Ecuador, Jamaica, and Romania. In the 2016 edition of the WEF GCI, South Africa’s place was 106 out of 138 countries in this category. This state of affairs is of great concern for SMMEs. Specifically, limitations on Small, Medium and Micro-Enterprises (SMME) growth keeps these entities from expanding into large companies to attract FDI. Small Business Institute (SBI) (2018) established the following challenges faced by SMMEs regarding regulation:

- Bureaucratic inefficiencies in government department and municipalities;
- Frequent changes in the regulatory environment, and
- Poor communication and access to information.

There is a necessity to keep track of overlapping and, sometimes conflicting, regulations and requirements across multiple departments and levels of government which result in Small, Medium and Micro-Enterprises (SMME) owners spending a disproportionate amount of their work time dealing with regulatory compliance. According to the Small Business Project (SBP) (2014), these owners identify their top red tape challenges:

- Labour -related issues;
- Engaging with the South African Revenue Service (SARS);
- Compliance with broad-based black economic empowerment (B-BBEE) rules, and
- Dealing with local government (municipalities).

Therefore, lack of a standard definition for SMMEs creates inconsistency among the policies and laws applicable to this class of enterprises (SBI, 2018).

2.8.3. Safety and security

According to PwC (2018), conflict risk, terrorism, and various forms of physical and electronic crime would influence FDI inflows by affecting investors' perception of the safety and security of human, intellectual, and physical capital assets. South Africa's average score for safety and security is 52.6%, ranking it 80 out of 189 countries versus a weaker upper-middle-income peer average of 45.7%. The country's performance is also comparable in this upper-middle-income grouping to those of BRICS partners Brazil and China.

Apart from South Africa's well-known physical crime challenges, challenges in addressing cybercrime hamper its overall security assessment. The Federal Bureau of Investigation (FBI) and security experts Rapid Seven rank the country among its top 10 countries for cybercrime vulnerability (Cape Times, 2017; Engineering News, 2017).

One in three companies operating in South Africa has been a target of cybercrime, and the country reportedly has the third-highest number of cybercrime victims globally (Cape Times, 2017). According to Lexology (2017), cybersecurity software provider Norton estimates losses at R50 billion in 2014 alone, which equals to 1.5% of GDP.

Seven out of ten South African companies expend a high degree of effort in building up business processes such as internal controls to avoid cybercrime incidents. PwC research indicates that companies in emerging markets, including South Africa, are investing in advanced technologies such as artificial intelligence at a faster rate than developed markets or countries. However, only four out of ten companies report spending a high effort promoting ethical decision-making by individual employees (PwC, 2018).

When there is a crime, the judiciary is confronted by a conundrum of fast-changing technology, enabling cybercrime and slow-changing legislation used to fight the threat (Lexology, 2017). The Cybercrimes and Cybersecurity Bill aims to deal with some of these issues and has been many years in the making. The Bill was presented to the National Assembly and amended in early 2018 following public hearings and submissions (Parliamentary Monitoring Group, 2018).

2.8.4. Property rights

The Fraser Institute's Economic Freedom of the World reports provide data on the protection of property rights. The institute uses information from the WEF GCI to score property rights protection, including that of financial assets on a scale from 0 (not protected by law) to 10 (well protected by law) (Fraser Institute, 2017).

According to Miller (1997), property rights protection would impact FDI inflows by affecting investors' perceptions about the security of their investments from unexpected appropriation. Both economic theory and history suggest that secure private property rights play an essential role in crafting incentives for investment that lead to economic growth and extensive wealth over the long-term.

Fraser Institute (2017) indicates that South Africa's average score for property rights was 7.45 out of 10 in 2010-2016, which was the highest among 39 of the upper-middle-income economies ranked by Fraser Institute in this category. South Africa was ranked 21 out of 177 countries with its property rights protection seen in the same as OECD member countries such as France, Australia, Iceland, and Belgium. The South African Constitution guarantees private property, and the acquisition of land and real estate is relatively fast and easy (Bertelsmann Stiftung, 2016).

Of particular regard to foreign investors is the country's land reform process, policy uncertainty is among the primary growth limiting factors identified in South Africa by the IMF. With South Africa's property rights still ranked very high from a global outlook, and no change as yet made to any

relevant legislation, it is the uncertainty about land policy and property rights over the medium to long-term that is a great inhibitor to productive investment (IMF, 2018).

2.8.5. Policy continuity

Policy continuity suggests a lack of divergent ideologies between different stakeholders within the political system. Long-term policy continuity would influence FDI inflows by providing a stable and predictable policy environment for an economy and the specific industry that foreign investors find attractive. South Africa's average score for policy continuity was 68.6, which placed it on 112 out of 190 countries. The country's performance was similar to the mean scores for Macedonia, Turkey, Vietnam, Brazil, and Serbia, which are all countries whose sovereign debt is currently rated non-investment grade by S&P Global Ratings, Moody's Investors Service and Fitch Ratings (World Trade Organisation, 2018).

Business Monitor International (BMI) identified a deterioration in policy continuity during 2014-2015. It indicated that its analysts' expectations in 2013 of reform momentum changed following the May 2014 municipal elections to expectations of more the same in terms of policy uncertainty (BMI, 2014). According to the North-West University (NWU) School of Business and Governance Policy Uncertainty Index (PUI), unexpected political developments in South Africa are the main factors affecting policy uncertainty. These include the multiple changes in the finance minister position in December 2015, the cabinet reshuffle in April 2017, and the run-up to the leadership election and policy decisions at the ANC's 54th National Conference in December 2017 (NWU, 2017). From a policy perspective, the BER reported that nearly nine out of ten manufacturing companies surveyed during 2017 showed that the country's political environment was a limitation on their business operations (BER, 2017).

2.8.6. Quality of infrastructure

The WEF GCI gives data on the quality of infrastructure based on a representative survey of CEOs. The respondents were asked to give the general state of infrastructures such as communications, transport, and energy in their country, with the WEF scoring the responses on a scale from one which is hugely under-developed and among the worst in the world to seven which is extensive and efficient, and among the best in the world (WEF, 2016).

The quality of infrastructure would influence FDI inflows by providing an enabling environment for business operations by the targeted investment enterprises. The NDP sees infrastructure as essential

for faster economic growth and higher employment, both of which are needed to promote inclusive growth and economic development (NDP, 2012).

South Africa's average score for the quality of infrastructure was 4.37, which was similar to that of African countries such as Rwanda, Morocco, The Gambia, and Tunisia. The quality of South Africa's overall infrastructure ranked 56 of 149 countries. While the country's quality of air transport and road infrastructure was placed in the top 25% of countries globally, its overall infrastructural rating was weakened by the quality of electricity supply, which was ranked 112 in the bottom (WEF, 2016).

2.8.7. Control of corruption

The World Bank's World Governance Indicator (WGIs) provides data on the control of corruption. The WGIs assesses perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption and state capture by public and private elites. The prevalence of corruption would influence FDI inflows as investors would have to evaluate the impact bribery or other corrupt practices would have on their investments. South Africa's average score was zero compared to a global average of -0.1. The country's performance ranked 72 out of 191 countries.

GAN Integrity (2015) states that while South Africa's average ranking places it in the top half of countries globally, the country ranked much higher at 45 out of 197 in the mid-1990s. While the country has thirteen public sector agencies with legal and policy roles to play in fighting corruption, national mechanisms such as the National Anti-Corruption Task Team to manage the functions of these agencies, and a robust anti-corruption framework, civil society organisation Corruption Watch trusts the relevant structures inadequately enforce these laws (Corruption Watch, 2014).

According to Brand South Africa (2017), reputational research by Brand South Africa found that among potential investors in the United Kingdom, Germany, and the United States, corruption ranks among their top three deterrents to conducting business in South Africa other factors include political instability and a lack of security and safety. These three countries are among the world's largest economies, with the U.S. and U.K. the largest sources of FDI inflows into Africa.

Perceptions about corruption in South Arica among potential foreign investors are detrimental to FDI inflows. It mainly concerns that corruption in South Africa is a top-of-mind issue (Brand South Africa, 2017).

2.8.8. Economic stimulus and recovery plan

PwC (2018) states that President Ramaphosa commented during September 2018 that since SONA 2018, his government had taken resolute steps to rebuild investor confidence. However, he also admitted that South Africa's economic difficulties are severe and will take an extraordinary effort and some time to overcome. In order to address this, he announced a Cabinet-approved economic stimulus and recovery plan. The plan is focused on five pillars outlined as follows:

Implementation of growth-enhancing economic reforms - reforming the visa regime to boost tourism; approval of the Mining Charter to create policy certainty in the sector; allocation of high demand radio spectrum towards making communication more competitive.

Reprioritising public spending to support job creation - R50 billion directed to activities that have the most significant impact on economic growth, domestic demand, and job creation, emphasising township and rural economies, women, and youth.

Establishment of an Infrastructure Fund - the fiscus will contribute R400 billion over the medium-term, which the government will use to leverage additional resources from developmental finance institutions, multilateral development banks, and private lenders and investors.

Addressing essential and pressing matters in education and health - re-directing resources towards immediate social challenges, including the dire state of sanitation facilities in numerous public schools, filling critical medical positions, and material shortages in hospitals.

Investing in municipal social infrastructure improvement - the government has identified 57 priority pilot municipalities to unlock infrastructure spending in the short-term, which will cover, among other things, refuse sites, sewerage purification, and reticulation and water reservoirs (PwC, 2018).

2.9. CONCLUSION

South Africa has to create more jobs, build a transformed and inclusive underperformed relative to the economy, and reduce inequality. South Africa needs a robust, sustained peer country expansion. However, in comparison to several of its developing-country peers, South Africa has experienced a period of prolonged economic weakness, primarily due to domestic constraints. This is reflected in low rates of private investment, rising and high unemployment, and deterioration of real per capita

income. These factors, in turn, have destabilised the sustainability of the public finances and contracted the scope for economic transformation (PwC, 2018).

WEF (2017) states that confidence and investment are reciprocally strengthening. When businesses are assured about their growth prospects and sure about the policy environment, they invest and employ staff. In South Africa, private investment has been narrowing since 2015, primarily due to low levels of business and consumer confidence. The National Development Plan (NDP) highlights the structural reforms necessary to boost investment, increase employment, and eradicate economic growth constraints.

The 2018 budget was presented as the government has an opportunity to strengthen confidence and add to a recovery in growth and investment. A renewed sense of confidence is determined by the expectation that the government will conclude various outstanding policy reforms, act conclusively against corruption, and quickly resolve operational and governance failures at state-owned companies. Investor sentiment has improved, resulting in a strengthening rand exchange rate and lower government borrowing costs (PwC, 2018).

PwC (2018) further indicates that South Africa's steady macro-economic environment offers a stable platform to appeal to much-needed foreign savings that can fund additional investment. The country's practical macro-economic policies are extremely regarded by international investors, as are its finely honed and well-regulated financial markets. The government remains dedicated to fiscal discipline, a flexible exchange rate, and inflation targeting. While macro-economic policies offer a constant environment for growth, attracting higher levels of investment creates jobs called for the government to conclude outstanding policy reforms.

According to the World Trade Organisation (2018), South Africa is one of the most progressive and diverse economies on the African continent. The country is an attractive business destination, because of its well developed infrastructure and a growing market, providing efficient distribution of both foreign and locally produced agricultural products to major urban centres and the whole of the Southern African region. The commercialised agricultural sector in South Africa is exceptionally varied and is self-sufficient in most primary foods with the exception of rice, chicken, wheat, meat, and oilseeds.

The latest sovereign downgrade to junk status is a turning point, and crucial moment for S.A. Combined with the possibly shattering economic shock brought by the COVID-19 pandemic, this new reality signifies the single major trial for the country and its leadership in the democratic period.

The lockdown and current shutting down of the economy dominated the news about the credit rating downgrade. However, as a consequence, S.A. is facing the COVID-19 pandemic in its weakest economic state (Maasdorp, 2020).

Maasdorp (2020) states that the main drivers behind the downgrade in S.A. are well-known. In brief, the country has seen a systematic erosion and slow economic nitty-gritty over the past decade. The picture is not looking good, and consists of an unsustainable increase in government debt, weak growth since the global financial crisis, broadening of the fiscal deficit, bailouts to unprofitable state-owned enterprises, corruption, and wasteful expenditure, and shortages in electricity supply, which as a result further depressed economic growth.

From this background, it is clear that the credit rating agencies' resolutions to downgrade S.A. were backward-looking and retrospective and had little to do with the arrival of the COVID-19 pandemic. The most immediate task is to evade a downgrade spiral into unfathomable junk territory. As a start, a credible economic recovery plan is instantly needed. To meet the basic standard of credibility, this plan with clear timelines should simultaneously fast-track structural reforms to stimulate growth, safeguard the helpless, appeal to a sense of national solidarity across society, and preserve jobs at all costs (Maasdorp, 2020).

Maasdorp (2020) concludes by saying that, so far, the government's efforts to overpower the spread of the pandemic have been decisive, swift, and unified. The same determination and ability to take courageous decisions are now needed on the economic front. In President Cyril Ramaphosa, the country has a leader with massive, tried, and tested know-how in bringing the country back from the edge. The country's leading team of finance minister Tito Mboweni and Reserve Bank governor Lesetja Kganyago command the necessary integrity to implement and drive an economic recovery plan. Each is highly regarded by the multilateral institutions and rating agencies, having had the advantage of working closely with them over two decades. Despite the double blow of junk status and COVID-19, this leadership would undoubtedly help restore investor confidence into the country, resulting in South Africa as an investment destination.

With no clear end to the lockdown in many places, one of the biggest challenges for all investors is the lack of certainty as planning for the next few months becomes extremely difficult for them. Several investors are looking at their short-term survival; investors that might have been planning to open a new location could well be prioritising shoring up their defences now instead. While it seems likely that existing investors are still the most likely source of reinvestment, aftercare is critical during COVID-19 to help existing investors navigate these uncertain waters. The key to successful aftercare,

both during and after the COVID-19 pandemic, is the ability to respond quickly and swiftly adjust the strategy (City Nation Place, 2020).The chapter that follows reviews investor aftercare, which is the main concept that the study revolves around.

CHAPTER 3: INVESTOR AFTERCARE

3.1. INTRODUCTION

According to UNCTAD (2009), attracting investment is considered a fundamental element for sustainable growth and economic transformation in developing countries. As expansions increase at the expense of new investment, taking an existing investor for granted could be costly exercise. A substantial result of the prolonged global economic crisis has been that investors have become more risk averse in their investment decisions.

As companies get to grips with a complex economic climate, world-wide investment patterns indicate that deteriorating market conditions have led more companies to choose cheaper substitutes to new or greenfield investments when looking for growth of their businesses. As a result, expansions are commanding a large share of the world-wide FDI market. Perceived to be a lower-risk and cost FDI strategy for launching a new presence, expansions are presenting growth in companies' investment decisions. However, despite the rapid rise in expansion projects, greenfield or new projects are equally important in driving world-wide FDI (Njau, 2012).

Kojo (2007) states that meanwhile, investment retention and expansion have been downgraded to secondary significance. Such limited attention risks a further loss of investment and further dwindling of the economy's productive capability. Therefore, the instant task should be to pay attention to retaining and developing both local and foreign enterprises while attracting targeted investments to revive the economy's capital base. Therefore, there is an urgent need for an integrated approach that targets both local and foreign investors and goes beyond mitigating the effect of the economic crisis, to ensure successful investment attraction and profound economic transformation (Dressler, 2020).

In short, an increase in both domestic and foreign investment requires a comprehensive guideline that could support a well-functioning market economy. Therefore, Njau (2012) argues that rather than embracing a Manichean view on either seeking new investors or taking care of existing ones, IPAs should place equal efforts on both. Investor aftercare, as a tool that could be used to strike this balance, has been neglected for so long; hence it is a concept with limited literature.

This justifies the use of old literature sources in this chapter, as this area of study is not widely researched. However, the uptake of investor aftercare concepts is assessed using the recent literature at the time of the study. As indicated in Chapter 1, this study could enrich the body of knowledge in the study area by contributing to new literature for future scholars.

3.2.THE DEFINITION OF INVESTOR AFTERCARE

Investor aftercare is regarded as the services offered to companies devoted to investing in the region whether through the expansion of existing operations, mergers or acquisitions or new greenfield facilities, but it is not always widely recognised as a critical activity in a variety of economic development organisations (Centre for Regional Economic Competitiveness (CREC), 2020). Manasoe and Mears (2011) define investor aftercare as all services that are offered by the government to companies, to support them to start and expand their businesses. According to Young and Hood (1994), aftercare activities are mostly carried out at national and regional levels to support investors. UNCTAD (2007), Stejskal and Charbuskỳ (2007), as well as Young and Hood (1994), maintain that investor aftercare takes place at a company level to enhance economic development, rather than exclusively supporting companies in their profit-making efforts. Young and Hood (1994) define aftercare as all possible services provided at the company level by governments and their agencies, aimed to enable both the successful start-up and the continuing development of a foreign affiliate in a host country or region to get the best out of its role to local economic development. These conceptualisations of investor aftercare as it is defined by pioneering literature like Young and Hood (1994) and UNCTAD (2007) are still widely accepted, they are being used by authors in recent times (e.g. Almond et al., 2015; Ayub and Zhen, 2020; Peters et al., 2022).

Danson and Lloyd (2012) define investor aftercare as the company level interventions aimed at facilitating business growth. According to these authors, as well as Young and Wood (1994), investor aftercare focuses on market access and expansion, where the government plays a significant role. According to Jürgens and Krzywdzinski (2009), investor aftercare refers to the post-investment services offered to existing investors by an investment promotions agency (IPA). Dunning (2002) points out that an essential function of aftercare is reducing the cost of business transactions.

From the various definitions reviewed, it can be deduced that aftercare is about building and sustaining a relationship with a client or an investor through identifying and addressing their unique needs. Aftercare facilitates both new investments and reinvestments, as satisfied investors in an area spread a positive word of mouth among their corporate contacts worldwide about investing in an area. Consequently, aftercare also serves for promotional purposes (CREC, 2020).

3.3.THE MODELS OF INVESTOR AFTERCARE

This section supports the need for this kind of study. There is a need to review the existing investor aftercare models to develop one for the promotion of Limpopo Province's agro-processing sector.

Literature indicates four distinct models for designing and delivering effective investor aftercare services. These are the company-friendly model, the project-based model, the aftercare model, and the integrated model (Young and Hood, 1994). Table 3-1 summarises the characteristics of the four models, and illustrates that the integrated, the aftercare team, and the project-based models are more ambitious and formal than the company-friend model.

3.3.1. The company-friend model

The company-friend model is often more appropriate at the inception stage (mostly first year), that is, during new start-up operations (Young and Hood, 1994). According to this model, the existing businesses are given the relevant informational plus limited operational assistance. This means that investors are assisted in starting up and establishing their networks, but once this is done, no more assistance is offered to them. This minimalist attitude towards aftercare may not yield positive results. In this view, UNCTAD (2007) concluded that the company-friend aftercare mainly relies on handouts from contacts and networks that aftercare practitioners can gather. Again, the activities of this model are often unplanned and informed by the current needs. It can combine a variety of services ranging from administrative to strategic issues, depending on the kind of staff that provide aftercare (UNCTAD, 2007).

Table 3-1: Investor aftercare models

Characteristic	**Model**			
	Integrated model	**Aftercare team approach**	**Project-based approach**	**Company-friend approach**
Aftercare service time period	Long-term against clear and quantifiable objectives.	Long-term, but preferable in the initial stages of the project, or of the potential reinvestment or restructuring	Dependent on time period of project	Mainly a few years after the project has begun, annual visit to key investors and /or otherwise as and when requested.
Aftercare nature	Informational, as well as operational to every investor, also strategic and overall supply-side to developmental amenities. Aftercare	Strategic, operational and informational depending on key investor	Strategic, as well as operational to project, in addition to the overall supply-side	Informational but restricted operational. Often associated with visits linked to grant award compliance.

	combined with all regional economic development activities.			
Aftercare advantages	Balanced and integrated approach to economic development.	The only way to investment aftercare, dedicated and regular aftercare service, aftercare skills offered by government agencies and acknowledged by investors	Very focused, is the link between investor and the overall regional economic development activities	Cheap, room for opportunity to assist investors
Aftercare limitations	Extremely expensive and long- term commitment is required from a wide spectrum of public sector agencies; coordination challenges often result in excessive bureaucracy, and relies on investor collaboration.	Expensive and often lacks focus, depending on how services are organised; success also depends on incorporating efforts with other essential resources	Costly and returns mainly long- term, and difficulty of obtaining investor co-operation	Cause resentment among some investors; laissez-faire approach may compare badly with that offered to sister investors in other host countries; and regional economic development largely left to market.

Source: Adapted from Manasoe and Mears (2011).

This means that the model is too reactive instead of proactive and does not take care of the investors' continuous needs. Though this assistance goes the extra mile in addressing the new investors' start-up needs, the model does not appreciate the fact that the needs of the existing investors are continuous. When you address the lower needs, the upper needs arise that need the attention of the aftercare officials. This model is too informational and operationally restrictive. However, the model is cheap, as it does not need more resources to implement (Manasoe and Mears, 2011).

According to Manasoe and Mears (2011), the company-friend model has the potential to cause

resentment among some investors as this laissez-faire approach may compare badly with that offered to sister investors in other host countries; and it renders regional economic development mostly left to the market. This model setup is not encouraged because it encourages existing investors to consider relocating elsewhere, where they would enjoy benefits similar to their sister investors.

3.3.2. The project-based model

This model involves directing resources to be specific and critical elements of the aftercare programme, rather than the whole range of aftercare activities (Young and Hood, 1994). Such initiatives are often related to supplier development to enhance the supplier base to increase the multiplier effects of FDI. This model is most common in areas of human resources development and often occur as training programmes, particularly during the orientation of investors in specific contexts.

According to Manasoe and Mears (2011), this model is dependent on the period of the project. Manasoe and Mears (2011) further indicate that the project-based model is both strategic and operational to the project and the overall supply-side. One of the advantages of the project-based model is that it is very focused and will serve as the link between the investor and the overall regional economic development activities. Equally so, this model also has its limitations. Some of the limitations are that the model is costly, and its returns are mainly realised after a long-term. It is characterised by the difficulty of obtaining investor co-operation (Manasoe and Mears, 2011).

3.3.3. The Aftercare team model

CREC (2020) views the aftercare team as a model where a relatively broad service offering is delivered. However, it is particularly not well structured in terms of national or subnational economic priorities. The aftercare team gets organised to cover investors' groups by nationality (Woods et al., 1993). The Aftercare team model highlights an attempt by the aftercare team to duplicate, at an aftercare level, the same promotional services started by agencies. In this view, the team acts as the only entrance to access aftercare services. To achieve effectiveness in this regard, it goes further than just re-directing enquiries to the correct department or agency. The first and subsequent visits ensure a continual assessment of relationships and feedback (Young and Hood, 1994).

Manasoe and Mears (2011) indicate that this model is long-term in nature and preferable in the initial stages of the project or potential reinvestment or restructuring. Further, it is strategic, operational, and informational, depending on the crucial investor. It is the only way to investment aftercare as it is dedicated and regular aftercare service, offered by government agencies and acknowledged by

investors. In conclusion, this model is too expensive and often lacks focus, and depending on how services are organised, the success of this model depends on incorporating efforts with other essential resources (Manasoe and Mears, 2011).

3.3.4. The integrated model

The integrated model highlights aftercare as involving a critical component of economic development, instead of being a mere investor profit-making. Thus, the model indicates the need for coordination and commitment from a broad spectrum of public sector agencies participating in economic development. Also, investors need to cooperate in order to ensure success (Young and Hood, 1994). This model of aftercare is regarded as the most ambitious one. It aims to incorporate companies into the local economy to work in a co-ordinated, structured, and well-resourced manner to achieve the specific goals and objectives for national economic development (CREC, 2020).

Manasoe and Mears (2011) indicate that the integrated model is characterised in the long-term against clear and quantifiable objectives. It is also informational and operational to every investor, as well as strategic and overall supply-side to developmental amenities. The model combines all regional economic development activities as it is a balanced and integrated approach to economic development.

In conclusion, this model is costly, and long-term commitment is required from a broad spectrum of public sector agencies. It is also known for coordination challenges that often result in excessive bureaucracy, and it also relies on investor collaboration (Manasoe and Mears, 2011).

3.4. THE CHARACTERISTICS OF INVESTOR AFTERCARE

Any meaningful investor aftercare should offer strategic, administrative, informational, operational, and supply-side services (Young and Hood, 1994). As confirmed by Manasoe and Mears (2011), these five core investor aftercare services are critical to support foreign companies within a region to develop. The meanings and characteristics of each service are discussed next.

According to the United Nations Conference for Trade and Development (2007), administrative services support Transnational Corporations (TNC) to operate effectively and efficiently. Administrative services enable operations and include obtaining permits and permissions to operate or expand, obtaining work permits for foreign nationals or spouses, help in finding homes for transferred staff or schools for their children and introductions to providers of services, such as banking, legal and accounting services or property agents or brokers (Manasoe and Mears, 2011).

Through the administrative services, IPAs support the TNCs on their day-to-day activities.

On the other hand, strategic services tend to focus on the medium term or long-term future of a given company. These services facilitate the acquisition of new capabilities and, therefore, company expansion to develop a particular region. Strategic aftercare services seek to retain and promote the expansion of TNCs. The interventions achieve 'retain and expansion' through improving operational efficiency for maximum value addition (UNCTAD, 2007).

Services of a strategic nature are designed to support an affiliate within its transnational corporate framework (Young and Hood, 1994). Examples of such strategic services include encouraging and supporting the development of new, upgraded and higher value added products and services of strategic value to the network of the firm, nurturing local suppliers to international standards, linking the senior managers and directors of the TNC to high level government officials or policymakers, and national policy and influencing networks and policy advocacy activities.

Operational services support the effective and efficient operation of the TNC (Manasoe and Mears, 2011). The operational services include extra support for training of the local population, assistance with export promotion, finding larger premises than the existing ones, identification of suppliers, strengthening of market relations between established and parent TNCs, as well as facilitating conditions for the development of clusters (Manasoe and Mears, 2011). These clusters provide opportunities for increased productivity.

Investor aftercare services also include, amongst others, assistance in applying to national research and development (R&D) programmes and other R&D incentives. Additionally, they include assistance in forming technological alliances with universities and local firms, support in preparing proposals addressed to headquarters, assistance in recruiting local researchers, as well as processing the necessary visas to bring employees from abroad (Woods et al., 1993). All these services are linked to administrative services analysed above.

There is consensus that an effective and successful investor aftercare programme should have both goals and objectives. A number of authors (Douw, 2008; Loewendahl, 2001; UNCTAD, 2007; Woods et al., 1993; Young and Hood, 1994; Peters et al., 2022) indicate that effective and successful investor aftercare should satisfy the following goals. First, it should stabilise or increase job opportunities. Secondly, it needs to increase the strengths in the business climate. Thirdly, it must

identify weaknesses that need to be overcome.

3.5.THE OBJECTIVES OF INVESTOR AFTERCARE

The general objectives of successful investor aftercare are fourfold. First, to maximise the long-term economic benefits of the foreign affiliate to the host country or region (Young and Hood, 1994). The second objective is to support reinvestment by existing investors, mostly FDI is in the form of reinvestment or expansion by existing investors (Loewendahl, 2001; UNCTAD, 2007). Thirdly, investor aftercare should improve the country of location by increasing the share of value added. This is usually sourced from local firms and by upgrading investors' operations over time (Loewendahl, 2001). Fourthly, investor aftercare should help embed TNCs more strongly in an area and reduce the risk of closing (Douw, 2008; Loewendahl, 2001; Woods et al., 1993).

In the fifth place, an investor aftercare strategy should assist the host country or region to generate new leads by reinforcing the quality of a location for a potential investor. Moreover, by using existing investors as ambassadors who can influence other firms to consider the country or region as an investment location, it can also improve the investor aftercare strategy (Douw, 2008; Loewendahl, 2001; Woods et al., 1993).

3.6.THE ROLE OF INVESTOR AFTERCARE

This section provides an analysis of the role that investor aftercare plays in retaining investors, and how this benefits the host country or region. Before analysing investor aftercare's role, it is essential to explain why existing businesses or investors should be retained. Cothran (2006) outlines the following as key reasons why existing businesses are essential for economic development.

First, existing businesses create more new jobs. Secondly, existing businesses are ambassadors for industrial recruitment. Invigorating the existing community business strengths has proven to be a thriving industry recruitment strategy (Cothran, 2006; Woods et al., 1993). Cothran (2006) indicates that finding and fixing existing businesses' problems may identify businesses for targeted recruitment efforts. According to Morse (2004), when businesses are contented with the kind of support given to them, they effectively attract other businesses.

Thirdly, existing businesses invest in the host country (Cothran, 2006). As Maples (1996) shows, most existing businesses that invest in facilities, job creation, and pay taxes are at the centre of strong local economies. According to Morse (2004), existing businesses already have a stake in the host country. They have contributed to the economic vitality and social fabric of the host country. Morse

(2004) further stresses that keeping a business in the host country is less costly than attracting new investors.

Attracting investors often includes significant tax incentives and significant infrastructure development costs. Existing businesses can seek some of these incentives, but the financial cost per job created is less for existing business than for a new business. According to Kotval et al. (1996), keeping what you have is suitable for smaller firms' development and growth. Businesses that export goods and services generate revenue that funds small, local, service businesses. Both firms are necessary, and the service firms may not survive if the exporting firms close or move away.

Fourthly, Woods et al. (1993) observe that more foreign firms tend to join if they see their counterparts succeeding. This suggests that adaptation to local conditions is possible. Moreover, Fuller and Phelps (2004) indicate that investor aftercare services, in some cases, strengthen the capacity of local (foreign) managers to negotiate with foreign (parent) firm. Michael(2019)states that a successful Business Retention and Expansion used interchangeably with investor aftercare serves the following essential aims:

- Demonstrate to existing firms the community appreciation for their contribution to the economy;
- Encourage the expansion that leads to steady job growth;
- Help businesses resolve their challenges;
- Assist local businesses to gain awareness of all available resources;
- Develop collaborative relationships for taking part in comprehensive long-range retention and expansion activities;
- To build the community capacity and co-operation to sustain growth and development activities;
- To provide better information and understanding for all local leaders of the business climate's strengths and weaknesses.

Guimón (2008) shows that aftercare or post-investment services support the transition of already existing foreign subsidiaries towards new or higher quality research and development (R&D) activities than before. Therefore, they are customised to the specific needs of foreign subsidiaries already present in the country. According to Guimón (2008), IPAs need to develop strong links with other government ministries and agencies to be effective in their policy advocacy role with local managers of foreign multinationals, businesses, and professional associations.

When the host country provides investor aftercare services to its existing foreign subsidiaries, it will improve the rate of new project implementation and encourage reinvestment. This, in turn, helps increase investment impact and build the reputation of a particular locality as an investment destination (Wessendorp, 2008). Stejskal and Charbuskỳ (2007) indicate that investment aftercare helps to maximise all related opportunities. This includes support of local supply and the development of new clusters that offer opportunities for encouraging local supply, reinvestment, and the development of clusters of new industries around the firm. It further assists a host country in developing a network of contacts between investors and local industries to provide ideas for mergers, acquisitions, and other expansions, as well as the identification of new markets.

Young and Hood (1994) outline the following as the role of investor aftercare to foreign subsidiaries located in a particular country. First, investor aftercare services may assist investors who experience a "cognitive dissonance" which often accompanies purchasing by convincing them that they made the correct location decision. Secondly, investment aftercare programmes are designed to get the most out of the opportunities and limit the threats of highly dynamic TNC networks.

UNCTAD (2007) argues that the design, development, and delivery of aftercare is an expensive exercise. It involves as much effort as looking for new companies to invest in a given locality. Investor aftercare is a source for reinvestment and information for other firms with plans to invest in the host country. International best practice places more emphasis on aftercare as a means of stimulating reinvestment than on investment promotion in the pure sense (Manasoe and Mears, 2011).

According to Ahn (2008), investor aftercare helps foreign investors continue doing business in the host country by resolving the problems they encounter. The problems can range from price, quality of services, labour regulations, labour skills, and infrastructure (UNCTAD, 2000). Aftercare investor services assist in ensuring that investment plans can materialise (UNCTAD, 2000).

Effective aftercare services can encourage investors to re-invest or expand and help further industries cluster around investors. Also, conventional wisdom shows that it costs five to seven times more to get a new customer than selling your products to an existing customer in business terms. Estimates show that roughly two thirds (70%) of new investment has a close relationship with existing investment (Smart State Council, 2009). Therefore, there is a growing awareness that satisfied investors are the best evidence of a pleasant investment climate in a host country. These investors can, therefore, help to attract other investors.

3.7. THE DETERMINANTS OF AFTERCARE SERVICES ON INVESTORS

Manasoe and Mears (2011) state that the provision of investor aftercare services to existing investors, in particular foreign direct investors by the host economy or country, is based on various conditions and factors. Matjekana (2002) shows that determinants of FDI are analysed under two perspectives. Firstly, those that focus on the firm-level, industry level, country-level, or regional -level. Secondly, those that focus on the direction of FDI flows, for example, outward or inward.

Ioannatos (2003) classifies potential determinants on inward FDI into two broad categories: demand-side and supply-side determinants. He further states that the demand-side determinants are grouped into three main categories: economic, political, and social, with the primary emphasis on economic variables. The supply-side determinants include oligopolistic reactions, intangible assets, and product lifecycle (loannatos, 2003). Chakrabarti (2001) divides the potential determinants of inward FDI into eight categories, namely, market size, labour costs, trade barriers, growth rate, openness, trade deficit, exchange rates, and taxes.

UNCTAD (1998) presents some host country determinants of FDI that include the policy framework, business facilitation, and economic determinants. Under the policy framework for FDI, the variables considered are political, economic and social stability, rules regulating entry and operations of FDIs, the standard of treatment of foreign affiliates, and policies on the functioning and structure of the markets. International agreements on FDI have to do with agreements on such issues as the negotiation and settlements of disputes, trade, privatisation as well as tax policies.

In addition to the policy framework, there are economic determinants that must be present in the host economy to enable FDI include: Firstly, business facilitation which includes initiatives such as one-stop shops where investors can get all the necessary information. Secondly, investment promotion includes image building, investment generating activities, and investment-facilitating services. Thirdly, investment incentives include all aspects that reduce the cost that the firm incurs when setting up and operating. Fourthly, hassle costs related to corruption and administrative efficiency. Fifthly, social amenities such as hospitals and schools are also determinants of inward FDI. Sixthly, aftercare-investment services are the main focus of this thesis (UNCTAD, 1998).

3.8.THE CHALLENGES OF IMPLEMENTING INVESTOR AFTERCARE

Like any government programme, the implementation of investor aftercare has its challenges. These challenges, amongst others, include the credibility of the institutions, and the ability of providers of aftercare, how customers respond or continue with aftercare, attitudes towards aftercare as well as

company strategy about aftercare. These sorts of challenges are analysed individually in the subsequent paragraphs. These challenges need to be addressed in order to keep existing investors as well as attracting new ones.

3.8.1. Institutional credibility

According to Young and Hood (1994), many foreign affiliates view public sector officials with scepticism, sometimes even with hostility. According to UNCTAD (2007), TNCs are usually reluctant to get fully involved with IPAs aftercare teams due to trust deficits. Due to this lack of trust, private firms find it challenging to see the value addition brought by IPAs. TNCs are, however, likely to change their views when they are introduced to existing examples of successful IPAs. Also, TNCs could interact with stakeholders involved in successful aftercare programmes. TNCs can also gain confidence if the governing institutions are well established and active. Strong institutions minimise the risks involved in investments. These are essential ways in which the relationships between IPAs and TNCs can be improved (UNCTAD, 2007; Young and Hood, 1994).

3.8.2. Continuity

One of the critical challenges faced in offering aftercare services is the constant change of management locally and in the parent company (Young and Hood, 1994). This is mostly a function of changing global labour systems, with fewer permanent posts and more contract employees. Skills mobility enables these temporary arrangements, with managers moving from one company to another, or even one country to another. Transnational Companies also attempt to support their various country offices by moving some of their management skills. In other cases, the moving of skills by TNCs is motivated by the need to increase the skills of individuals within the company who demonstrate potential.

These issues have a direct bearing on aftercare services, mainly because customers tend to develop personal relationships with service providers. Customer Relations Systems should be developed to suit the current mobility of skills (Young and Hood, 2004). This development should involve the storage and sharing of information within the aftercare sector. However, also, efforts should be made to retain the best staff, to ensure continuity. This is important for institutional memory as well.

3.8.3. Customer responsiveness

In terms of customer responsiveness, IPAs must maintain consistency with both internal as well as

external clients. The focus is often on local clients, while external (foreign) clients tend to receive a less efficient response. According to UNCTAD (2007), the slow response can increase investment costs and frustrate companies that seek to invest. IPAs should be aware of the need to work within timeframes and the investment consequences of less efficient responses when working with TNCs.

3.8.4. Proactive versus reactive approaches

The tendency for IPAs is to react to TNC's requests rather than pro-actively initiate interventions. The reactive approach often emerges from ongoing inquiries made by TNCs (UNCTAD, 2007). However, also, under-resourcing of IPAs contributes to the reactive tendencies. A proactive approach would require significant financial and human resources. As long as there are no organisational strategies for aftercare services, budgeting will always remain elusive. The disadvantage of a reactive approach is that it fails to address strategic issues and instead tends to deal with a case by case basis. In some cases, companies make enquiries when they have faced significant problems, so much so that they cannot continue operating (UNCTAD, 2007; Young and Hood, 1994).

3.9. STATUS OF INVESTOR AFTERCARE IN SELECTED AFRICAN COUNTRIES

This section is significant to guide the review and development process of investor aftercare for the promotion of Limpopo's agro-processing sector. The section presents an overview of existing aftercare practices of other countries to draw lessons from them. It presents investor aftercare overview of selected countries in Africa, South Africa, and Limpopo Province.

3.9.1. Investor aftercare in Africa

Almost all countries on the African continent have established one or more IPAs to attract prospective investors. A literarture search to establish the IPAs selected in African countries was done to establish their investor aftercare practices. The following IPAs were selected, namely, Lesotho National Development Corporation (LNDC), Kenya Investment Authority (KenInvest), Tanzania Investment Centre (TIC), and Botswana Investment and Trade Centre (BITC). Research revealed that the IPAs offer investor aftercare services to existing investors or businesses.

LNDC (2019) shows that the Corporation offers, amongst others, the following services:

- Advocating for the creation of a conducive climate for investment in the country through review of policies;

- Securing markets for investors through coordination and participation in trade shows and hosting buyer's visits;
- Organising induction for new investors to ensure that they operate within the requirements of the law;
- Liaison between investors and government departments and service providers to ensure that investors' grievances and complaints are addressed;
- Fast-tracking investors' applications for renewal of licenses and permits to ensure that these are issued in good time;
- Disseminating information to existing investors to keep them informed about changes (for example, changes in policies, regulations and fee structure that affect their operations);
- Identifying joint venture partners for existing investors who require joint venture partners;
- Harmonising relations between employers and their employees, including their organisations;
- Formulating standard policies and procedures to be followed (for example, disciplinary codes and procedures, grievance procedures, redundancy and retrenchment policies and procedures and contracts of employment).

KenInvest (2019) indicates that the Authority offers a range of pre- and post-investor services. The Pre-investor services offered are:

- Licenses and permits;
- Assistance in acquiring incentives or tax exemptions under the Income Tax Act, the Customs and Exercise Act, the Value Added Tax Act or legislation;
- Providing information to investors on the business climate, operational rules, investment opportunities and capital sources and
- Liaison with other government agencies for the issuance of additional licenses and approval not directly handled by the authority.

Post-investor services include:

- The issuance of investment certificates that facilitates the immediate start of a business;
- Provision of aftercare services, and
- Continuous liaison with other stakeholders who share an interface with investors in their daily operations with an ultimate aim of improving the investment environment and to make it easier to do business.

TIC (2019) states that the Centre, amongst others, facilitates access to incentives, company registration, business licenses, tax payment, and access to land, work permits, and investor visas. According to BITC (2019), the Centre offers business facilitation services (work and business permits, incentives for investors and licensing). The Centre also offer stakeholder engagement and relationship management where it engages government ministers, departments and the private sector to ensure that investor expectations are met and to improve turnaround times continuously. The Centre also offers policy advocacy services where it assists in identifying bureaucratic and administrative hurdles associated with investing in Botswana with a view continually to improve the investment environment in Botswana.

3.9.2. Investor aftercare in South Africa

South Africa has several policies and incentives to attract and retain investors into the country and establish IPAs at the national, provincial, and municipal levels (Manasoe and Mears, 2011). According to the DTI (2019), the investor aftercare services offered by the DTI through its investment promotion arm, Trade and Investment South Africa (TISA) are, amongst others:

- Visa facilitation for business purposes;
- Inter-governmental coordination and regulatory facilitation;
- Inward and outward investment mission's facilitation, including travel itineraries;
- Introduction to business organisations and service providers;
- Introduction of investors to critical stakeholders in the private and public sectors;
- Facilitation of investor roadmap by a team of dedicated account managers;
- Introduction of investors to potential partners and black economic partners; and
- Guidance for plant or site locations.

3.9.3. Investor aftercare in Limpopo Province

Investor aftercare in Limpopo is ideally the responsibility of the Limpopo Economic Development Agency (LEDA). Limpopo Economic Development Agency has been mandated, amongst others, to differentiate Limpopo in terms of offering potential investors efficient services to enable them to invest more efficiently in Limpopo and play a role in developing the economy.

According to the Limpopo Economic Development Agency's 2017/18 annual report, the agency's scope and structural set-up cannot be separated from the trends and market factors in the real

economy. As a provincial economic development and transformation agency, LEDA's programmes and public, private partnerships remain evolutionary and multi-faceted in nature and implementation (LEDA, 2020).

In simple terms, this means the institutional arrangement of LEDA should be responsive to the mandate at hand. The agency consists of several divisions, namely, enterprise development and finance, industrialisation, agribusiness, trade and investment promotion, land and property, special economic zones, and several subsidiaries. Enterprise development and finance division focuses on the increase in sustainable enterprises in targeted sectors of the economy through financial and non-financial support; industrialisation division deals with the enhancement of manufacturing output, job creation and economic development in Limpopo through the implementation of the agro-processing strategy; Agribusiness division facilitates agro-processing business establishments, ventures and enterprises to increase the beneficiation of the abundant agricultural base; trade and investment promotion division deals with increase in trade and investment in targeted sectors in the province; land and property development division is meant to accelerate industrialisation in the province through strategic economic interventions; and the special economic zones division deals with the establishment and management of special economic zones (LEDA, 2020).

The current LEDA institutional arrangement is bloated, and further has overlaps of divisional mandates which renders the services offered by the agency confusing and less effective. The agency seems to focus mainly on outward trade missions as opposed to investor aftercare, as aftercare is not expressed in the LEDA structure and the annual reports. These outward trade missions are being carried out in collaboration with other national departments and provincial departments such as the Department of Trade and Industry, Limpopo Department of Economic Development, Environment and Tourism, and Limpopo Department of Agriculture and Rural Development (LEDA, 2020).

3.10. LESSONS FROM THE BEST INVESTOR AFTERCARE PRACTICES IN SELECTED COUNTRIES

The OECD (2006) identifies the Czech Republic and Ireland as some countries with the best investor aftercare practices

3.10.1. Investor aftercare of Czech Invest (CI)

Czech Invest (2019) outlines the following range of activities of the investment agency of the Czech Republic, that are most frequently form investor aftercare support services:

- Support for expansion, reinvestment and the development of research capacities;
- Assistance in seeking suitable industrial zones and business properties;
- Advising how to draw investment incentives and project co-funding from European structural funds;
- Seeking suppliers in the relevant region;
- Providing support in the human resources arena;
- Promoting co-operation between investors and secondary schools, vocational colleges, and universities;
- Providing for negotiations with local authorities, state administration bodies and public institutions;
- Ensuring that investors' proposals to amend legislation are submitted to the government, so cultivating the Czech business environment;
- Organising specialised workshops, working breakfasts with top officials, round tables, and social events.

The lessons learned from CI are that investors appreciate the aftercare visit programme. The aftercare visit programme ensures that CI has a proactive and strategic understanding of future investment opportunities. Part of the strategic understanding involves early detection of challenges or problems changing customers' needs. The changing environment suggests that communication with clients should not be a static mechanism; it should change with the times. CI seems highly responsive and flexible, characteristics that maintain it as a best practice.

Additionally, Czech Invest has organisational vision, with well-defined aims, clearly articulated customer base and strong links have been established between the marketing and aftercare units, and an effective performance management system. The performance management system ensures that activities are linked to outputs. The CI also ensures that all opportunities, through which incentives could be utilised, are exploited (Czech Invest,2019).

3.10.2. The Irish Development Agency (also known as IDA Ireland)

Irish Development Agency (IDA) (2019) states that the Irish Develeopment Agency offers the following investor aftercare services:

- Provision of support and services to help foreign companies quickly establish and develop their operations in Ireland;

- Provision of information on tax, skills, education and research programmes, labour law, investment opportunities, operating costs, infrastructure, and support services;
- Compilation of information and statistics on key business sectors and regional locations in Ireland;
- Facilitating introductions to peer companies and industry groups. They also make connections between companies and third-level institutions and research centres to ensure the necessary skills, experiences and research capabilities exist to drive their business; and
- Connecting companies with the right property in the right place.

There are at least two lessons that can be drawn from the IDA. First, the Irish model of economic development contains organisational structures that are efficiently co-ordinated, and highly integrated.

According to OECD (2006), this well co-ordinated and integrated model creates an advantage, especially foreign direct investment. Integration attracts global business, and therefore the Irish economy can benefit from global business. Secondly, the IDA is also customer-focused, with aftercare services tailored to suit specific customers. This model demonstrates that it is possible to be proactive and customer-specific at the same time (OECD, 2006).

3.10.3. The war-torn Occupied Palestinian Territory

The UNCTAD (2009) argues that the best investor aftercare practice is the one that was developed for the then war-torn Occupied Palestinian Territory. The challenge faced by the country was how it could retain new local and foreign direct investment (FDI) that could revive slow-moving growth and the economy's shattered productive capability. This was critical to capture the faster rates of divestment and reverse the considerable loss of the economy's capital base over the past eight years due to the deterioration and destruction of public and private physical infrastructure.

The spot-on investor aftercare strategy was then developed to support Palestinian efforts to set the economy on the pathway of sustained recovery. The strategy focused on foreign and local enterprises. It was grounded on a broad field survey of these enterprises and their business development needs, executed by the Palestinian Investment Promotion Agency (PIPA) in co-operation with the UNCTAD.

According to UNCTAD (2009), retaining and expanding investments in the Occupied Palestinian Territory required support to firms to improve their competitiveness, including through the growth of

their technological capabilities and mitigating existing limitations to their growth. Such an approach was sought to ensure synergies between public services and interventions that deal with the enterprises' immediate needs and long-term interventions that aim at strategic development objectives. This required investment retention and aftercare efforts to focus at four levels: enterprise, industry, institutional, and macro-economic.

This integrated approach was at the core of the proposed strategy, which emphasised PIPA aftercare services with a view of:

- Creating additional capital investments from existing enterprises;
- Bringing local enterprises to international standards in product quality;
- Ensuring the broadest potential spin-off benefits from FDI.

Due to, among others, investment-encouraging initiatives such as insurance of investment against political risks, private sector investment in Palestine has experienced an upward trend in recent years (Abdaljawwad and Sarmidi, 2018). UNCTAD (2009) further indicates that as the lead agency in dealing with investors in the Occupied Palestinian Territory, the strategy involved each of the following core functions of PIPA:

- **Investor aftercare services**: PIPA could launch new services that include information dissemination, sectoral-geographical clustering, networking among enterprises;
- **Policy advocacy**: PIPA could increase the scope of its lobbying efforts to encourage rationalisation of investment procedures;
- **Investment attraction**: PIPA could consider changing its investment attraction function from FDI inflows generally towards those sectors and firms that would complement existing firms through the stimulation of linkages and markets (UNCTAD, 2009).

The lesson learned from Palestine is that the strategy focused on attracting both local and foreign investment, and it involved each of the core functions of the implementing agency, PIPA, in this case. This strategy could be replicated or customised anywhere with ease. The aftercare strategy was aimed at attracting, retaining, and expanding the investment of the country by focusing on investor needs to improve competitiveness, including the development of their technical competencies mitigating their limitations on growth. The strategy also highlights opportunities for collaboration between public services and interventions that deal with enterprises' immediate needs and long-term interventions that aim at strategic development objectives.

3.10.4. Mozambique's Beira Agricultural Growth Corridor

The government of Mozambique, in partnership with international donors, embarked upon a large project called the Beira Agricultutal Growth Corridor (BAGC) in 2009 (Kaarhus, 2018). The BAGC stretches across three provinces (Sofala, Manica, Tete). Along the corridor, agricultural development projects have been introduced, including irrigation schemes and free economic zones to open up millions of hectares of unexploited land (Zoomers et al., 2017). The project included agro-processing in the form of a large tomato processing plant, which processed what would have ended up as rotten tomatoes (Gonçalves, 2020). Despite the criticisms of land grabbing by investors and infrastructure leveraging to obtain donor funding on the part of the government (Zoomers et al., 2017; Gonçalves, 2020), the BAGC has widely been considered a successful PPP (Kaarhus, 2018). A notable benefit is that public investments and donor funding have developed the necessary infrastructure to make this region attractive to FDI investors. The Mozambique government has privided an enabling environment for large international corporate partners.

3.10.5 Recommendations for Limpopo Province

Retaining existing investments is rendered complex by an institutional framework that is not adapted to the economic practicalities. Ayub and Zhen (2020) stress that investor aftercare needs to periodically be modernised to reflect contemprary policy thinking. Development experiences indicate that countries that have managed to attract FDI have jointly used investment attraction efforts with measures to develop local productive capabilities (Blomstrom and Kokko, 2003). In the Caribbean for example, the African diaspora was attracted to invest using a model specifically targeted at them by forging partnerships with both the public sector and the private sector to source, vet and structure development-specific investment opportunities that were deemed of interest to the diaspora (Urones, 2017). Hence there is a need for a comprehensive approach to building a minimum level of industrial development to earn the trust of both local and foreign investors, thereby ensuring the spill-over benefits from FDI.

Dealing with the identified limitations on competitiveness and growth calls for the aftercare strategy to follow a three-legged interactive approach, which target agro-processing as a promising sector with a view to:

- Produce additional capital investments from current enterprises;
- Include local enterprises up to international standards in terms of product quality;
- Ensure the broadest potential spin-off benefits from FDI.

This approach could be executed through a more vigorous and strategically targeted implementation of investor aftercare services that focuses on dealing with the needs of investors.

Within this context, UNCTAD (2007) divides aftercare services into three categories as it is already alluded to in this chapter, namely: administrative to facilitate and enable TNC operations in the host country by, for instance, assisting them to get permits; operational, to assist TNCs to attain operational efficiency and effectiveness through, for instance, export promotion schemes; and strategic, to facilitate TNC growth along the corporate development path, by supporting their efforts to develop new competencies for strategic expansion.

In a province like Limpopo, aftercare could promote investment attraction, retention, and expansion as a way of creating direct additional output and employment as well as indirect benefits through spin-off benefits and multiplier effects, such as improved local skills and local purchases of supply. Aftercare could align the business environment with the strategic objective of dealing with established enterprises' development needs. Within this broader context, effective aftercare could start with a good understanding of the problems faced by investors during the start-up phase as well as in their daily operations and expansion activities. While some problems may be addressed through the Investment Promotion Agency's intervention and guidance, a lot would require the help of other decision-makers and public institutions.

At this point, investor targeting, and policy advocacy become a natural outflow of aftercare. With an eye to development, this approach could assist in ensuring the maximum use of local production capabilities, improving backward and forward linkages within the economy, enable the transfer of technology to the agro-processing sector as one of the priority sectors and make sure that regulatory and economic restructuring is conducive to investment.

Directed by the aforementioned strategic orientations, the aftercare could be structured around the objectives targeting both enterprise and industry levels. Objectives targeting the enterprise level could be aimed at improving enterprises' technological competencies, promoting enterprises' backward and forward linkages, expanding enterprises' supply sources and export markets, and acquainting enterprises with the varied aspects of firm-level competitiveness. In contrast, the objectives targeting the industry level could be aimed at refining enterprises' access to finance, encouraging laws and policies to promote investment retention/attraction and industrial development, paying attention to existing SMMEs support initiatives and easing enterprises' access to them, and building a coalition among clients to sustain long-term economic development efforts.

Aftercare could consist of capital-intensive and labour activities, given their direct contribution to facilitating industrial restructuring and reducing unemployment. Capital-intensive activities could be supported to produce spill-over benefits into the economy, while labour-intensive activities could be supported to produce employment without sacrificing productivity. It is worth noting that the production of capital-intensive products does not necessarily require mass production and modern plants. UNCTAD (2009) proposes that any aftercare success requires incorporating it into the implementation of the institution's core functions. This is similar to various investment promotion agencies where their work revolves around investor services, policy advocacy, image building, and investment attraction to promote them as attractive investment destinations. The advocacy function could be set-up to promote policy measures, laws, and specialised services for investment retention. The aftercare services could be directed towards improving the enterprises' technological competencies and backward and forward linkages. The investor attraction function could be geared towards supporting the aftercare's objectives.

Above all, aftercare requires intensive collaboration with other market support institutions, given the multidimensional nature of the problems faced by Limpopo Province. Thus, in addition to bringing specific components, Limpopo could leverage partnerships to create co-ordinated interventions, combine resources, and ensure that another does not undermine the actions and services of one partner. In this context, Limpopo could try to bring attention to existing enterprise support initiatives and strategies and incorporate them into a one-stop-shop information facility.

Even though the bulk of the agro-processing sector's constraints in Limpopo could only be addressed in the long run, they are amenable to immediate intervention. In this sense, the province could follow an incremental approach. Each service or activity permits accruing tangible achievements and gains that could be taken advantage of during the subsequent phases.

In the short-term, Limpopo's aftercare services could start the drive to assist in building investors' technological competencies and linkages. This could consist of building partnerships with expert research and development institutions and training institutions and disseminating information on opportunities and best practices. In the medium-term, Limpopo could combine clustering efforts and targeted networking to help its clients, and the enterprise sector at large, creating inter-enterprise co-operative relationships and producing industry-wide benefits. Such benefits range from external economies that enterprises could accrue as members of a group to joint action benefits that come from co-operation among enterprises.

Taking advantage of the clustering efforts and networking, Limpopo could then focus on incorporating its clients into regional and global value chains. The logic for such an emphasis finds its base in other emerging countries' experiences in which industrial clusters isolated from global value chains follow a low road growth path. As explained by Pyke (1992), the absence of sufficient regional and global networks and consequently limited access to export markets and modern technologies, leave enterprises with no option but to look for competitiveness by decreasing production costs. In contrast, clusters that are well incorporated into these chains are more likely to follow the high road growth path, displaying evolutionary growth based on the constant improvement of processes and products.

Limpopo could offer investors with up-to-date information on the particular regulations and rules of business transactions, governing investment flows, and the economy's leading performance indicators. This information could be available on the institutional website of the proposed Independent Investor Aftercare Agency. Taking advantage of its partners' network, the agency could further design this service category to make sure that clients are kept abreast of opportunities of direct bearing to their performance and emerging developments. This could be done by developing the following products:

- Latest information on training programmes by local and international specialist institutions;
- Lists of potential regional and international partners for strategic alliances and joint ventures with the agency's clients;
- Lists of local, regional and international suppliers by sector;
- Results of research done by local, regional and international institutions of relevance to the clients;
- Latest information on major international trade fairs planned by local and international institutions;
- Highlights on the positive elements of the agency clients' successful experiences and the province's business environment;
- Business development best practices and tools in strategic management and industrial institutions;
- A risk self-assessment form for enterprises seeking external finance, to assist them in assessing and improving their creditworthiness.

Developing enterprises' technological competencies calls for bringing them up to international quality standards, including environmental standards, labour norms, and quality assurance, to name a few.

The aftercare agency could facilitate enterprises' access to such standards by establishing partnerships with expert regional and international training and research and development institutions. Such partnerships would allow the agency to act as an interface between its members and these institutions.

Irrespective of their form, the partnerships should seek to afford the agency's clients, and the agro-processing sector at large, with real channels for increasing investors' technological competencies. These could display formal agreements or informal relations in the form of, for instance, memorandums of understanding (MOUs), to get benefits such as favourable terms for the agency's clients, fielding experts to the agro-processing enterprises to assist them to develop their technical competencies and encouraging joint adaptive research between Limpopo-based universities and relevant regional and international institutions.

Successful experiences indicate that enterprise development is only possible if the enterprises demonstrate a willingness to pool efforts and cooperate continuously. Nonetheless, as Martinussen (1995) expounds, enterprises are time and again doubtful to join efforts when the benefits would only be gained in the future, or they may just be ignorant of the potential benefits of joint action. Enterprise networking makes available a powerful tool for promoting inter-enterprise co-operation, permitting for a gradual consolidation of trust among enterprises and providing an active channel for knowledge transfer and joint learning. It includes targeted efforts to connect interdependent enterprises with related features and growth dynamics in a value adding production chain, with the final objective of encouraging growth and prompting complementarities between their production processes.

Limpopo, through the agency, could enable network establishment by assuming the role of the network broker. The network broker is known as the driving force for network establishment, serving as the enabler for overcoming start-up problems, managing inter-firm relations, and giving specialist support. As explained by Martinussen (1995) and Xinagang Xu and McNaughton (2003), network brokers generally assume the following tasks:

- Identifying potential networks: A network programme could be formed pro-actively or in response to an initiative by a group of enterprises. In either case, the network broker must carry out a diagnostic exercise to pinpoint common problems and discover areas of mutual benefit to participating enterprises. The most common approach is to bring together a small group of ten to twenty enterprises to find opportunities and agree on a network idea or common objectives. On the contrary, the network broker could suggest network ideas, and then approach potential enterprises to bring them together to develop the network idea further;

- Overcoming the scepticism of participating enterprises: This might be attained by giving immediate benefits to enterprises. For instance, this could mean applying for a loan together, pooling their resources to buy raw materials in bulk, sharing equipment, and ultimately diversifying production and looking for new markets. The broker could act as a mediator in disputes between enterprises and as an interface between enterprises and the private sector and other public institutions;
- Creating commitment to the network among participating enterprises: This is perhaps the most challenging task. The most common strategy is to make an exit expensive by ensuring a certain level of privileges to members. The only funding to the network is the services of the network broker; these are at first free and, over some time, move to fee-based services. Also, and to ensure the network's sustainability, network brokers should be hired for a short period, after which partaking enterprises must take over all the responsibility (Humphrey and Schmitz, 1996). Limpopo could seek technical assistance from relevant institutions in developing its networking programme. Limpopo could learn from the experience of Honduras, where the United Nations Industrial Development Organisation (UNIDO) conducted the idea of network brokers with successful results. In particular, Limpopo could work closely with existing industry associations and business associations.

While networking enables inter-enterprise co-operation, enterprise clustering allows for creating industry-wide gains. Cluster development comprises sectoral or geographical concentrated groups of interdependent enterprises. It could take as its main effort the formation of industrial agglomerates from scratch or make every effort to improve existing ones.

Markusen (1994) suggests a typology of industrial clusters based on member enterprises' striking features and inter-firm co-operation. This typology comprises the following four general types: Marshallian clusters, comprising local SMMEs and showing considerable inter-firm trade and co-operation, as well as reliable institutional support; "hub and spoke" clusters, subjugated by one or several big enterprises with many small suppliers servicing the large firms; satellite platforms, subjugated by externally-based TNCs and their affiliates with least possible inter-firm trade and networking; and state-anchored, subjugated by public entities, such as universities, suppliers of services to public entities and government agencies.

In the case of Limpopo Province, it would be more cost-effective to foster current industrial clusters and pay attention to establishing the Marshallian type, at least during the initial stages of the programme. This is mainly due to the expensive transaction costs that impede the relocation of

enterprises. Working closely with relevant private and public sector institutions, Limpopo could lead the association of such a cluster.

The first step would be for Limpopo to find current clusters and highlight which ones to focus on initially. This can be ensured by an exploration of the cluster regarding its areas of strength and weaknesses, skills shortages, backward and forward linkages as well as enterprise level. Limpopo could then continue with the formation of a public-private sector focal team to craft a cluster vision and identify immediate and long-term needs. Limpopo should also lead the formation of institutional mechanisms, e.g., an institution or committees, to sustain the clustering course into the future.

Drawing from Piore and Sabel (1984), Limpopo needs to focus on developing two sets of dynamics. The first relates to growing inter-firm coordination through flexible specialty. The production process is devolved through subcontracting arrangements to enable member enterprises to focus on particular phases of the production chain. This would place enterprises in a better position to take advantage of diverse economies of scale at different stages of production, focus on product characteristics instead of price, and accomplish economies of scope through adaptive machinery and broader participation by multi-skilled employees so that the relations between firms become organic and contributing to innovation.

The second set of dynamics relates to encouraging inter-firm co-operation by enabling enterprises' joint action. Schmitz (1997) demonstrated that attention should be on creating joint efficiency as opposed to stagnant efficiency. The latter refers to inactive externalities that occur to firms as a result of being part of a cluster, while the former occurs as a result of focused joint actions. Joint action could take the form of horizontal collaboration between companies operating at the same level of the production chain, or vertical collaboration between final producers and their input suppliers (backward collaboration). Vertical collaboration could also involve the exchange of market information between producers and buyers (forward collaboration).

According to UNCTAD (2001), networking programmes need to continue along two complementary paths: building new linkages between local and foreign enterprises and intensifying existing linkages to increase domestic enterprises' productive capability. The aim should be to enable improvement of the quality of local enterprises' products, to grow local outsourcing and the cluster's attractiveness to inward investment.

Viewed in this light, networking efforts should strive to assist local enterprises to form two-way strategic relationships that are concentrated on knowledge sharing and joint production. These

relationships could take the form of equity participation or subcontracting arrangements, grounded on a long-term vision instead of short-term considerations such as quick profit. UNCTAD (2003) points out that for capital- and technology-intensive activities, the networking effort needs to establish multiple linkages to TNCs, source of supply, and expert research institutes. Through the agency, Limpopo could help its clients in negotiating and structuring joint ventures and technology transfer arrangements.

Best practices propose that such programmes require paying attention to current clusters or networks with encouraging prospects, following a demand-driven approach that reflects the needs of TNCs and seeks to help local enterprises to meet their needs. The starting point would be to determine local networks or clusters and conduct a detailed assessment of the clusters' areas of strength and weaknesses. Once a network is created, Limpopo could then approach TNCs and connect them with the local network of enterprises, thus changing its role from a network broker to a network coordinator. This would involve joining local supplier upgrading activities and matchmaking to forge strategic partnerships between enterprises and TNCs.

Assuming such a role requires Limpopo to find possible forms of alliance and partnership for linking local enterprises with TNCs, in consultation with both industry and business associations. Standard measures for facilitating technology mastery comprise adopted technology transfer (embodied in imported machines and equipment); licensing and arm's length buying of expertise, patents, licenses and blueprints (i.e., royalty and license fees); and engaging foreign enterprises, predominantly TNCs, in local capability development through apprenticeship and training programmes. Such measures call for arriving at a common understanding of the legal issues that are associated with technology transfer. Here bilateral and regional agreements on common standards are crucial.

The policy advocacy function should be used to encourage reform measures required for the effective implementation of the aftercare and the development of the Limpopo agro-processing sector's level of competitiveness at large. The analysis points to several measures and policy orientations that need to form the focus of this function. These measures to support the investor services function are as discussed below:

Improving enterprises' technological competencies: Improving enterprises' technological competencies could not be attained unless local competencies are in place to get used to and master the acquired technologies. After all, technological competency is embodied in people and not only in machines. The analysis points to the pressing need for arranging labour policy around the strategic objective of combining and intensifying existing technologies at the enterprise level. In this sense,

labour policy should be directed towards satisfying local skills requirements, including measures to foster linkages with educational planning and building a safety net for the labour force. In the long run, Limpopo needs to invest in establishing advanced training programmes and local research and development competencies.

Limpopo could, amongst others, encourage the reorientation of training programmes by vocational centres around critical skill shortages policy measures in the medium-term. Specific measures that could be recommended include the establishment of advanced training courses to assist scientists and technicians to handle industrial engineering tasks and retraining courses to evade dislocation effects resulting from technological improvement.

Such programmes could be established through (1) collaboration agreements with expert institutions and hosted by vocational training centres and universities; (2) the introduction of incentive schemes to help enterprises in carrying out their training programmes; (3) a coaching or employment exchange programme to guide and advise the different segments of the labour force, comprising the employed and self-employed as well as the unemployed. This comprises looking for donor support and funding the design of tailor-made training courses to address the client skill shortages; and (4) developing research and development capabilities to enable the assimilation, alteration, and upgrading of imported technologies to be in line with local conditions.

Developing this capability calls for going beyond increasing research and development expenses to ensure the active participation of local institutions in research activities. Given the increased costs and a high degree of uncertainty related to increasing research and development capability, Limpopo may consider embracing a selective approach. In this sense, Limpopo could begin by supporting research and development in areas that respond to the enterprise sector's immediate needs, leaving investments in more progressive, innovative research and development to later stages as enterprises develop their productive capabilities. Limpopo should incentivise Research and Development to encourage Research and Development by agro-processing investors. Innovation would not only help to meet current demand, but also the need for future technologies.

The existence of Limpopo Agro-food Technology Station (LATS), which was established in 2007 and officially launched in 2008 at the University of Limpopo, is currently fulfilling this function. The station is an initiative by the Department of Science and Technology (DST), through the then Tshumisano Trust, to improve agro-processing services in Limpopo Province. The objectives of the station are to analyse and test food product nutritional composition from SMMEs and commercial farming sector; help SMMEs to turn primary agricultural products into commodities that meet market

requirements; improve SMMEs' product processes and development; and to research on indigenous primary agricultural products (LATS, 2020).

LATS (2020) further indicates that the station is now under the Technology Innovation Agency (TIA), and it has partnered with both the Limpopo Department of Agriculture (LDA) and Limpopo Department of Economic Development, Environment, and Tourism (LEDET) respectively. This station is located at the School of Agricultural and Environmental Sciences (SAES) in the University of Limpopo. It is, therefore, critical for Limpopo to take advantage of this station to help in promoting the agro-processing sector in the province.

Boost financial intermediation and bolster the range of eligible collateral: Limpopo could assist investors' access to finance in such a way that it is treated as one component of a comprehensive approach that tackles enterprises' limitations on growth and enables them to use external finance strategically. The province could support the idea of using covenants as a substitute to collateral or as additional security. Covenants usually cover such matters as working capital, debt-equity ratios, and dividend payments. The most common covenants are a commitment by the enterprise to, once in a while, report its financial status in detail; request the lender's permission before making an investment that could compromise its solvency, and pay higher fees and interest if its financial position goes beyond agreed-upon limits.

Negative covenants could also be applied for a similar purpose. Classic examples of negative covenants are the ones used by the International Finance Corporation (IFC) to force borrowers not to get further borrowing or increase their debt situation without consultation with banks. Limpopo, through its economic development agency, could look at the use of covenants and, perhaps, improve their usability. An ad hoc committee could be put in place to develop structured covenants that could be approved by the financing arm of the economic development agency, Limpopo Economic Development Agency as a replacement for collateral or as additional security.

In light of commercial banks' conservative lending policies, Limpopo, through the Limpopo Economic Development Agency financing division, has to play a crucial role in addressing enterprises' financial needs. However, given its limited capacity and resources, the agency could not be considered as a substitute for the banking system. It should instead complement the banking system in achieving its role as a provider of finance for Limpopo agro-processing enterprises at large. This could be achieved by introducing special credit guarantee schemes that would permit the agency to

tap the banking system's deposit base to fund their credit lines, thereby acting as mediators between potential borrowers and the banks.

The agency could screen borrowers, monitor their performance, and take their responsibility vis-à-vis the banks in case of failure to pay. Guarantee schemes must consist of a process that includes local banks, chamber of commerce, and business associations to give applicants assistance in the development and execution of business plans. Such an approach allows for concentrating on and supporting enterprises with viable business plans. Moreover, to assist the agency in taking up such a role more successfully, it should be sufficiently staffed to handle and process loan requests without delay and take instant remedial actions when certain non-payment levels are reached.

Capacity building measures should focus on the development of fees scales and interest rates that are enough to cover the programme's operational costs as well as its attributed costs of funds; fast access to follow-up loans/credit to enable entrepreneurs to establish their businesses and encourage repayment; robust delinquency management; reaching high volumes and significant outreach by developing suitable loan and savings products, and setting of minimum industry performance standards. However, another mechanism for enabling enterprises' access to external finance would be the formation of loan insurance schemes. Such schemes protect the borrower's loan against default risks by coming up with an insurance premium that is shared between the borrowing enterprise and the government. The agency could also support the establishment of a separate credit guarantee scheme to back SMMEs' trade activities, as well as a loan insurance scheme.

Limpopo needs to be in an excellent state to implement the proposed aftercare strategy. Specifically, the province needs skilled industry-specific staff; experienced staff in the area of surveying and database management; experience in the best practices of aftercare; experience in the area of cluster and network brokerage; internal sources of funds; established contacts with TNCs and their affiliates in regional and global markets; as well as country- and sector-specific information in target countries.

3.11. CONCLUSION

As stated by the United Nations Centre for Trade and Development (UNCTAD) (2008), attracting new investors is typically the function of investment promotion. However, with a rising number of existing and established investors, new investments can be attained more cost-efficiently through investor aftercare. Effective aftercare can significantly increase the overall inward direct investment to a country or area. The unexploited potential of aftercare is well demonstrated through a survey of sixty-nine Investment Promotions Agencies (IPAs). While the replying agencies devoted on average

only 10% their resources to aftercare activities, 84% of the agencies indicated that aftercare had higher or equal priority to their other activities for generating reinvestment or expansion of existing activities, and 32% of all inward Foreign Direct Investment(FDI) was approximated to have come from reinvestment. Some other sources indicate an even higher proportion (UNCTAD, 2008).

A strong case could be made for IPAs to participate in aftercare. Firstly, it is the right way of making efficient use of IPA resources, since focusing on the established investors is less expensive than marketing a location to new ones abroad. Secondly, aftercare by IPAs may help to attain potential benefits from inward FDI, like technology transfer, local supply chain development, and more job creation. Satisfied investors can also be suitable promoters of a host location (UNCTAD, 2008).

According to OECD (2014), aftercare for investors services is essential, particularly in retaining investors, just as after-sales functions within a private company aiming to sustain customer loyalty. Aftercare further adds value to a service or product beyond the selling point, the decision for an investor to re-invest. One of the main challenges of aftercare is the perception that governments or IPAs are supporting foreign investors over local investors.For IPAs that give support to both local foreign and local investors, this should not be a problem. For IPAs whose concentration is on foreign investors, it would be vital to provide aftercare activities with far-reaching business support services. The significance of aftercare in supporting both foreign and local investors beyond their initial investments has never been more critical to ensure the resilience of the area than now during COVID-19. IPAs should channel their effots on retaining investors and ensuring that they develop in a location.

Many IPAs have struggled to retain investors after an investment peak, particularly in post-crisis investment promotion, when new investors become more challenging and costly. Excellent policy advocacy and aftercare, including feeding investors' feedback into policymaking, could help solve investment climate challenges. This would also require shifting their resources to aftercare from other functions within the agency and co-ordinating closely with other parts of government. The most effective IPAs spend more resources on policy advocacy and resolving investors' complaints (OECD, 2014). In the next chapter, the methods that were followed in conducting this study are detailed.

CHAPTER 4: RESEARCH METHODOLOGY

4.1. INTRODUCTION

This chapter presents the research methodology adopted by the study. The chapter outlines the study's location, the research philosophy, design, population and sampling, data collection and analysis, triangulation and crosschecking, reliability and validity, and ethical considerations. The choice of research methods has implications on the statistical tools for data analysis and the interpretation of the study results. Therefore, literature was reviewed on research methodology for purposes of being informed about the weaknesses and strengths of different research methods.

4.2. LOCATION OF THE STUDY AREA

The study was located in Limpopo Province, whose location and administrative divisions are shown on Figure 4-1. Limpopo Province is situated in the northern part of South Africa, sharing borders with Botswana in the north-west, Zimbabwe in the north (Figure 4-1(a)), and through the Kruger National Park sharing a border with Mozambique in the east (Figure 4-1(b)). Within South Africa, the province shares a border with Mpumalanga province in the south-east, Gauteng province in the south, and North-West province in the south-west. The province is comprised of five district municipalities, namely, Capricorn, Mopani, Sekhukhune, Waterberg, and Vhembe district municipalities (Figure 4-1(b)). Each of the district municipalities consists of a number of local municipalities, as shown in Figure 4-1(b). Each district and local municipality has local economic development strategy talks about agriculture and the agro-processing sector's potential in creating employment opportunities in their respective areas (Urban-Econ Development Economists, 2012).

Limpopo was selected for the study because it is one of the poorest of the nine provinces in South Africa, with an estimated 77% of the entire population living below the poverty line. The province is mainly rural and has more people in rural areas than the other provinces, with these areas marked by continuing poverty. Given that there is a limited number of factories in the province, it is improbable that these people would ever be employed. Factories have relocated from Limpopo to other provinces, and many people have lost their jobs.

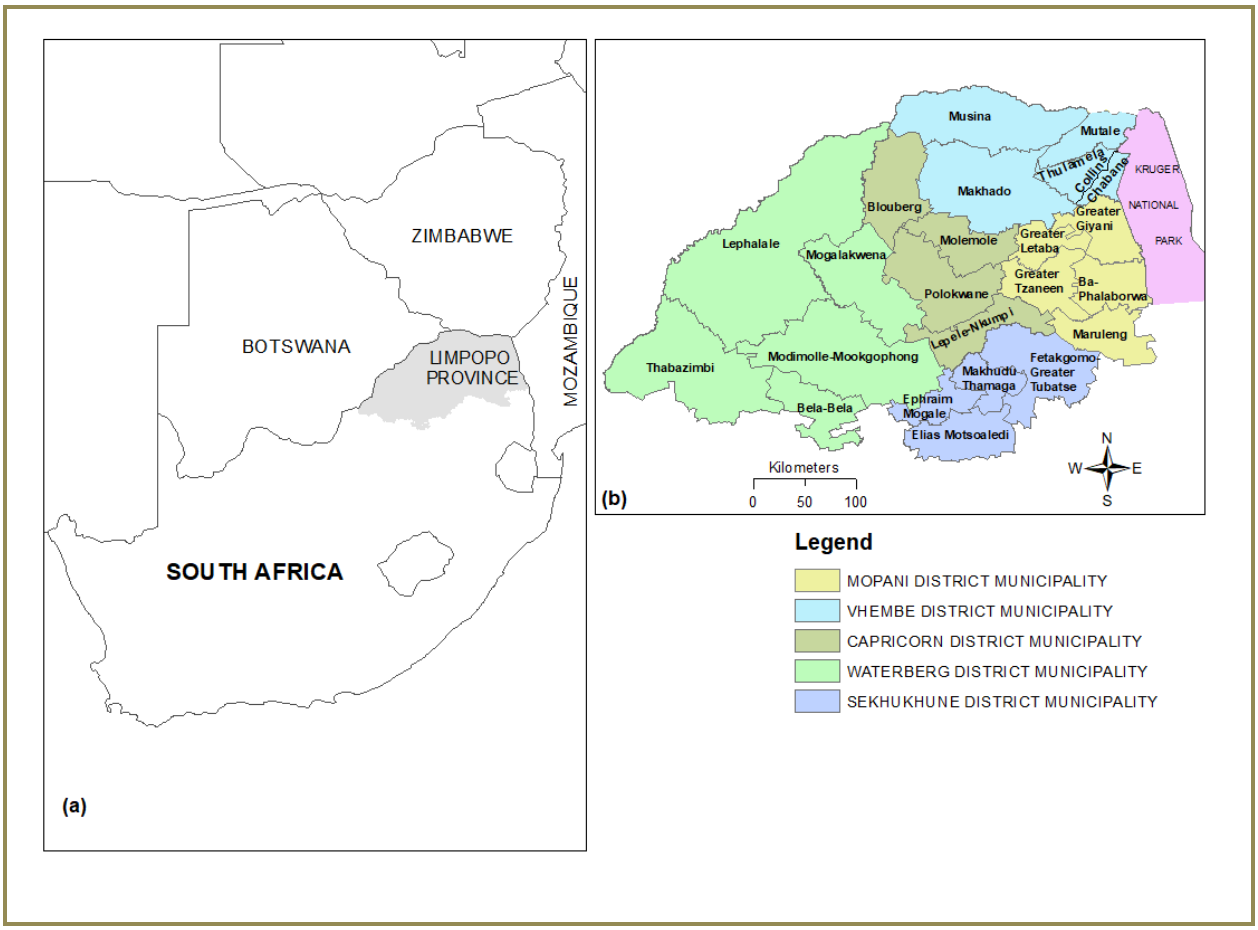


***Figure 4-1*: Location and local municipality boundary maps of Limpopo Province**

Limpopo Province's agricultural sector is classified into two: wealthy white commercial farmers, and a vast percentage of black farmers and labourers. Economically, rural people are impoverished, with low salaries, inadequate cooking, drinking and washing water, and generally low living standards in most households (Vermaak, 2014).

4.3. RESEARCH PHILOSOPHY

A researcher can uphold numerous philosophies when conducting research. Flick (2002), denotes that a research philosophy as a belief regarding the approach in which information or data on a phenomenon ought to be assembled, analyzed and used. Saunders and Thornhill (2012) posited that when undertaking a scientific inquiry one can certainly base on either interpretivism, realism, positivism or pragmatisms research philosophy or way of thinking.

In simple terms, Research philosophy refers to beliefs and assumptions about the development of knowledge, and its discussion in the context of research includes:

- Whether it is positivism, pragmatism, realism, and interpretivism;
- The reason behind philosophical classifications;
- Implications of research philosophy on the research strategy and
- the selection of primary data collection methods in particular.

Positivism is based on the notion that science is the only way to learn the truth. Therefore, this is a process of understanding 'what is' the actual truth. In positivism philosophy, the researcher is limited to data collection and interpretation through the objective approach, and the findings are, in most cases, observable and quantifiable. Positivism researchers have experience in a given phenomenon such that they argued that reality is known among respondents as well. Therefore, positivist thinkers adopt objectivity and systematize the knowledge generation process with the help of quantification to enhance precision in the description of parameters and the relationship among them. Positivism is concerned with uncovering truth and presenting it by empirical means (Henning et al., 2004). Positivism, therefore, depends on quantifiable observations that lead to statistical analysis.

Interpretivism is philosophically associated with idealism and is used to group various approaches such as hermeneutics, phenomenology, and social constructivism; approaches that differ from the objectivist view that meaning is independently found within the world of consciousness, and it is the opposite of the positivism (Howell, 2012). The researcher who upheld an interpretivism way of thinking had the view that the reality is unknown but it oscillates between individual respondents. Interpretivism researchers are of the view that reality consists of people's subjective experiences of the external world, thus, they may adopt an inter-subjective epistemology and the ontological belief that reality is socially constructed. Saunders et al. (2009) posted that Interpretivists are anti-fundamentalist, with views that there is no single correct path or particular method to knowledge. This implies that in interpretivism they is no answer, which is wrong.

Pragmatism, as a research philosophy, accepts the relevance of the concepts only if they support action. Pragmatists give recognition to different ways of interpreting the world, that no single point of view can paint the whole picture, and that there could be multiple realities (Howell, 2012). Therefore, researchers who have a pragmatic mind base their arguments on the notion that reality is both consistent and sometimes not consistent (Saunders et al., 2009). Pragmatism takes into account multiple views according to the research question to be answered, which can be either objective or subjective (Saunders et al., 2009). Accordingly, Pragmatic researcher ways of knowledge and

reasoning admit that in the real world, the truth can be both consistent and inconsistent among different observers.

According to Howell (2012), realism argues that humans experience the images and sensations of the real world, and these can be deceptive. This implies that, usually they do not reflect the real world. The current research will uphold both interpretative and positivism research philosophies. The interpretivism will take into account that reality is socially driven while the positivism philosophy will lean on the fact that the fact is out there in the world and ought to be collected using suitable quantitative method. Table 4-1 shows data collection method(s) suitable for each philosophy.

Table 4-1: Popular data collection methods for different research philosophies

Positivism	Pragmatism	Realism	Interpretivism
Structured, large samples, quantitative, but can use qualitative as well	Mixed-method (quantitative and qualitative)	Selected method(s) must suit the subject matter, quantitative or qualitative	In-depth interviews, Small samples, qualitative

Source: Adapted from (Howell, 2012).

4.4. RESEARCH DESIGN

This study was exploratory and descriptive in nature. The specific descriptive research design that was employed to investigate the research question is the case study. The specific exploratory research design that was employed was content analysis of themes. According to Howitt and Cramer (2008), a case study research approach is a method of enquiry whereby the research investigates bounded systems (cases which are multiple) or a bounded system (case which is single). This, therefore, means in a case study any method of data collection will be used from interviews to questionnaires. The definition implies that there can be a single or multiple case studies. The main advantage of case study design is that the research study can be much more contingent than it would be if a researcher were studying a larger group (Marshall and Rossman, 2002).

Therefore, the case study research was a single case conducted in Limpopo in a holistic manner. According to the holistic approach, the researcher needs to look into investor care completely from all perspectives (Chinn, 2007). Holistic case study therefore will assist the researcher to look at all perspectives that may exist which may have a direct influence on the general direction of the study.

This study also adopts a systematic subjective approach to describe life experiences and give them meaning. It explores the richness, complexity, and depth inherent in the phenomenon. Deductively, the mixed-methods design applied in this study is examining a research problem than a methodology. It is focusing on the research problem that needs:

- Examination of real-life contextual understandings, cultural influences, and multi-level perspectives;
- The objective of taking advantage of qualitative and quantitative data collection techniques to form a holistic interpretive framework for generating new understanding of the problem or solutions;
- Intentional usage of rigorous quantitative research assessing the extent and frequency of constructs, and
- Rigorous qualitative research to establish the understanding and meaning of the constructs.

Research design is defined as the plan and structure of investigation put together in such a manner as to obtain answers to the research questions (Collis and Hussey, 2014). Bless et al. (2013) write that research design is an explanation on how to conduct a scientific research to ensure reliability and validity of results. There are three broad types of research design: qualitative, quantitative and mixed (Saunders et al., 2012). A qualitative design is based on interpretative philosophy (reality does not exist) while the quantitative design is based on positivism philosophy (reality exists) (Yin, 2016).

Qualitative design is one in which the researcher relies on the respondents; asks broad, general questions; collects data consisting mostly of words from respondents; describes and analyses these words for themes and conducts the inquiry in a biased and subjective manner (Creswell, 2013). Yin (2016) describes qualitative research method, mainly as the study of people's everyday lives, looked at through their natural settings. On the other hand, the quantitative approach asks specific and narrow questions, collects quantifiable data from respondents, analyses them using statistics, and conducts the inquiry in an objective manner (Creswell, 2013). On the extreme, the mixed-method combines the two designs.

There are numerous ways of classifying research designs, though the distinction sometimes is artificial, and other times different designs are combined (Bryman and Bell, 2015). Bryman and Bell (2015), further provide the following list, which indicates some useful distinctions between possible research designs:

- Descriptive (e.g., survey, case study, naturalistic observation);

- Semi-experimental (e.g., field experiment, quasi-experiment);
- Correlational (e.g., observational study, case-control study);
- Exploratory;
- Experiment (experiment with random assignment);
- Review (systematic, literature review); and
- Meta-analysis.

Simply put, the study used a mixed method (both quantitative and qualitative) that follows a pragmatic approach to the research philosophy. In this particular study, a mixed research design was used as it allows usage of both qualitative and quantitative research methods and triangulation (Creswell, 2013). The value of the mixed methods approach lies in its ability to help expand the scope of the research by being able to provide more insight from the study at hand that enriches the research experience (Bryan and Bell, 2015). Moreover, the mixed methods approach possesses an inherent capability of capturing the complexity of human behaviour and reality by using both qualitative and quantitative methods.

According to Collis and Hussey (2014), pragmatists can use interpretivism and positivist positions in single research according to the research question's nature. Accordingly, pragmatists integrate more than one research methods in a single study to find answers to research questions. By mixing both methods, the researcher aims to provide a better understanding of a research problem than either method alone or to ensure that the strengths of the other method offset the weaknesses in one method. This method further extends the breadth and range of inquiry by using different methods from different inquiry components. In this view, the usage of the mixed method increases the reliability and validity of the findings.

4.5. POPULATION AND SAMPLING

The population to sample from in this study included executives and staff members from stakeholders who were involved in promoting economic development in Limpopo Province, as outlined in Table 4-2. According to Vonk (2017), the population is the group of people to whom the research results apply.

Table 4-2: Total populations from which samples were obtained in the study

Stakeholder(s)	Population
Limpopo Economic Development Agency	97
Limpopo Department of Agriculture	46

Municipalities (5 districts)	68
Industry Association/Forum	13
Total	224

The sampling was guided by the principles in Sekaran and Bougie (2019),using Slovin's sample size formula as in Equation 1.

$$n = \frac{N}{1+Ne^2} \qquad \text{Equation 1}$$

Where:

n = ideal sample size,

N = the total population (224 in this study)

e = the error margin, as 100% minus p (i.e. $e = 1 - p = 0.05$), where p is the (estimated) proportion of the population which has the attribute in question; for 95% confidence limits, $p = 0.95$).

Therefore, the researcher in this study required 143 responses out of the population size of 224 for both interviews and questionnaires. Purposive non-probability sampling was used to select more informative members while also giving the study more credibility. Key informants were selected for the sample, irrespective of their gender, race or education levels. The characteristics of the ideal respondent were that the respondent was in an organisation dealing with investment in Limpopo Province. Therefore, respondents in managerial and other executive positions were preferred, but other employees were included where these preferred respondents were not available. The population was respondents from the stakeholders indicated in Table 4-2. The researcher then used judgement to select the sample of 143 respondents,which consisted of sixteen to whom scheduled interviews were administered, and 127 to whom questionnaires were send out and only 117 questionaires were returned despite many follow ups which then ended up with the sample size of 133 which was still enough to carry on with the study.

Sampling is defined as identifying the members of the population from whom data is collected (Leedy and Ormrod, 2010; Bless et al., 2013). According to Vonk (2017), sampling takes two forms; probability and non-probability. In probability sampling, each representative of the target population stands an equal chance of being selected and is most suitable for quantitative research. Examples of

probability sampling are random, systematic, and stratified sampling, all of which provide equal chances for each member to be selected (Vonk, 2017).

- Random sampling is where a member of the population has an equal and known chance of being selected (Vonk, 2017).
- Systematic sampling is where the required sample size is calculated, and every Nth record is selected from a list of population members (Bryman and Bell, 2015).
- Stratified sampling is where the sampling error is reduced through stratum, a subset of the population that shares at least one common characteristic (Bryman and Bell, 2015). According to Bryman (2015), stratum might be females and males, or non-managers and managers.

In non-probability sampling, on the other hand, not every member is given a chance to be selected for the sample and is suitable for qualitative research. The primary forms of this sampling include quota, purposive, snowball, and convenience sampling, all of which do not provide equal chances for members to be selected (Vonk, 2017).

- Quota sampling is the nonprobability obverse of stratified sampling (Bryman, 2015; Bryman and Bell, 2015).
- Purposive sampling is the method that allows the researcher to use his or her judgement to choose cases that enable him or her to answer research questions to address the study objectives (Vonk, 2017).
- Snowball sampling is a unique method applied when the desired sample characteristic is rare (Vonk, 2017; Bryman, 2015; Bryman and Bell, 2015).
- Convenience sampling is employed in exploratory research, where the researcher is interested in getting a less expensive approximation of the truth (Vonk, 2017).

4.6. DATA COLLECTION

The convergent-parallel approach of the mixed method was used during data collection. According to Edmonds and Kennedy (2013), the convergent parallel approach is when data is collected from different but complementary sources on the same phenomenon. This approach allows the researcher to validate the data by converging both the qualitative and quantitative results. This approach is also a form of triangulation, which uses different data collection methods to evaluate the same phenomenon. An interview guide and documentary review were employed to qualitatively collect data, while a questionnaire (Appendix One) was used to collect data quantitatively. The interview

guide (Appendix Two) consisted of open-ended questions, while the questionnaire consisted of closed questions.

4.6.1 Content analysis/ Documentary review

Documentary review, as described by Vogt et al. (2012) is the use of already existing secondary data that was compiled by previous researchers. Content analysis or document review is the foundation to good research, even when a researcher plan to collect his or her own data; any study one conducts will have an archival element if one reviews previous research (*ibid)*. The current research used documentary review as data collection method. The advantages of documentary review is that by studying previous researches, the research roadmap will be built. Therefore, by utilising content analysis data collection the researcher is able to avoid repetition, instead continue, modify, and better the current study. In this research, government reports, journals, newspaper articles, working papers were used as part of documentary review of relevant materials on investor care and agro processing. The researcher used a desktop search which involved a review of existing literature on investment aftercare and agro-processing to supplement and support the primary data. Both internet sources and students' papers were used in this regard.

4.6.2. Interviews

Semi-structured interviews were administered to sixteen respondents using the interview guide in Appendix Two. The characteristics of the sixteen interviewees (who were selected as explained in Section 4.5) are summarised in Figure 4-2. The 16 interviewees gave in-depth responses, and were deemed to be key sources of data. The dates of the interviews are summarised in Table 4-3.

According to Vonk (2017), an interview is defined as a conversation to gather information to address the issue at hand. Interviews helped the researcher to obtain information relevant to the research objectives and questions. Interviews can be structured or unstructured (Bryman, 2015). Semi-structured interviews were deemed most suitable in this study because they allowed the researcher to converse with informative officials and probe in a way that is in line with the interview.

The researcher asked additional specific organisational context questions during the interviews. Though the order of questions did not matter in the interviews, the researcher ensured that every theme was sufficiently covered. This was in accordance with Bryman and Bell (2015)’s assertion that semi-structured interview can allow a researcher to change the order of questions based on the flow of conversation.

The interviews were conducted with economic development officials from Limpopo Economic Development Agency, Limpopo Department of Agriculture, Subtrop, Capricorn District Municipality, Mopani District Municipality, Sekhukhune District Municipality, Waterberg District Municipality as well as Vhembe District Municipality.

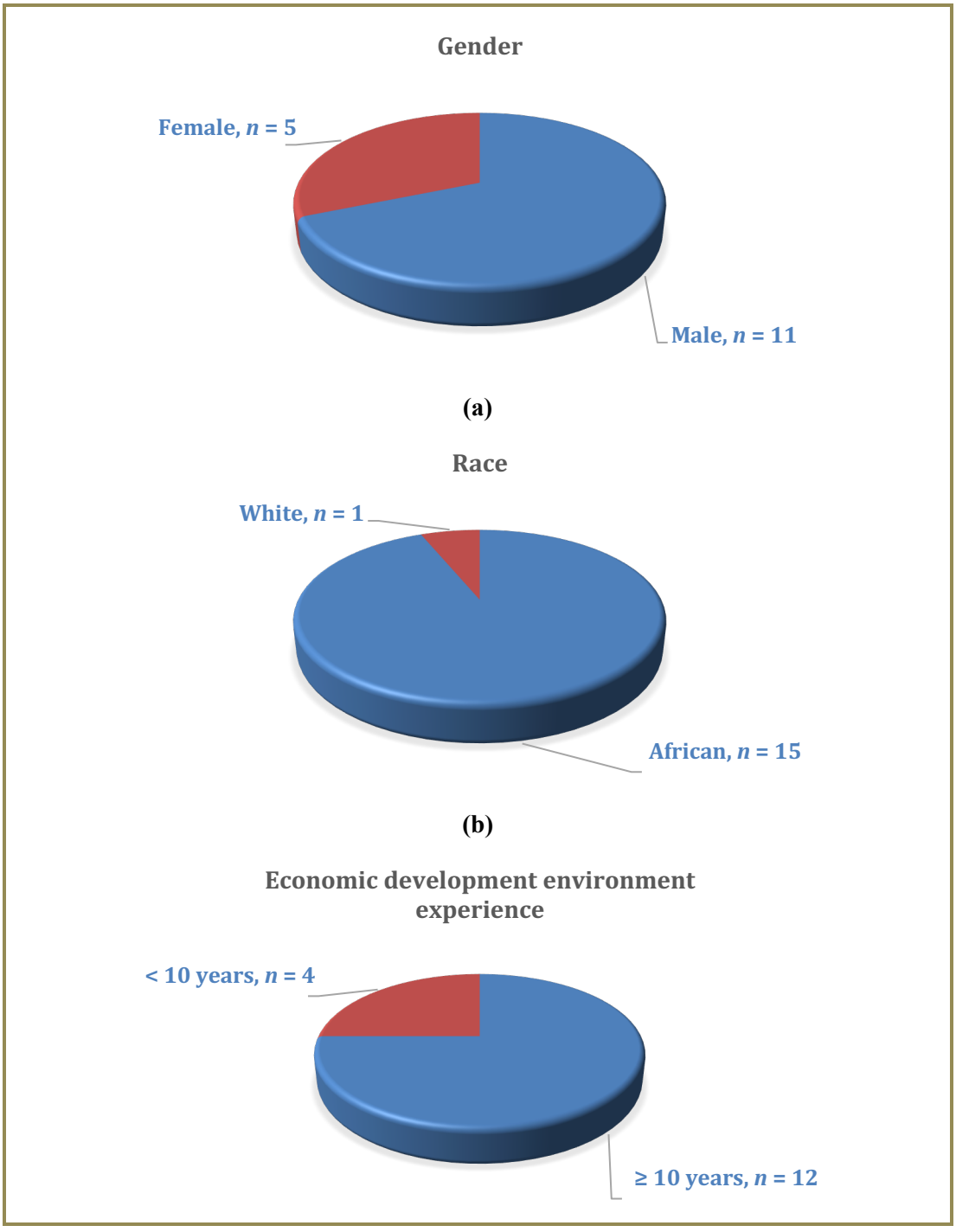
4.6.3. Questionnaire

A structured questionnaire that had standard questions (Appendix One) was sent to 117 respondents who were selected as explained in Section 4.5. The questionnaire was chosen because it is less costly and could be distributed to many respondents; it is less time-consuming and has excellent validity (Mashau, 2016). The questionnaire was distributed to relevant economic development officials in various participating organisations. The steps followed to develop and analyse the questionnaire are outlined in Table 4-4. According to Rea and Parker (2012), a questionnaire is a research tool consisting of a succession of questions and other prompts for data collection. Rea and Parker (2012) further state that the form of questionnaire differs according to the different research methods with the aim of data collection from the respondents, and it is either structured or non-structured. The structured questionnaire includes a concrete, specific, and pre-ordinate question. The non-structured questionnaire, on the other hand, can be altered to suit respondents and a situation; they often include open-ended questions (Rea and Parker, 2012).

Table 4-3: Interviews schedule

Respondent code	Interview date
Respondent 1	28 /05/ 2019
Respondent 2	29 /05/ 2019
Respondent 3	29 /05/ 2019
Respondent 4	29 /05/ 2019
Respondent 5	31 /05/ 2019
Respondent 6	31 /05/ 2019
Respondent 7	31 /05/ 2019
Respondent 8	31 /05/ 2019
Respondent 9	04 /08/ 2019
Respondent 10	09 /09/2019
Respondent 11	03 /06/2019
Respondent 12	03 /06/2019

Respondent 13	03 /06/2019
Respondent 14	21 /06/2019
Respondent 15	21/08/2019
Respondent 16	22 /08 /2019



(c)

Figure 4-2: **Characteristics of the interview respondents**

Table 4-4: Steps in collecting quantitative data

Steps	Description
Step One: Developing questionnaire	Writing down all questions and develop questionnaire.
Step Two: Administering questionnaire	The researcher distributed the questionnaires to respondents.
Step Three: Capturing data	Data from questionnaire was carefully captured into MS Excel before it was exported to SPSS for statistical analysis.
Step Four: Analysing data	Data from the questionnaire was analysed using SPPS. The analysis was done with the assistance of a professional statistician.

Source: Adapted from Mashau (2016).

4.7. DATA ANALYSIS

In line with the mixed research design, the study used thematic content analysis to analyse the qualitative data. The software packages Microsoft Excel and the Statistical Package for Social Sciences (SPSS) were used to analyse quantitative data collected. In accordance with Cresswell (2015), the researcher followed the integration of various data sources and analytic approaches in mixed-methods. The integration model in the analysis is about discussing the generated results separately from various components and combining them to build a consolidated set of results (Cresswell, 2015). Thus, the study followed the integrative mixed-method for data analysis, which means incorporating interviews and questionnaires (Mashau, 2016).

4.7.1. Qualitative Data Analysis

According to Creswell (2013), thematic content analysis involves identifying, analysing, and reporting patterns within data. This is a type of analysis where data collected is grouped and

transcribed into themes in line with the interview questions and responses, for discussion and interpretations into findings and recommendations. In this case, the study identified the following six themes in line with the interview guide and research objectives:

- Understanding of investor aftercare;
- Practices of investor aftercare;
- Monitoring and evaluating investor aftercare;
- Perception of current investor aftercare; and
- Investor aftercare model and implementation guidelines
- The role of government

In identifying the themes,the study analysed the responses from 16 semi-structured interviews for qualitative content using the coding strategies according to Saldaña (2021). The study engaged in data reduction, coding and decoding analytic processes to analyse and interpret each of these qualitative data forms (Saldaña 2021). It applied coding terminology and procedures according to Saldaña .

It specifically used descriptive, process, and in vivo codes, which was created inductively (data-driven). 266 units of data (references) were created from the 16 interviews, a code list or a codebook of 21 codes, which was reduced to six code categories (Static Sets), which serve as the themes for the qualitative empirical data as stated above. This was done in the latest version of NVivo R (Release 1.6.1) a computer-assisted qualitative data analysis software package. Several Snapshots to illustrate the analysis on NVivo were included.(Appendix Five).

This software adds value and sophistication to the coding process, together with an audit trail for transparency of the analysis process. During the qualitative analysis, NVivo R helped to explore the complex phenomena hidden in the data. All the responses were loaded into the project function, a container for all the data, for subsequent coding. Coding is the procedure of linking code words (labels) with units of data or references, which is the association between a reference in the text and a specific code (Cresswell, 2014).

The coding did not end in itself; it resulted in a narrative analysis of questions and dynamics of the investor aftercare model. The narrative analysis was based on the research objectives. Table 4-5 outlines the thematic analysis process flow.

Table 4-5: Thematic analysis process flow

Step One: Capturing data ● Collecting and arranging data is obviously the first step in making thematic data analysis possible ● In this study, respondents are given code names to protect their identity
Step Two: Familiarising with data ● Transcribing, reading, rereading, listening and noting down ideas. ● This was done after each interview using Microsoft Word
Step Three: Generating initial codes ● Coding exciting features of the data systematically across the entire data set, ordering data related to each code ● This was done in Microsoft Word using cut and paste tools to place data under each code ● Microsoft Word in this case tabularised some qualitative data
Step Four: Searching for themes ● Organising codes into potential themes, collecting all data relevant to each potential theme
Step Five: Reviewing themes ● Proving if the themes work about the coded extracts and the whole data set, generating a thematic map
Step Six: Defining and naming themes ● Continuing analysis for refining the details of each theme and the overall story that the analysis tells, producing clear definitions and names for each theme
Step Seven: Writing the analysis ● This includes using themes and codes towards answering questions raised by this study ● Direct quotes from interviews are written in italics

Sources: Adapted from Vaismoradi et al. (2013); Mashau (2016).

4.7.2. Quantitative data analysis

Quantitative data collected using questionnaires was captured in Microsoft Excel software and analysed statistically using both Microsoft Excel and SPSS to determine descriptive and inferential statistics (Jackson, 2015). As descriptive statistics, summaries of the questionnaire responses were

derived in the form of frequencies and percentages. Statistical significance of differences in the frequencies in the different categories per questionaire response was assessed using the Chi-square test. The dimentionality of responses to the questions on perception on investor aftercare (Section 3 of the questionnaire; Appendix One) was assessed using factor analysis.

Descriptive statistics analysis enables the researcher to use tables and graphics representing quantitative data in a more manageable form. Descriptive statistics make large amounts of data to be simple (Jackson, 2015). SPSS was used to analyse the association of variables such as a dedicated agro-processing investor aftercare model, the category of organisation, and the organisation's location. The analysis helped measure the relevance of the current aftercare in the province concerning the promotion of the agro-processing sector. Further, it established suggestions on how the province could ensure the competitiveness of the agro-processing sector in Limpopo. The following analyses were conducted using SPSS:

- Descriptive statistics, which comprised frequency distributions that were presented in tables and graphs (Bryman, 2015). Frequencies are used to describe the fundamental features of the data in a study and give easy synopses about the sample and the measures which were significant for the study of this nature as the researcher wants to get the number of respondents who agree or disagree with the statements of the questionnaire (Jackson, 2015).
- Chi-square goodness-of-fit-test, a univariate test used on a particular variable to test if any of the response choices are selected significantly more or less often than the others (Cresswell, 2014). Under the null hypothesis, it is inferred that all responses are equally selected.
- Pearson’s correlation coefficient, which was used on cross tabulations to establish whether a significant relationship existed between the two variables represented in the cross tabulation. Fisher's exact test is used when conditions do not meet (Jackson, 2015).

4.8. PILOT TESTING

Prior to using the questionnaire (Appendix One) and interview guide (Appendix Two), a pilot test was conducted. The pilot test consisted of two interviews and four questionnaires handed to participants to complete. The pilot test unearthed that respondents might not want long and ambiguous statements, and eventually, these findings led to the shortened and unambiguous questions. Questionnaires were distributed both manually and electronically to members of the population.

According to Bryman and Bell (2015), pilot testing is a small-scale trial, where a few respondents are involved in the test and they comment on the mechanics of the test. The interview guide and

questionnaire were piloted before using them in the actual data collection, to ensure that the questions were transparent, objective, and well understood. Through pilot testing, instances where items are not clear, and formatting and other typographical errors, become evident. Before data collection, a pilot test was conducted by the researcher at one of the local municipalities in Limpopo Province.

4.9. TRIANGULATION AND CROSS-CHECKING

Triangulation was applied in this study because data was collected using different research instruments, namely, interviews, questionnaires, and documents. According to Mashau (2016), triangulation is applied to ensure the reliability and validity of the findings of the study. This required the researcher to crosscheck if the data from the three sources correlated.

4.10. RELIABILITY AND VALIDITY

Reliability and validity tests were conducted for the study, as outlined below. Reliability and validity tests are the pillars of sound measurement and the key to evaluating the accuracy of research findings. To have valid results, it is essential for the data to be reliable and for the results and measuring tools to be accurate. Validity and reliability tests are the most common terms applied in research and are often seen when dealing with research methodology.

4.10.1. Reliability of data

Cresswell (2015) referred to reliability as the extent to which a measuring instrument produces a stable and consistent result; that is, the measurement should produce the same result under the same conditions time and time again. Reliability has to ensure stability, consistency, and dependability of measuring instruments adapted for the study (Mashau, 2016). According to McDaniel and Gates (2001), there are four tests for reliability: test-retest, equivalent form, internal consistency, and test or coefficient alpha reliability:

Test-retest reliability: This measure establishes whether the instrument measures the same phenomenon when applied for a second time under comparatively similar conditions. A correlation between the results of the first test and the second test is then established. Test-retest reliability was established in this study.

Equivalent form reliability: In establishing this form of reliability, two instruments that are as similar as possible are applied to measure the same object during the same period. In this study, equivalent form reliability was achieved by applying the questionnaire and the interview guide.

Internal consistency: A test for internal consistency reliability compares different samples of items used to measure a phenomenon during the same period. The reliability can be established using a split-half reliability test or a coefficient alpha. The instrument applied in this study was assessed through Cronbach's Alpha Coefficient. Bryman (2015) states that Cronbach's Alpha Coefficient is a statistical tool to test the consistency of a data set. Cronbach's alpha is regarded as a measurement of reliability coefficient to the extent to which items in an instrument are positively correlated (Mashau, 2016).

4.10.2. Validity of data

Validity can be defined as the degree a measuring tool assesses what it was meant to assess (Bryman, 2015). This study recognised two internal validity types, namely, content and construct validity (Bryman and Bell, 2015). Content validity was realised by aligning the study objectives with the research instrument and assessing the instrument's face validity through the academic knowledge of professions and expert views in the field of study.

Construct validity was assured in this study by adapting instruments developed by experts in the field of study. Data was collected from various sources, leading to the triangulation of data as a form of construct validation. The researcher reduced the bias associated with content analysis by double-checking the coding of the transcripts before the agreement was reached on objective classifications. The researcher conducted a pilot test to establish validity

4.11. ETHICAL CONSIDERATIONS

The researcher took into cognisance all the anticipated ethical issues. Saunders et al. (2003) indicate that ethics in research relates to access to information from the target sample. These authors argue that perceptions on the part of respondents could constrain information access. Their participation does not add much value to them; the information being sought might risk the respondents' privacy and reservations about the interviewer's trustworthiness.

These factors could potentially result in the respondents withdrawing from the project. Depending on the nature of the project, respondents who would have withdrawn from the project could negatively influence others. Lastly, despite reservations to participate in the project, respondents might choose to provide distorted information rather than withdraw from the project.

Therefore, the researcher minimised the risk of the project having to be exposed to the abovementioned potential risks by submitting the interview guide, questionnaire, and data collection

roadmap to the University of KwaZulu-Natal's ethical committee for ethical clearance. The University of KwaZulu-Natal's Humanities and Social Science Research committee issued a letter of approval giving permission to proceed to collect data (see Appendix Three). The researcher further ensured that ethical issues were not breached during data collection, by administering informed consent, which allowed the respondents to withdraw their participation from the project at any time, should they wish so, without giving a reason. This ensured that respondents did not feel forced to respond to the questions.

The researcher further clarified that respondents would be kept anonymous and that their identities would be kept confidential. It was also crucial for the respondents to know that the project did not offer monetary gain, and therefore, responses were voluntary. There was no incentive for respondents to provide false information under duress. The researcher considered all stakeholders' rights in research by adhering to all ethical requirements, as follows:

- Permission was officially requested and granted from the participating organisations as evident in the gate keeper's letters.
- The misuse of data collected from the organisations was avoided.
- The respondents' rights were protected by treating the information as confidential as possible; respondents' anonymity was also ensured. Questions that would breach the respondents' privacy were avoided.
- All secondary sources of data collected are adequately cited and referenced to avoid plagiarism.
- The researcher personally administered the research instruments, and the purpose of the study was communicated to the respondents before administering the instrument.
- A confidentiality clause was included in the covering letter accompanying each questionnaire. The consent letter made it clear that participation in the study was voluntary, and that the respondent could withdraw at any stage.
- All collected data will then be submitted to the University of KwaZulu-Natal for safekeeping.

4.12. CONCLUSION

This chapter presented the methodology of how the research was conducted. It outlined the location of the study, research philosophy, and design, population and sampling, data collection and analysis, triangulation and crosschecking, reliability and validity as well as ethical considerations. The research methodology is important because it outlines a scientific procedure, which affirms the legitimacy of the findings.

The chapter provided details on how the study applied qualitative and quantitative (mixed) approaches to produce rich data. All qualitative data were collected using an interview guide, while quantitative data was collected using a questionnaire. Data were analysed using both thematic content analysis to analyse qualitative data, as well as computer software (Microsoft Excel and the Statistical Package for Social Sciences (SPSS)) to analyse quantitative data. The paradigm this study followed is critical realism, since both qualitative and quantitative data was analysed concurrently. The study adopted purposive sampling for qualitative data collection as well as purposive sampling for quantitative data collection.

As a prelude to the presentation and analysis of the collected qualitative and quantitive data, the next chapter outlines material on agro-processing in general, and the contemporary state of the agro-processing sector in Limpopo Province at the time of the study.

CHAPTER 5: AGRO-PROCESSING AND LIMPOPO'S AGRO-PROCESSING COMMODITY VALUE CHAIN ANALYSIS

5.1. INTRODUCTION

The Agro-processing Sector Intelligent Report (2018) states that agro-processing is the leading single subsector in the manufacturing sector in South Africa.. It has displayed relatively speedy growth in sales and employment over the past years. Agro-processing is among the sectors identified by the New Growth Plan, Industrial Policy Action Plan (IPAP), and the National Development Plan (NDP), all of which have noted its potential to spur growth and create jobs. This is owing to its strong backward and forward linkage with other sectors of the economy. Investing in agro-processing contributes to food security through reduced post-harvest losses, stimulates production and demand, generates employment, improves the competitiveness of the agro-processing industry, and ultimately reduces concentration within the industry (Thindisa, 2017).

The agro-processing industry engulfs a broad area of post-harvest activities, comprising minimally processed, artisanal, and packaged agricultural raw materials, the industrial and technology-intensive processing of intermediate goods, and the fabrication of final products from agriculture (DAFF, 2015). The FAO (1997) and Henson and Cranfield (2009) define agro-processing as a subset of manufacturing that refines raw materials and intermediate products derived from the agricultural sector. Simply put, Agro-processing is the process whereby manufacturers convert primary agricultural products into consumable commodities suitable for consumption. It is broadly a sub-sector that is hugely important to the production of food, beverages, and non-food products like tobacco, sisal, as well as the treatment of wood for furniture and paper products (SEDA, 2012).

According to Staaz (2010), agro-processing in the process of changing the form of agricultural products into various forms to enable more comfortable handling and longevity in shelf life, thereby adding value to the product. Agro-processing is a set of technologically and economically undertaken activities on a basic agricultural product to convert it into practical terms such as fuel, food, fibre, and industrial raw material (FAO, 1997; Mhazo et al., 2012). It contributes to sustainable livelihoods through improved income, employment, food availability, and cultural and social well-being from limited land (Mhazo et al., 2012). According to FAO (1997) and Mather (2005), agro-processing is useful for developing countries.

Thindisa (2017) states that the United International Standard Industrial Classification System (ISIC)

classifies agro-processing as food and beverages, paper and wood products, tobacco products, rubber products, leather products, textiles, footwear, and apparel. The United International Standard Industrial Classification System further classifies food and beverage sub-component into codes 301 to 304 as follows: Code 301 refers to manufacturing, processing, and preservation of fish, meat, oils, fats, and vegetables; Code 302 refers manufacturing, processing, and preservation of dairy products; Code 303 refers to manufacturing and processing of grain mill products, starch products, and prepared animal feeds; and Code 304 refers to manufacturing and processing of other products such as bread, sugar, pasta, coffee, chocolate, spices and nuts (Thindisa, 2017).

5.2. THE CHARACTERISTICS AND ECONOMIC BENEFITS OF AGRO-PROCESSING

ITAC (2016) and DTI (2014) state that the critical characteristics of agro-processing are upstream and downstream linkages. Upstream linkages are primarily agriculture across various farming models and products. Downstream linkages are the sector outputs that are both intermediate products to which further value is added and the final goods marketed through retail and wholesale chains. The link with primary agriculture makes agro-processing critical for employment creation and poverty eradication. The agriculture and agro-processing value chain can be defined by a sizeable labour/capital ratio of 1:5.54, which makes it a vital source of labour-intensive growth.

Crucial backward and forward linkages characterise Agro-processing firms. Backward linkages arise when local producers get satisfaction for their demand for raw materials and services from local suppliers. This may include the supply of credit, inputs, and other production-generating services. Backward linkages can be established through the procurement of capital goods and equipment from other industries, or through the purchase of agricultural inputs from farmers.

On the other hand, forward linkages involve the creation of additional opportunities in other parts of the economy, from the activity of agro-processors through to the sale of processed products. This includes the marketing of these products and the generation of employment opportunities through value addition processes. Forward linkages have positive implications for increased export earnings, employment generation, and greater food security (Babu, 2000). They may be established through the sale of processed goods to final consumers, or the sale of processed goods to other firms who use them as inputs into their production processes.

5.3.OVERVIEW OF THE STATE OF AGRO-PROCESSING

This section gives the state of the agro-processing sector in Africa, South Africa, and Limpopo Province. The state gives more information about the sector's performance and outlines the policies and support put in place to support the sector in the continent, country, and province.

5.3.1. Agro-processing in Africa

The agricultural sector's contribution as a critical player in building the economics of various developing countries and developed countries cannot be understated. The African continent has been acknowledged as the continent, which could drive the main benefits of agricultural development compared with the rest of the world (Wiggins et al., 2010). However, many of the African countries are yet to tap into the potentials of the agricultural sector. The agro-processing influence seems to be one of the main factors that could stimulate the agricultural sector growth (Mulangu, 2015; African Development Bank, 2018).

As highlighted by the UNDP (2012), the developing of regional value chains necessary for strategic agricultural commodities, more especially those identified by the African Union (AU) Food Security Summit in Abuja, Nigeria, is essential for African countries to enhance their agricultural transformation and global competitiveness. African agricultural and food markets are extremely fragmented along regional, national, and even local lines. This often results in segmented markets of sub-optimal size, that do not encourage significant private investments in different commodity chain (FAO, 2007).

According to UNDP (2012), recognising the importance of agriculture in tackling hunger and apparent poverty in Africa, the AU and New Partnership for Africa's Development (NEPAD) launched the Comprehensive Africa Agriculture Development Programme (CAADP) Framework in 2003 to accelerate growth and eliminate poverty and hunger among African countries. The main objectives of CAADP are to help African countries reach a higher economic growth path through agriculture-led development that eliminates hunger, lessens poverty and food insecurity, and facilitates the expansion of exports.

The UNDP (2012) further states that NEPAD's overall vision for agriculture seeks to maximise the contribution of Africa's largest economic sector to achieving self-reliance and productive economies. Essentially, NEPAD's aim for agriculture is to deliver broad-based economic advancement. Other economic sectors may contribute in significant ways but not to the same extent as agriculture. CAADP, a common framework for agricultural development and growth for African countries, is

based on the following fundamental principles and targets:

- The principle of agriculture-led growth as the primary strategy to achieve the Millennium Development Goal (MDG) of poverty reduction;
- The pursuit of 6% average annual agricultural growth at the national level;
- Allocation of 10% of the national budgets to the agricultural industry;
- The exploitation of regional complementarities and co-operation to boost economic growth;
- Principles of efficient policy, dialogue, review, and accountability;
- Principles of partnerships and alliances that include farmers, agribusinesses, and civil society communities; and
- Implementation principles that assign roles and responsibilities for programme implementation to individual countries.

Through the CAADP process, several countries have developed their National Agricultural and Food Security Investment Plans intending to provide a road map where the private sector, investors, development organisations, and the public can invest to stimulate both national and regional economic development plans. There are a number of gaps identified as well as interventions required in CAADP Programmes, including the lack of awareness, lack of regional value chain promoters, inability of most countries to disencumber the investment plans into projects, lack of private sector platforms, and lack of regional agricultural investment plans. Aditionally, there is very little sensitisation, awareness, and education on utilising pillar tools for programme development, such as the Sustainable Land Management (SLM)-Pillar 1; Framework for Trade-related Infrastructure and Market Access (FIMA)-Pillar 2; Framework for African Food Security (FARS) Pillar 3 and Framework for African Agricultural Productivity (FAAP)-Pillar 4.

The United Nations Development Programme points out the negative circumstances of the agroprocessing sector in Africa, and the vital requirements to remedy the situation (UNDP, 2012). These include:

- **Driving forces**: The agro-processing industry is driven by the private sector (agro-processing actors) whose profit-related investment interests should remain attractive.
- **Ease of doing business**: Political stability, macro-economic environment, cost of doing business, the World bank indicators, and the ease of doing business ranking is used by agro-investors to determine which countries to invest.
- **Access to land**: Whereas every country in Africa has available land for cultivation, access to

land and land ownership is critical for an investment decision.

- **Level of infrastructure development**: Infrastructure, including road networks, warehouses, electricity, irrigation, and ports, is critical for agro-processing and export-oriented companies.
- **Availability of agro-economic data**: Information flow to the actor is critical for decision-making. The readiness of a country to avail agro-economic data, soil maps, soil type, labour distribution and cost, skillset available, vegetation and raw material distribution, the production cost of commodities, and production trends.
- **Cluster production of raw materials in commercial-scale**: Availability of raw materials produced in a geographical area in large volumes attracts the establishment of agro-processing facilities. Africa remains a net importer of fish and livestock products. Nigeria alone imports 1.2 million tonnes of fish per annum to meet the country's demand (CCRED,2016)
- **Export ban**: As a result of world food crises, most countries banned the export of cereals and other agricultural commodities. In East Africa, the export ban of maize in Kenya affected downstream users in other East Africa countries. Export ban on cereals is a severe threat to commodity exchanges within the region.
- **World food prices**: This is a negative implication for companies that import raw materials for processing. These companies are unable to increase the price of the products in the same proportion as raw materials for processing. These companies are unable to increase the price of the products in the same proportion as that of the raw materials.
- **Non-tariff barriers and SPS issues**: Compliance to Sanitary and Phytosanitary (SPS) measures is no longer a wish but a must if companies remain competitive. In most developing countries, suppliers tend to respond to SPS compliance when there is a threat of loss of market access, such as fish and fishery export to the European Union on the part of Kenya, Tanzania, and Uganda.
- **Natural disasters**: Crops losses due to drought and flooding remain a threat to the agro-processing industry. Burkina Faso, Niger, and the Northern part of Ghana experienced flooding in 2010, where farms were destroyed, including on-farm storage houses.
- **Increasing sophistication in the market**: The agro-processing market is moving more towards finished and semi-finished products. To feed the world in 2050, an enormous cumulative investment will be necessary worldwide, and Africa's population could easily be double by then (ITAC, 2016). According to Slany (2019), regional value chains (RVCs) are considered as an essential step towards greater integration into global value chains (GVCs). To boost the emergence of RVCs, which promise productivity increases and economic transformation through spill-over effects, countries need to facilitate customs procedures, improve inland transportation, remove roadblocks, and simplify and harmonise rules of origin. Deloitte (2016)

states that Africa possesses a wealth of favourable factors, predominantly the availability of low-cost labour and plenty of natural resources and raw materials that indicate that a revolution in manufacturing is possible.

- **Human capital**: At its most elementary level, and mainly for labour-intensive subsectors, the industry is only as strong as the population that comprises its labour supply. The quality of a country's stock of human capital is linked to its productivity, flexibility, and creativity. Furthermore, only through continuous improvement, either in format product development or management process improvement, which needs quality human capital, can growth be realised over the long-term (O'Regan et al., 2006).
- **Cost**: Cost-effectiveness is broadly seen as the primary limitation on growth in manufacturing for firms of all sizes, but predominantly for SMMEs. Africa is an increasingly cost-effective place for manufacturing.
- **Supply networks**: The availability and quality of inputs in the local market, such as equipment and raw materials, also affect Africa's manufacturing. Increasing integration into international trade network allows countries to overcome the domestic labour force's constraints by importing technologies of innovation and encouraging knowledge transfer. Moreover, it increases countries' ability to specialise since necessary inputs can be sourced from neighbouring markets rather than being produced domestically, which is viewed as an essential factor of growth in manufacturing for small and under-developed economies (Ernst, 2002).
- **Domestic demand**: The limited size of the domestic market for manufactured products is seen as a significant limitation to growth in developing countries. Where income levels are low, household consumption is restricted to basic survival needs, so all but the most important manufactured products are exported to distant, better-off markets (Collis and Husey, 2014). At the same time, however, income levels and household spending patterns are enhanced by growth in manufacturing more than any other individual economic sector. It assists in creating a large number of constant and well-paying jobs amongst previously poor and underemployed demographic groups (Rodrik, 2012).

In summary, the current trends in cost-effectiveness, supply networks, and domestic demand show that Africa is poised for speedy industrialisation in the years to come. The remarkable projection of about 7% yearly GDP growth through 2020 is attributed to about a 10% rise in the value of household consumption, increasing access to markets across the Economic Community of West African States (ECOWAS), growing public investment in infrastructure and agribusiness. The projection is also attributed to agribusiness and a shift in the workforce from farming (currently 70% of the workforce)

to formal employment (Business Sweden, 2016).

5.3.2. Agro-processing in South Africa

5.3.2.1. Economy and policy aspects

South Africa has a fully developed agribusiness sector that is pivotal in the creation of jobs and economic development. The country is considered as the largest exporter of agricultural products in Africa, primarily citrus, wine, fruits, and corn. Although largely self-sufficient in agriculture, the country has opportunities for imports (SAIIA, 2018). The agro-processing sector is one of the country's largest manufacturing sectors by employment, with an estimated 207 893 jobs in quarter three of 2013. It makes a massive contribution to total manufacturing value add. Agro-processing is a relatively highly concentrated sector (DTI, 2014).

According to ITAC (2016), in 2015 the demand for processed agricultural products worldwide recorded its lowest since 2005. As a result, South Africa has witnessed declining and limited export opportunities with many of its vital importing countries. Africa mostly drives south African's agro-processing export growth. However, the country faces competition from India, the European Union, China, and the USA in Africa for Agro-processing products, which presents a threat to the rate of trade reforms (ITAC, 2016).

The EU-SADC economic partnership agreement (EPA) offered South Africa, Botswana, Swaziland, Lesotho, Mozambique, and Namibia several tariff preferences in the EU market as of October 2016. These preferences become more significant in the processed product. However, South Africa does not fill the quotas it is awarded under the agreement and still struggles sometimes with standards certifications (SAIIA, 2018).

The CCRED (2016) states that, in South Africa, agro-processing and, in particular, food-processing has grown more rapidly than the economy, and more rapidly than manufacturing as a whole. The food-processing value add in 2014 was 34% higher than in 2004, more than double the 15% increase in real value added by the manufacturing sector as a whole over the same period. Food-processing is seemingly playing an increasingly important role in building manufacturing capabilities and driving growth.

The agro-processing sector contributes a significant amount towards the total manufacturing value added and employment. The regular contribution of agro-processing to the output and value added manufacturing sector was 18.1 % and 19.6 %, respectively, during the 2014-2016 period. Its

benefaction to domestic fixed investment was recorded as 14.9 % and employment 18.0 % during the same period (Agro-processing Sector Intelligence Report, 2018).

The Agro-processing Sector Intelligence Report (2018) further states that, within the divisions in the agro-processing industry, the food division remained superior in its share of the total output (77.8 %), value added (70.8 %), domestic fixed investment (59.9 %) and employment (72.4 %), followed by the beverages division in its output (20.2 %), value added (25.2%), domestic fixed investment (34.1 %) and employment (25.6 %) during 2014-2016. Between 2006 and 2014, agro-processing output grew at 1.4 % year, and from 2010 to 2014, employment grew by 0.3 % despite a contraction in employment in the manufacturing sector as a whole (-1.2 %). This indicates that the processing of agricultural products has the potential to be a new base for the much-needed economic growth amid the decline in mineral commodity prices; it can also promote all-inclusive industrialisation (ITAC, 2016).

According to the Agro-processing Sector Intelligence Report (2018), employees' skill level in all divisions of the agro-processing sector is mainly dominated by unskilled and semi-skilled labour. In many of the divisions, except rubber (10.5%) and tobacco (16%), skilled employees are less than 10%. The mid-level skill was more in the food (40%), wood (30%), and tobacco (34.7%) divisions during 200-2010. On the other hand, informal employment is becoming gradually dominant in the beverages (40.9%), textiles (32%), and wearing apparel (39%) divisions. Thus, the share of semi and unskilled labour in these divisions has dropped sharply. In general, however, there is a decreasing trend in the share of unskilled employees in most divisions, though slightly.

The South African government has formulated policies, with the aim to benefit from agro-processing sector. The policies are to create and promote environments for private sector development through steadfast macroeconomics like low inflation rates, unfluctuating exchange rates, and control budget deficits. These policies include:

- **The National Development Plan (NDP) 2030** – which regards agriculture as being vital to food security and employment. The NDP identifies specific agricultural sub-sectors with the most potential for development, which are grouped into large, labour-intensive industries, smaller labour-intensive industries, and large existing industries with significant value chain linkages. The NDP has several implications for the agro-processing industry. More significant investments will be made to implement for small-scale farmers innovative market linkages; putting in place preferential procurement mechanisms to make sure new

agricultural participants have access to markets; prioritisation of technological development; and implementation of policy measures which increase the intake of fruits and vegetables, and the reduction of the intake of saturated fats, sugar, and salt, to guide strategies to increase vegetable and fruit production (NDP, 2012).

- **National Policy on Food and Nutrition Security** - The NDP sets out various targets and methods to eradicate poverty, reduce unemployment and eliminate inequality by 2030 by referring to several steps to improve food security as an intervention for poverty eradication (DAFF, 2013). Therefore, the national food and nutrition security was introduced to align the sector policy with Vision 2030 of the NDP. The policy's primary goal is to make sure that safe and nutritious food is available, accessible, and affordable at both national and household levels, thereby contributing towards the eradication of poverty as envisaged by the plan.

- **Department of Agriculture, Forestry and Fisheries' (DAFF) Agro-Processing Strategy** - which was developed to create a strategic direction for agro-processing for both national and provincial government governments. It seeks to respond to the agro-processing creation of jobs and other government priority targets, as indicated in the existing policy frameworks like the NGP and IPAP.

- **Industrial Policy Action Plan (IPAP)** - In 2007, the South African government adopted the National Industrial Policy Framework and its implementation plan, the IPAP, as the guiding approach to industrialisation in line with the job creation strategy outlined in the New Growth Path. IPAP specifies the agro-processing industry as one with the potential to stimulate growth and job creation due to its strong linkage with the primary agricultural sector. With one of its main components being infrastructure investment, the Agri-Park Programme is critical in advancing the objectives of IPAP (DTI, 2019).

- **Agricultural Policy Action Plan (APAP)** - which is a 5-year plan which provides concrete steps to deal with the sector challenges identified in the Integrated Growth and Development Plan (IGDP), which serves as a sector policy for agriculture.

5.3.2.2. Regulatory framework

There exists a regulatry framework for the South African agro-processing sector. The sector itself consists of beverages and food; textiles and footwear, clothing; leather and leather products; forestry, pulp and paper; rubber products; tobacco products; and furniture. Some of the pieces of legislation and policies (plans) relating to, and affecting, the agro-processing sector are:

- *Foodstuff, Cosmetics and the Disinfectants Act, 1972*.
- *The Legal Metrology Act of 2014 (Act no. 9 of 2014).*
- *Meat Safety Act, 2000 (Act no.40 of 2000).*
- *The Marine Living Resources Act of 1998 (Act no. 18 of 1998).*
- *Genetically Modified Organism Act, 1997(Act no. 15 of 1997).*
- *The Agricultural Product Standards Act of 1990 (Act no. 119 of 1990).*
- *The Liquor Products Act of 1989 (Act no. 60 of 1989).*
- *Perishable Products Export Control Act, 1983 (Act no. 9 of 1983).*
- *New Growth Path (NGP).*
- *Agriculture, Forestry, and Fisheries: The Integrated Growth and Development Plan (IGDP)*
- *Development of Agri-Parks* – which were introduced by the Department of Rural Development and Land Reform, with a goal of one Agri-Park in every district in South Africa (Department of Rural Development and Land Reform (DRDLR), 2016). Their components are Agri-Hubs (which centre on processing, packaging, logistics equipment hire, training and innovation), and Farmer Production Support Units (which engage in upscaling initiatives and capacity building).
- *The Industrial Development Corporation (IDC)* - which also offers a unique agro-processing scheme, the Agro-processing Competitiveness Fund, targeted at engaging SMMEs in agro-processing.
- *The agro-processing support scheme* - introduced in 2017 to stimulate investment by South Africa agro-processing companies (Incentive S.A, 2018).
- *The Black Industrialists Policy* – which, in part, calls for resolute policy interventions on the part of the state to expand the country's industrial base and advancement of the economy through devoted support to black industrialists, as indicated by the Industrial Policy Action Plan.
- *The Constitution of the Republic of South Africa (Act No. 108 of 1996)* – which calls for the eradication of inequality.
- *The National Industrial Policy Framework (NIPF)* - which articulates South Africa's overarching approach to industrial development.

- *The B-BBEE Amendment Act, 2013 (Act No. 53 of 2003)* – which is an intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy.

Regarding the country's agro-processing value chain, the Netherlands Enterprise Agency (2018) indicates that South Africa has climate and geography that allows for numerous different agricultural regions. Therefore, almost all agricultural processing techniques are applied, from industrial juice manufacturers to niche honeybush tea producers. While South Africa's market is modest by global standards, the different income segments are big enough that most of the quality of agriculture is produced. This provides an opportunity in terms of the quality of produce needed to process fruit and vegetables into value added products.

5.3.2.3. Activities in the agro-processing value chain

Kaplinsky and Morris (2002) define value chain as the range of activities required to bring a service or product from a concept phase, through a variety of stages of production, delivery to customers, and disposal after use. In regard to food production, these activities include farm production, trade and distribution. The main activities in the fruit and vegetable value chain are production, packaging and storage, processing, and distribution and marketing. The first three activities involve certain technologies and processes that add value to the product at different stages in the value chain, and they are summarised as follows:

- **Production**: According to the IDTT (2018), at the production level, fruits in South Africa are mainly grown for the fresh market rather than for processing. Sales of fresh fruit make up the segment with that is the most profitable in the value chain. 72% of all fruit production is sold in export, and around 28% is sold locally. The capability of farmers to observe global farming practices is essential for accessing high-value markets in developed countries (Chisoro-Dube et al., 2018).

- **Packaging and Cold Storage**: After harvesting, the fruit is sent for packing and storage in cold units. Advanced packaging and cold storage units maintain the quality and freshness of fruit and preserve fruit's shelf life. The packing division of the value chain involves investments in various equipment to attain high hygiene standards within the packhouses operations, including onsite laboratories for product tests. Packing further requires economies of scale because of the high

costs of cold storage and other capital investments and is mostly carried out by large producer-exporters (Fernandez-Stark et al., 2011).

- **Processing**: Though most fruit and vegetable production in South Africa is sold fresh, the 'rejected' ones are sent to processors to process juice concentrates, pulps, purees, and preserves. All the fruit used in processing only accounts for an estimated 29% of the total fruit production. Processing fruits adds value to the raw product by extending the fruit's shelf life and aiding the development of manufacturing capabilities. However, fruit processing generates lower returns than fresh fruit despite the high capital investments and sophisticated infrastructure and skills required to perform manufacturing activities (IDTT, 2018).

South Africa experiences barriers to entry and inclusive growth into the agro-processing. According to DAFF (2012), the country's agriculture is extremely dualistic, characterised by a smaller number of commercial operations that are managed mainly by successful commercial farmers and a large number of smallholder enterprises mainly comprising of black struggling farmers. Smallholder farmers are limited to economic participation within the informal sector, focusing on primary agriculture. In contrast, commercial farmers are located within the formal economy, focusing on agriculture and agro-processing value chain (Fan et al., 2013).

According to Mmbengwa et al. (2011), commercial agriculture in South Africa is currently the leading player in the agro-processing sector, while smaller holder farmers play a limited role regardless of government support. This limitation is a result of smallholder farmers not been connected effectively to viable value chains. Despite the developmental efforts introduced in most rural areas of South Africa, there has been little or no effort to value add the existing primary agricultural products (Mapiye et al., 2007). Therefore, it is worrying that smallholder farmers have been side-lined, and they seem to find it hard to process their farm produce and participate in the commercial agro-processing value chain (Mmbengwa et al., 2012).

To understand the barriers to entry and smaller firms' growth in agro-processing, it is vital to acknowledge that these are value chains symbolised by subsequent stages of processing and adding value. Linkages between the stages and different vertical integration categories are essential to co-ordinate access to inputs and investments at contrasting levels. The ability to participate relies on fitting into a value chain and how lead firms govern the overall chain. There are also substantial scale effects and the time needed to build production capacity. These characteristics signify the

necessity of addressing barriers to entry as part of the agro-processing and industrial policy framework and that there is no quick solution here (CCRED, 2016).

This means that SMMEs in agro-processing that want to start processing face more challenges, despite the efforts of multiple stakeholders and ecosystem builders available at their disposal. These challenges serve as the basis for understanding and employing targeted mechanisms to enable and empower SMMEs. Some of the challenges faced by SMMEs are:

- *Limited access to funding.*
- *Market concentration around big companies* - large corporations control the agro-processing sector in South Africa; many SMMEs continue to lack suitable facilities to manage their inputs securely (Mather, 2005).
- *Regulatory and administrative burden* - the existence of multiple administrative requirements across numerous governmental bodies at all levels of government has resulted in expensive and time-consuming registration and permitting processes. Several policies that must be pursued could make the regulatory situation for SMMEs in the agro-processing sector complicated (SEED, 2018).
- *Lack of suitable agro-processing technologies*.
- *The black hole effect and loyalty* - if farmers do not deliver the desired quality and quantity, the food sourcing SMME company is pulled into a 'black hole', affecting the quality of outputs, time of delivery, and customer satisfaction.
- *Lack of entrepreneurial and technical knowledge and skills* - which has been well-known as the primary reason that 95% of small enterprises fail within their first five years of existence (Friedrich, 2016). A 2010 study by the Agricultural Sector Education Training Authority (Agri-SETA) identified that there is a shortage of skills in both the agricultural and agro-processing sectors, particularly amongst SMMEs (Agri-SETA, 2018). Additionally, awareness among enterprises of business development service providers remains low, and business development support offered in South Africa is fragmented (Thindisa, 2017).
- *Inadequate support services* – there is a lack of tailor-made support instruments for agro-processing SMMEs.

Adequate infrastructure improves the competitiveness and productive capacities of SMMEs. Multiple governments and private sector initiatives exist that specifically assist enterprises with technology transfer and infrastructural development. The Critical Infrastructure Programme (CIP);

the Support Programme for Industrial Innovation (SPII) and the Seda Technology Programme (STP) are some of the initiatives. Under the CIP, agro-processing applicants are offered a 10% to 50% grant of the total infrastructural development costs (up to a maximum of R50 million) (Jordaan, 2012). For the establishment and success of SMEs in the agro-processing sector, it is necessary to inspire and promote entrepreneurship and increase entrepreneurial training in South Africa (Neneh, 2012). Regulations in the agro-processing sector help protect consumers, the environment, and enterprises from open competition. Despite the critical role these regulations play in ensuring market stability, smaller enterprises sometimes struggle to afford the associated costs of volatile market prices and understand administrative and regulatory requirements (Ncube et al., 2016).

5.3.3. Agro-processing in Limpopo Province

Ago-processing is a crucial strategic sector for a province such as Limpopo that is 80% rural. According to the Global Africa Network (2020), Limpopo's fruits and vegetables form a significant part of South Africa's export basket. More than 45% of the yearly turnover of the Johannesburg Fresh Produce Market originates in this fertile province. The percentage contribution to national agriculture by Limpopo agriculture is 7.6%, although its contribution to provincial GDP is just 2.3%, while agro-processing accounts for 4.1% and is a sector that Limpopo province has identified as one that should grow.

Cotton planting is experiencing a renewal in the province. Companies like Westfalia and ZZ2 are significant contributors to the country's annual production of 120 000 tons of avocados. Half is produced in two Limpopo local municipalities, Tzaneen and Letaba. The other big sellers are mangoes and tomatoes. Limpopo grows three quarters of South Africa's mangoes and two-third of its tomatoes (Global Africa Network, 2020). District and local municipalities are promoting agriculture as a sector by introducing development programmes that help farmers increase production volumes by offering agriculture infrastructure and technical support (Urban-Econ Development Economists, 2012).

The lack of such infrastructure, mainly processing and storage facilities, has also led to farmers incurring substantial post-harvest losses. The lack of automation of farming processes has also meant that much of the province's arable land is unproductive. The cost of electricity and oil also presents a challenge to agribusinesses and triggers the need for alternative energy sources. The increasing input costs have also given rise to many farmers substituting quality for cost-cutting (Urban-Econ Development Economists, 2012).

As outlined in the problem statement (Section 1.2), despite the province's agricultural potential and output, there are very few agro-processing entities in Limpopo. The only local operations are tomato-based, given the dominance of the province in tomato production. The situation means that most agricultural produce from Limpopo has to be marketed at commercial centres outside of the province. The supermarkets (Woolworths, Pick and Pay, Shoprite/Checkers and Spar) do procure fresh produce locally with Pick and Pay, Spar and Shoprite/Checkers) spending approximately R375 million in the province annually (Urban-Econ Development Economists, 2012). Small farmers in Limpopo Province face a number of limitations, which include:

- *Limited access to land.*
- *Lack of access to, and affordability of, irrigation* - given the province's limited water supply.
- *Inability to afford automation agricultural machinery*.
- *Inability to afford production inputs such as seeds*.
- *Poor agricultural extension support services from municipal officers.*
- *Marketing constraints* - lack of transport and distance to markets as well as lack of information on markets.

Previous research commissioned for the province regarding agro-processing has demonstrated that the processing and marketing of bananas, mangoes, oranges, and tomatoes are currently being dominated by commercial interests, with rural and emerging farmers limited to informal markets. These commercial farmers have access to market information, which has enabled them to penetrate domestic and export markets. At the same time, commercial farmers, through their growers' associations, have access to extension workers who offer valuable technical assistance. On the other hand, rural and emerging farmers do not have access to the same resources (Urban-Econ Development Economists, 2012).

Numerous investment programmes are geared towards developing the processing and manufacturing industry with Limpopo Economic Development Agency, the official economic development agency of Limpopo Provincial Government, indicating that the Provincial Government is also facilitating the development of new types of farming and further value added processing of products. The province has developed several plans and strategies which aim to, amongst others, benefit the agro-processing sector. These include:

- **Limpopo Employment Growth and Development Plan (LEGDP) 2009-2014** - which presents a road map for the province to stimulate economic growth, create decent employment,

and reduce poverty. It lists the following key strategic challenges and service gaps that will need to be addressed:

- The extension programme in the province has not been as dynamic and have not kept up with technological advancements in agriculture;
- The Limpopo Department of Agriculture (LDA) has given preference for the development of off-farm infrastructure, on-farm infrastructure, capacity building infrastructure, and input costs, particularly for farmers that fall below the poverty line;
- The LDA has to protect ecologically sensitive areas in the province and ensure that farmers have access to and use water-saving irrigation technology;
- The province needs to become more aware of the effects of climate change and the solutions to mitigate these impacts, such as planting more trees;
- The lack of support for post-settlement farmers has resulted in lowering the productivity of many farms. The provincial government will need to rectify the situation and encourage struggling landowners to lease out their land;
- There have to be incentives for entrepreneurs as their ventures are likely to create jobs.
- The slow process of land reform has reduced agricultural productivity, as uncertainly has discouraged long-term investment. The LDA will need to speed up the process and identify and support young agricultural entrepreneurs to manage productive farms with their support and assistance from finance corporations in the sector, and;
- The province needs to establish its fresh produce market and agro-processing facilities to keep the value of agricultural output in the province.

- **Limpopo Department of Agriculture Strategic Plan 2010/11 – 2014/15** – whose mission is to promote economic growth and food security through sustainable agriculture and the fostering of entrepreneurship.
- **Limpopo Growth and Development Strategy (LGDS)** - which is a mechanism to raise international competitiveness and draw investment into the province by aligning and combining interventions from the various stakeholders.

One of the vehicles contributing to achieving the above objectives will be done through development clusters. The seven clusters were selected on the basis that agriculture, mining, tourism, and manufacturing are the main drivers of the province's economy. The development clusters relevant to agro-processing are: the fruit and vegetable (horticulture) cluster in the Vhembe and Mopani

districts, the logistics cluster in Polokwane (Capricorn district), the red and white meat cluster on all the corridors (all districts), as well as the forestry cluster in the Mopani and Vhembe districts.

Material in the literature can help to place the agro-procesing sector in Limpopo Province in the global context. Chengappa (2004) indicates that the processing of agricultural products is essential. It increases shelf life of products through value addition, offers higher income to farmers as the processed products have a broad market, and higher income. It also decreases the waste of raw agricultural products. The UNIDO (2007) states that in developing countries about 40-60% of manufacturing value stems from agro-processing industries, which also constitute a significant share of exports. However, in developing countries, only about 30% of the agricultural production is processed in contrast to about 98% in developed countries.

The significant economic growth of a country involves conversion from an agrarian economy to industrial (Khosla and Dhillon, 2015). The agro-processing sector must be developed first during this process of industrialisation (Khosla and Dhillon, 2015). Agro-processing stimulates various multiplier effects, which include the spread of industrialisation in rural areas, thus opening up various livelihood possibilities, constant prices of agricultural commodities, and numerous backward and forward linkages (Sharma et al., 2010).

5.4. LIMPOPO AGRO-PROCESSING VALUE CHAIN ANALYSIS

This section deals with the agro-processing commodity value chain analysis in Limpopo Province. The value chain analysis plays a pivotal role in traditional supply chain analysis by pinpointing values at each stage of the chain. It is called a value chain because, at each stage of the supply chain, value is being added to the service or product as it is being transformed. Given the province's variety of agricultural products (Limpopo Department of Agriculture and Rural Development (LDARD), 2018), the value chain of each commodity in Limpopo is discussed, outlining the current gaps and the agro-processing opportunities in the province.

5.4.1. Citrus value chain

According to Urban-Econ Development Economists (2012), citrus includes several species, mainly oranges, grapefruit, and lemons. Citrus processing in Limpopo province happens in the form of fruit pulp, juices, concentrates, and blending it with other fruits. The final product is packed and sold as juice to retailers or sold as a bulk concentrate for further processing to be done by big brand names such as Parmalat, Ceres, Coca-Cola, and other South African juice companies. The province also manufactures packing material for local juice processors. Table 5-1 indicates the major citrus

processors in the Limpopo Province, including the products, the business processes, capacity, employees, and the market the products are sold to.

Table 5-1: Limpopo citrus processors

Company	Region/Locality	Product	Capacity/ Volumes	Employees	Market
Granor Passi	Letsitele, Tzaneen Mopani district Polokwane, Capricorn district	Bulk concentrate of citrus, mango, guava and prickle pear Essential oils but done on a small-scale 3litres per ton	220 000 tons of fruit per annum (from different factories) Letsitele Factory Citrus 110 tons Mango 4000 Prickle Pear 1000 tons Guava 5000 tons plus processed the branch in Polokwane	30 Permanent Peak seasons 150	Export 60 - 70% to Japan, Germany, EU (small amounts) and Dubai Sell concentrate to local markets such as Ceres Paramalat, Clover which the process further into juice
Letaba Citrus Processors (LCP)	Letsitele, Tzaneen, Mopani district	Subtropical and Citrus concentrate pulp	60 000 tons a year of citrus 13 000 tons a year of subtropical fruit	146 Permanent both in processing and juice plant 60 Seasonal workers	Majority of the market is local (Coca-Cola, McDonalds, Ceres, Pacmar and Bromo), very little citrus is export (8% which is mainly grapefruit concentrate products, since local demand is low for grapefruit)

Table 5-1 (*continued*): Limpopo citrus processors

Company	Region/Locality	Product	Capacity/ Volumes	Employees	Market
Limpopo Fruit processing, operating under Cape Fruit Processors	Hoedspruit, Mopani District	Citrus concentrate and Mango single trends (where juice is extracted from mangoes, with no further processing)	40 -45 000 ton for full operation	55 (in season) 5-10 (out of season)	Export 80% 20% Local market (Parmalat, Ceres etc)
H.F.P (previously Bonanza)	Hoedspruit	Orange Juice, Lemon Juice Mango Pulp, Guava Pulp, Paw Paw Pulp, Passion Fruit Pulp, and Mango Artchar	12,000 ton Fruit Per Annum	55 employees	South African Juice Packers

Source: Urban-Econ Development Economists (2012: 218).

Some of the competitors in the juice manufacturing industry are All Gold, Bibo, Dairy Belle, Hall's, Appletiser, Ceres, Fruitopia, Fruit tree, Liquifruit, Just Juice, Minute Maid, Pure Joy, Clover, Bonnita Cabana, Bonnita All Juice, Campbell's, Capri-Sonne, Krush, Fortris, Genfen, Gibson's, Polar Ice, Sunblast Vitingo, etc. The strength of these competitors is that they are well established household brands and have high capital to inject into branding and marketing. The juice processors in the province can accommodate local, provincial, and national retailers, making their market reach nationwide (CGA, 2010). Table 5-2 outlines citrus agro-processing opportunities available in Limpopo Province. Areas suitable for citrus agro-processing activities, considering competitive advantage, current juice processing activities, and hectares planted for citrus production include Greater Tzaneen Local Municipality; Greater Marble Hall Local Municipality; Ba-Phalaborwa Local Municipality; Maruleng Local Municipality; and Musina Local Municipality (Urban-Econ Development Economists, 2012).

Table 5-2: Limpopo citrus agro-processing opportunities

Commodity	Products
Orange	Salads
	Juice
	Orange Blossom Honey
	Orange Blossom Water
	Sweet Orange Oil
Lime and Lemons	Dehydrated and powdered
	Canned lemons and limes
Grapefruit	Grapefruit seed oil
	Grapefruit peel oil

Source: Urban-Econ Development Economists (2012: 220).

The gap in the production and testing of the end product, such as juices, fresh salads, and dehydrated powder, can be implemented by local agri-businesses. The essential oil produced from citrus can be used for pharmaceutical products and flavouring among others. The market for essential oil can be developed through a partnership with various pharmaceutical companies before processing of essential oil is embarked upon (Urban-Econ Development Economists, 2012).

5.4.2. Subtropical fruits value chain

According to Urban-Econ Development Economists (2012), subtropical fruits include avocado, bananas, litchi, and mangoes.

Avocado value chain: DAFF (2010) states that high volumes of avocado are currently being exported and sold on the local markets. The processing of avocado taking place in the province is in the form of avocado puree/guacamole, avocado oil, which is edible or used in cosmetic production. Room for further processing of avocado products exists in the province, as there is a growing niche market for natural cosmetics and organic food products. Avocado processors in Limpopo province are shown in Table 5-3. Westfalia is the largest processor of avocadoes in Limpopo, with 2 000 tons of avocado oil and 3 000 tons of avocado puree.

Table 5-3: Avocado processing facilities in Limpopo Province

Name	Products
Westfalia	Avocado oil, puree, guacamole, dried mango and juice.
Del Avo	Edible avocado oil, body lotion, bath oil, foam bath, shower gel, liquid hand wash, shampoo, conditioner and soap bar.
Specialised Oil	Avocado oil.

Source: Urban-Econ Development Economists (2012: 225).

The puree market is local catering companies such as Wimpy, KFC, and local retailers such as Woolworths, Pick n Pay, Checkers, and puree exports to the USA and Europe. The avocado oil is sold to local retailers, Europe, the USA, and Israel market. The medium-scale processors of the avocado market to local retailers such as spar for their edible avocado oil and local pharmacies for cosmetic products. Current avocado processors can meet the local client base's demand and are establishing their brands in local and national retail stores (Urban-Econ Development Economists, 2012).

Processing volumes of avocado have increased over the years, and further expansion into edible and cosmetic products can be investigated to target increasing national and international market demand. Research and development into new product development such as avocado vitamin pills and natural face cosmetics can present an opportunity for capacitated SMMEs. Avocado agro-processing opportunities exist in expanding existing avocado farming initiatives, the processing of avocado oil for both food and cosmetic purposes (development of new cosmetic products using avocado oil), and processing of avocado into guacamole (DAFF, 2010).

Areas suitable for avocado processing activities and further expansion of avocado farming are Greater Tzaneen Local Municipality, Makhado Local Municipality, and Thulamela Local Municipality. These Local Municipalities have adequate production capacity to support avocado processing activities and expand avocado production volumes. The agri-infrastructure in these Local Municipalities will support agro-processing activities, and areas are well located to access various markets.

Technology requirements for avocado processing activities are biodiesel processing equipment, cooking oil pressing machine for edible avocado oil; oil refinery; and product development. These technologies are available in the country and are easy to operate, suitable for small to medium

businesses. The machines can be used to process a wide variety of other oil and protein seeds, creating multiple uses (Urban-Econ Development Economists, 2012).

Urban-Econ Development Economists (2012) further states that growing markets exist for avocado natural based cosmetic products and new innovative product development. Current processors such as Del Avo manufacture products locally, but testing and quality assessment of products are done in the Mpumalanga Province, where they have another branch. Expanding the current production and processing capabilities of emerging and medium-scale avocado farmers can create a bigger pool of avocado processors, which will result in the erection of avocado processing infrastructure plants being feasible on a large-scale. As indicated earlier, volumes used for avocado processing have increased over the years as customers are beginning to use avocado in a variety of products. It is seen as a commodity used for food consumption and used in cosmetic products medicinal purposes (DAFF, 2010).

Banana value chain: Urban-Econ Development Economists (2012) indicate that banana fruit in Limpopo Province is mainly sold on the local market and to fresh produce markets. Processing of the banana fruit happens at a minimal level as the fruit is mainly dried with other fruits. A few manufacturers in the province incorporate banana in their production, such as Valley Farms and Levubu Dried Fruit. Levubu Dried Fruit, located in the Vhembe district, manufacture drying fruit without colorants or preservatives as its specialty.

The company dries bananas mechanically to supply the markets consistently, and the dried banana is packaged into 100g/500g and 1kg packs. The further value addition that takes place in the province for the banana fruit includes pack houses and storage facilities for the local market. Therefore, room exists to grow banana processing in the province as ample banana volumes are produced in the province. Banana is also used to blend in with other food products, and dried banana leaves can be used to weave baskets.

Banana agro-processing opportunities in Limpopo are banana puree, dried and dehydrated banana, and fried green banana. Banana fruit processing opportunities can also be found in banana production, tissue culture, input supplies such as fertilisers, chemicals and irrigation equipment, carton manufacturing, refrigeration, transport, and marketing agents. The banana processing industry can only be thriving if banana volumes in the province are increased and maintained. Suitable locations for banana processing activities are Levubu/ Soutspansberg; Greater Tzaneen Municipality; Makhado Local Municipality; and Greater Letaba Local Municipality as areas have

high hectares planted for banana production. Possible expansion of banana farming can happen in Ba-Phalaborwa, Greater Giyani, and Thulamela Local Municipality (Urban-Econ Development Economists, 2012).

The technology required for banana processing is banana dryer; banana slices; fruit pulp, machines/extractors; and fruit puree processors. Other technologies include high quality drying, a superior alternative for SMMEs to add value to raw materials; spray drying transforming liquid into dry, free-flowing powder, and microwave drying. Supporting infrastructure can include ripening and fresh fruit cold rooms (Limpopo Department of Economic Development, Environment, and Tourism (LEDET, 2007).

The processing of banana fruit happens on a microscopic scale in the province, and room for value addition exists. There is currently a high market for banana puree, especially in the baby food industry, hospitals, and bakery industry. High volumes of dried banana fruits are eaten as snacks and put in breakfast cereal. The opportunity to use banana in the arts and craft industries a significant gap that local producers can meet. A gap exists for establishing banana pack shed facilities (receiving, washing, sorting, and grading) more so for emerging banana farmers. Bananas production can be increased as arable land is available, especially in Levubu, to meet the local consumption levels in the province and other national fresh produce markets (LEDET, 2007).

Litchi value chain: Litchi is processed and blended with other fruits. The majority of litchi processing in the province is done by juice processors mixing the fruit with other products such as mango and oranges. Therefore, the bulk of litchi processing in the province is through juicing with shallow volumes used for canning or drying. Juice processors in the Limpopo Province that integrate litchi with other fruits in their juice processing are Valley farms in Levubu and Grano Passi in Polokwane. The litchi agro-processing opportunities in Limpopo Province are canned litchi, dried and dehydrated, and litchi concentrate. The suitable locations for expansion of litchi agro-processing activities are Great Tzaneen Local Municipality; and Makhado Local Municipality. The litchi agro-processing requires the tray drying and dehydration machinery powered by electricity (Urban-Econ Development Economists, 2012).

DAFF (2010) indicates that litchi fruit is integrated with the processing of other fruits for juices. The opportunity that exists for the litchi industry is to increase production for sales in the local and export markets. The earlier sections indicated that large percentages of litchis are used for the export

market. The demand for litchi is the fruit in its natural form and juice. Therefore, canned and dehydrated litchi can be processed with other fruits instead of standalone activities.

Mango value chain: Urban-Econ Development Economists (2012) outline numerous mango processing facilities in the province producing mango juice, concentrate, dried mango, and achar. These processing facilities range from medium to large-scale, with some facilities processing up to 100 tons of mango pulp per annum. Table 5-4 shows the mango fruit processors in the Limpopo Province. The mango processors in the province have a competitive advantage: the province is a large producer of mango fruits and has ease of access to natural resources. The production of mango juice is incorporated with other fruit juice flavours, and significant competitors include Liquifruit, fruittree, minute maid, clover, no retail name brands, and so forth. Potential exists in the province for small-scale processors to target local markets.

Table 5-4: Mango processors in Limpopo Province

Name	Area/Locality	Product
African Realty Trust (LCP)	Tzaneen	Juice and juice concentrate
Bavaria Fruit Estate	Tzaneen	Mango products
Beerseun Boerdery	Tzaneen	Mango products
Big Six	Thohoyandou	Process green mangoes into achar
Netrac trading as Valley Drying	Levubu	Mango drying Experimenting with other fruits such as avocado oil, banana drying
Dando	Tarentaal	Achar
Garoro	Letsitele	Mango products
Granor Passi	Polokwane	Mango products
Hoedspruit Fruit Processors	Hoedspruit	Juice concentrate
Westfalia Fruit Products	Tzaneen	Juice and dried fruit
Landman Droë Produkte	Letsitele	Dried fruit
Levubu Artchar Verwerkers	Levubu	Achar
Mango Magic Achar	Tzaneen	Achar
Matana Droë Produkte	Letsitele	Dried fruit
Mohlatsi Dried Fruit	Hoedspruit	Dried fruit
Morokalotsi Achar	Tzaneen	Achar
Limpopo Value Adding (M-Pak)	Musina	Mango products
Rabeja	Makhado	Mango products
Unifruit Blyderivier	Hoedspruit	Mango products
Valley Farms Processing	Levubu	Process litchi, mango, guava into juice concentrate and pulp
New Dawn Farming Enterprise	Hoedspruit	Mango products
Winlake	Hoedspruit	Mango products
B&S Dried Fruit	Tzaneen	Dried mango

MH Christie	Tzaneen	Mango products
Sadek	Hoedspruit	Mango products
Alliance Fruit	Hoedspruit	Mango products
Makhutshwe CPA	Maruleng	Mango achar
Deer Park Estate	Tzaneen	Mango achar
Didubatse	Tzaneen	Mango achar
Bahlubrue	Tzaneen	Mango achar

Source: Urban-Econ Development Economists (2012: 234).

Limpopo Province has the following mango-agro-processing opportunities: canned mango, dried and dehydrated; mango skin cream; research and development into mango cosmetic products; expand existing mango juice production and mango pulp processing. Further opportunities in the mango industry include increasing current production levels by assisting farmers to increase their production yields. This can be done through mango research, breeding, and plant development more so for the mango emerging sector and land claim after care projects. Local SMMEs in the province can participate in packing material, storage facilities, and distribution technologies for the mango industry. The mango processing sector has the highest intake of mango distribution, and SMMEs can do further processing activities provided adequate infrastructure is in place. Localities where mango processing projects would be feasible as these areas have adequate production volumes, room to expand the area planted, and competitive advantage are Greater Tzaneen Local Municipality; Maruleng Local Municipality; Makhado Local Municipality; Letaba and Soutspansberg; and Ba-Phalaborwa Local Municipality (LEDET, 2007).

Urban-Econ Development Economists (2012) further indicate that the technology used for mango processing is available in the S.A. market. Current mango processors in the province are using state-of-the art technology. The small-scale mango processors can introduce some of these technologies to assist them in meeting quality standards and increase production. Preservation technologies include commercial drying machines, solar drying methods, microwave (M.W.) heating: the heat penetrates within the food, heating the interior more rapidly, chilling, and freezing for a rapid lowering of the temperature foods to less than 8°C.

Packaging technologies include active packaging: designing packaging that can adapt to the environment and extend shelf life; intelligent and smart packaging: packaging that can detect, record and provide information about the contents as well as traceability of a product; modified atmosphere packaging (MAP): altering the gases surrounding a product or commodity to extend the storage life; new packaging materials: using packaging material that is biodegradable and environmentally

friendly. Storage and distribution technologies include cold storage and transport, the use of robots in the production and distribution processes, and the application of non-destructive, non-invasive technologies for quality.

Large volumes of mango are processed into juice, dried mango, and achar, however, shallow volumes are used in the processing of mango cosmetic products. Product development into manufacturing mango cosmetic products can enhance the value obtained from mango fruit. The growing market for mango cosmetics exists in beauty spas, local pharmacies, exports, creams, and medicinal uses. There is an increasing demand for dried mango due to movement towards the health-conscious and organic market. The increasing demand for mango processing in the province is illustrated by Bavaria Fruit Estate (Pty) Ltd, in Tzaneen Limpopo. Bavaria Fruit Estate (Pty) Ltd has experienced increasing demand for dried mangoes due to consumer food preference for healthier organic food (LEDET, 2009).

Bavaria started to produce oven-dried mangoes, initially destined for the export market. The first drying plant was financed by the Industrial Development Corporation (IDC) in 1999, and, over the years, due to increased market demand, the plant has been extended four times. Bavaria's farm is Euro gap compliant, and 20% is registered as organic. The drying facility and packhouses have Hazard Analysis Critical Control Points (HACCP) accreditation and are operated under strict environmental controls. The company currently employs 1002 people, and the new facilities will create at least 220 additional jobs in the Limpopo province, targeting high unemployment levels (IDC, 2011).

5.4.3. Macadamia value chain

South Africa is the third-largest macadamia nut producer in the world. These nuts are a valuable food crop and generate high foreign revenue for S.A. Table 5-5 indicates the macadamia nut processing companies found in Limpopo Province. The majority of the macadamia nut processors sort and pack nuts into bags that are sold as nuts in a shell, the also crack nuts and grade kernels. The low-quality kernels are used for biodiesel or oil. Kernels are roasted and packed in foliage material and sold in various quantities from 110 grams to 150 grams. Macadamia nuts are a high-value product. Further processing, as highlighted above (salad oil, cosmetics industry, baking ingredients, etc.), can only be successful if production volumes are increased (Urban-Econ Development Economists, 2012).

Table 5-5: Limpopo macadamia nut processing

Company	Area	Products	Capacity / volumes	Market	Employees
Green Farms Nut Company	Levubu	Kernel By-products such as recovered oil is converted into macadamia oil	5000ton of nut in shell producing 1,300ton of kernel	99% of kernels are exported to EU, America, Far east	20 permanents 300 seasonal workers
Royal Macadamia	Levubu	Kernels By-products include macadamia oil, crude oil (which is sent for refining then exported to cosmetic market)	Nut in shell 2000 ton per annum with 500-ton kernel for exports	Mainly exports to USA, EU, U.K, Japan, Taiwan, Canada Local market is very small (road stores)	23 permanents staff 220 seasonal workers
Tzamac	Tzaneen	Macadamia nut for export	Approximately 1700 ton	Export to Europe, USA, and China	5 Permanent Approximately 80 seasonal
Zetmac	Levubu	Kernels only	3,5 million kg Dry in shell nuts produce 750 000 kg kernels	North America, Europe, Far East Local Markets are small volumes	15 permanents 350 employees during peak season
Other processors include: Macridge based in Makhado Maclands Estate based in Makhado					

Source: Urban-Econ Development Economists (2012: 240).

DAFF (2010) states that the competitors in the macadamia nut industry include: Emvest Nuts in the Mpumalanga; Golden Macadamias in Mpumalanga; Ivory Macadamia in Mpumalanga; Mayo Mac Macadamias in Mpumalanga Nutpro CC in Mpumalanga. Like most of the macadamia processors in the province, these companies are linked to the Southern African Macadamia Growers' Association (SAMAC) for technical and marketing support. The province's processors can compete with the surrounding province due to available natural resources and established markets. The emerging sector requires intervention to build them into competitive macadamia producers and

processors as sufficient demand for macadamia nuts exists (Urban-Econ Development Economists, 2012).

Macadamia agro-processing opportunities are fried or roasted macadamia kernels; oil processing for both food and cosmetic industry; the processing of the shell for organic fertiliser; expanding existing macadamia nut production in the province; research and development into macadamia vitamin supplements, as macadamia breaks down cholesterol; developing macadamia oil cosmetic products, and selling oil to the cosmetic industry. A growing niche market exists for organic cosmetic products, and macadamia nut producers can take advantage of it. Investment in research and product development is required to ensure macadamia nuts are used to their maximum potential and create a brand for the province in macadamia production. The fallen leaves from macadamia trees can also be used as compost.

A rental system for emerging macadamia farmers can assist in accessing equipment such as tractors, spraying, and technical equipment. Central macadamia nut depot areas can offer drying facilities and de-husking plant with the capacity to handle half to four tons of macadamia nuts. Macadamia nut farmers, more so emerging sector, will have to group themselves into 10 to 15 co-operatives to ensure sustainable use of facilities (DAFF, 2010).

Suitable areas for macadamia processing facilities are in the: Greater Tzaneen Local Municipality; Levubu; Greater Letaba Local Municipality; Mookgopong and Mokopane are areas with future development potential for macadamia nut production; and Zebediela area has more than 100 ha established for macadamia production. Technologies available in S.A. to assist in macadamia nut processing include cracking and de-husking machinery; cracker plant; drying facilities; packaging equipment; silos and extensive infrastructure; and vertical elevator conveyor designed to elevate whole nuts to fill a drying silo (Urban-Econ Development Economists, 2012).

According to LEDET (2007), the market demand for macadamia nuts has increased internationally with a new interest in the European market. Locally there has been an increase in nationwide products that have expanded to include macadamia nuts as more retailers are including macadamia nut items in their product offerings. It is important to provide local retail producers with the option of using locally grown macadamia nuts instead of imports.

A gap exists in the research and development of macadamia cosmetic, medicinal, and pharmaceutical products within the province, further research into the development of macadamia

nut is required. The increasing market for natural organic cosmetic and medicinal products exist both locally and internationally. Support services for the emerging macadamia farmer are required to ensure the increased production of macadamia in the province. The by-products of macadamia nut that local producers can take advantage of our manure and biofuels, as these can further increase the value of the nut (Urban-Econ Development Economists, 2012).

5.4.4. Vegetables value chain

The three significant vegetables produced in Limpopo are tomatoes, potatoes, and onions (Urban-Econ Development Economists, 2012).

Tomato value chain: A significant role player in the tomato industry of the Limpopo Province is ZZ2 who produces the most significant volumes of tomatoes. The tomato processing facilities in the province face significant challenges with high labour costs and competition from China. China can produce tomato processed products at cheaper rates due to advanced technology and cheap labour. The catering, hospitality, and institution industries absorb high volumes of tomatoes, and local farmers can target these industries. The majority of tomato processing in the province occurs in the form of tomato paste, powder, and very little canning or sauce production (LEDET, 2007). Table 5-6 indicates the tomato processing activities in the province.

Urban-Econ Development Economists (2012)indicate that the major competitors in the tomato processing industry include: Rhodes Fruit Farms, Western Cape; Miami Canners, Limpopo; Giant Foods, Limpopo; Montina, Limpopo; Indemex, Limpopo; Tiger brands, Western Cape and Limpopo as well as Cape concentrate, Eastern Cape. The majority of these competitors are multinational companies and can source out contract growers to meet the required volumes for processing. These companies incorporate other vegetables into their processing (e.g., onions, peas, corn, etc.). The focus for the tomato farmers in the province should be on increasing production volumes, and quality of crop as high revenue is obtained in the sale of fresh produce.

Table 5-6: Limpopo tomato processing and major role players

Name	Products	Location	Size/capacity	Employees	Market

APOL	Tomato powder	Politsi	33 tons a month, 396 a year	110	Unilever (Major buyer) Nestle, Maggie
ZZ2	Mainly fresh produce	Mooketsi	150 000 tons/per annum	Vary from season to season	Johannesburg Fresh Produce Market

Other tomato processors include: Tiger Brands in Musina area.

Source: Urban-Econ Development Economists (2012: 246).

Tomato agro-processing opportunities are in building and improving existing tomato processing activities; expand the capacity of current tomato farmers by assisting in quality production, financial support, and technical requirements; sundried tomato; tomato puree; canned tomato (expansion of existing activities) as well as powdered (for powdered soups, i.e., "cup a soup"). Suitable spatial locations for expansion and development of tomato agro-processing are Greater Letaba Local Municipality, Musina Local Municipality, and Molemole Local Municipality (Urban-Econ Development Economists, 2012).

Tomato agro-processing technology requires industrial solar dryer for drying tomato, onion, and other vegetables; sorting, washing and grading equipment; tomato spray dryer; tomato dryer as well as tomato paste/soup dryer and sterilizer. The current tomato processors in the province, such as APOL, are facing challenges in being cost-effective as they are receiving fierce competition from China. China can produce tomato powder and paste at cheaper rates and sell it for much less in South Africa. The tomato industry in the province requires technical and financial support for tomato farmers to increase their tomatoes' sales to the local and national fresh produce markets. It is vital to build on current processing activities and increase tomato volumes produced in the province before embarking on new tomato processing (LEDET, 2007).

Potato value chain: According to Urban-Econ Development Economists (2012) , the potato farmers in Limpopo Province are facing increasing production costs as new diseases are threatening crops. The other factors influencing production costs are irrigation systems and transport expenses, especially for farmers in very remote areas. The major potato processing companies include McCain, Simba, and Willards. Currently, potato farmers in the province have contracts with McCain, Simba, and Willards, where farmers plant potatoes and harvesters inspect produce during various stages.

Once the potatoes are approved, they are harvested and delivered to companies for further processing. McCain and Tiger Brands are large consumers of potatoes grown in the province.

McCain foods limited purchases variety of vegetables locally to support local producers and share expertise with farmers. The local potato producers will compete in different leagues to such multinational companies, as they are located closer to local communities/markets. Therefore, their processing activities will target local markets that are nearby, provide markets with processed goods, reduce travel costs, and reach the market directly (LEDET, 2007).

Potato agro-processing opportunities are frozen (French fries, wedges, baby potatoes), potato crisps (Simba, Willard's, etc.), canned potato, mixed vegetable processing, and packaging well as expanding current potato crops. Suitable spatial locations for expansion and development of potato agro-processing exist in Blouberg Local Municipality; Molemole Local Municipality; Makhado Local Municipality; and Greater Marble Hall Local Municipality. Potato processing requires the following technology: automatic weighing machines; washing, soaking machines, cutter, and waste pump; automatic /Continuous knife peeler; potato slicing, blanching and frying machines as well as cooling and packaging of French fries' machines/stations (Urban-Econ Development Economists, 2012).

The local market for potatoes is on the increase as it is a household commodity and used in local government institutions (schools, hospitals) to create food security. Potato farmers can increase the value of potatoes through semi-processing, which includes washing, packaging, peeling, and cutting. The increasing market for convenience food can be exploited by potato farmers and create local brands with small-scale processing activities supplying to the local market. The benefit of buying locally processed potatoes will reduce travelling costs, creating job opportunities in local communities (DAFF, 2010).

Onion value chain: Processing onion in the province takes place on a minimal level, with large procurement companies such as McCain and Tiger Brands responsible for most processing. High volumes of onion produced in the province have ready local market. The processing of onion can be feasible if processed with other vegetables in the province. The onion agro-processing opportunities exist in powdered for the use in soups and flavouring; canned onion; canned onion and tomato mix; frozen onion slices or onions mixed in with other frozen vegetables as well as dehydration. Areas suitable for further expansion of onion farming are Molemole Local Municipality, Lephalale Local

Municipality, Blouberg Local Municipality, and Bela-Bela Local Municipality (Urban-Econ Development Economists, 2012).

Urban-Econ Development Economists (2012) further state that the technologies required to process onion on a small to medium-scale include automatic onion peelers, cutting machinery/equipment, grading and transporting, drying, and canning facilities. These technologies can be used for secondary processing on a small-scale or for on-farm value addition. The target market for these processing facilities can be the local communities. The machines/technology for processing the various vegetables is available in South Africa.

Onions are a household commodity with high sales volumes in the markets. The onion processing industry uses only a small volume of the onions produced in South Africa. The processing of onions is integrated with other products such as tomato, frozen vegetables, and soup powders. The processing of onion can be feasible if combined with other vegetables (DAFF,2010).

5.4.5. Industrial crops value chain

Urban-Econ Development Economists (2012) indicate that the principal industrial crops in the province are tea, cotton, and tobacco.

Tea value chain: LEDET (2007) states that tea estate currently operating in the Limpopo Province is the Mukumbani Tea Estate. This processes tea leaves into black tea. One of the IPAPs essential action programmes relevant to developing the tea industry in the province is the promotion of exports of beneficiated Rooibos and Honeybush products. IPAP also identifies the development of a strategy and action plan for the beverage industry. The strategy will promote research and development of new products in the beverage sector, which will benefit the tea industry in the province.

Current challenges faced by Mukumbani Tea Estate are that tea is packed and sold in bulk. Therefore, the tea estate works at a loss as compared to when the tea is sold in mini packaging; brand name is not known to the public due to high costs required for marketing and in-store promotion present a problem, and tea estate has not made a profit yet and is dependent on Department of Agriculture for financial grants. Despite these challenges, tea agro-processing opportunities exist in expanding and reviving tea processing in the province, iced tea, and exploring possibilities of green tea. Suitable spatial location for expansion and development of tea production is Vhembe District (Urban-Econ Development Economists, 2012)

Urban-Econ Development Economists (2012) further state that the Mukumbani Tea Estate uses state-of-the-art technology for tea processing. Limpopo's tea industry is lacking in the marketing and branding of the tea produced in the province. It is, therefore, essential to make the local tea a household brand. This can be done by assisting the tea estate to be listed with coastal provinces as a supplier.

The Lidi tea brand can make a profit with further value addition, such as mini packaging, as tea since it is currently sold in bulk. The current tea development efforts should be directed into making the tea estate self-sustainable and reaching profit margins, once in place, the estate can explore options of further expansion activities (LEDET, 2007).

Cotton value chain: According to Urban-Econ Development Economists (2012), the current cotton processing in Limpopo Province is in the form of the cotton fibre sold to spinners. The cotton seed is sold to feedlots for the animal feed industry. The challenges preventing further cotton processing in the province is the lack of infrastructure/equipment and high transport costs involved in distributing and collecting raw material. There are two cotton processors in the province, namely Musina (Weipe Cotton Gin) and Loskop Cotton. They process cotton fibre and cotton seed into animal feed for dairy farms and feedlots. Cotton agro-processing opportunities exist in lint (clothing, lining for tyres, sheets, towels); seed (meat); cake and meal (flour, feed, fertiliser); seed (meat) – crude oil (refined oil, soap) and seed (hull); bran (livestock feed), synthetic rubber. The areas suitable for expanding cotton production and expanding by-products activities are the Musina and Ephraim Mohale Local Municipality.

Current processing activities for cotton in the province are sufficient, as cotton production has declined over the years. The lint and animal feed industry is beginning to command a large share of cottonseed. The cotton pre and post-production can provide employment opportunities for many people while operating on a small-scale. It is essential to build on the current activities before exploring further agro-processing activities (LEDET, 2007).

Tobacco value chain: The main tobacco processing company is Limpopo Tobacco Processors Pty Ltd. Although the company is based in Rustenburg in the North West Province, they have depots in Groblersdal (Limpopo Province) where tobacco farmers can trade in their produce. Tobacco agro-processing opportunities exist in extractable proteins (animal feed and crude); seeds (industrial oil); bioengineering (industrial solvents) as well as cellulose from stems (industrial whiten (paper)).

Suitable spatial locations for expansion and development of tobacco are Greater Marble Hall local municipality, Lephalale local municipality, Elias Motsoaledi local municipality, and Modimolle local municipality (Urban-Econ Development Economists, 2012).

Urban-Econ Development Economists (2012) further state that an increasing gap exists for the production of sun-cured Virginia tobacco. Therefore, future development plans should be increasing production in the long-term to make agro-processing opportunities feasible. The tobacco industry faces challenges of high excise duties, drought, and illegal trade of tobacco. The extractable proteins for animal feed are feasible for local producers as they can target the animal industry; other agro-processing opportunities require high production and sophisticated technology, which the province does not currently have.

5.4.6. Grains value chain

The grains that are discussed in this section are maize, sorghum, wheat and canola.

Maize value chain: LEDET (2007) states that the animal feed, more so the poultry industry, takes up high volumes of yellow maize in the Limpopo Province. Yellow maize also supports the pig, dairy cows, feedlot, cattle industry, and these industries are heavily reliant on commodity maize production. There are numerous silos distributed in the various districts of the province that provide storage facilities to local farmers. Maize production plays a vital role in the economy of rural areas, and improving value addition facilities on-farm level can enhance food security. The large milling companies such as Progress Milling and NTK Limpopo have depots in various provinces to provide easy access to their products.

Maize agro-processing opportunities are in seed suppliers, milling (maize meal and animal feed production), wet milling and beer brewing. Availing infrastructure to rural communities can assist value addition on a local level, reducing transport costs and generating income for local producers. High tonnes of maize are being produced in Mookgopong local municipality; Thabazimbi local municipality; Elias Motsoaledi local municipality; Bela-Bela local municipality and Greater Marble Hall local municipality, thus making these areas feasible for maize processing projects (Urban-Econ Development Economists, 2012).

Urban-Econ Development Economists (2012) further indicates that the technology required for maize milling is available from suppliers in the country and can operate on a small and large-scale

to accommodate production volumes. Maize agro-processing requires technology such as crushing and mixer combined machine; grain cleaner; maize roller mill; maize crusher; storage bin and animal feed production at farm level. High demand for small-scale collective processing in rural and urban areas exists to ensure food security and access to stable food.

The opportunity to grow and involve the emerging sector in research and biotechnology, input suppliers, silo owners can increase production levels of emerging maize farmers in the province and reduce the dependency of small-scale farmers on commercial farmer's infrastructure. The market for maize demand can be considered a stable market as it provides for both the export markets, human consumption (maize milling), and the animal feed industry (LEDET, 2007).

Wheat value chain: Urban-Econ Development Economists (2012) indicate that Limpopo Province has high imports of wheat, due to low production levels. The province is not a high producer of wheat, but the animal industry benefits immensely from the wheat produced locally. Wheat has a stable market, particularly for bread and market growth for confectionery products. The primary role players in silo and processing of wheat in the province are Progress Milling and NTK Limpopo. Wheat agro-processing opportunities exist in wheat protein; wheat meal and bran for the production of animal feed; wheat flour for bread and wheat starch for ethanol, adhesives and paint stripping manufacturing.

Suitable spatial locations for wheat processing expansion and development are Thabazimbi Local Municipality; Greater Marble Hall Local Municipality; Elias Motsoaledi Local Municipality; Greater Tubatse Local Municipality and Bela-Bela Local Municipality. Technology requirements for wheat agro-processing include five-ton wheat mill for small to medium farmers; small-scale wheat flour machine and ten-ton wheat flour mill, which can be used by various co-operative for processing of flour. When investing in millers, the cost of capital, inputs costs, water, and land availability, productivity costs, availability of labour, infrastructure, cost, and agreement of traceability as well as distance have to be considered to ensure successful and sustainable mills (Urban-Econ Development Economists, 2012).

The Limpopo Province is not a high producer of wheat as a cereal; therefore, flour and starch have to be imported from various provinces. Wheat is a winter crop mainly grown in the Waterberg district, and agro-processing opportunities are feasible if high volumes are combined through co-operative growing. Wheat meal, wheat flour, and bran for animal feed production can enhance value for wheat farmers in the district. The processing activities (ranging from small, medium to large-

scale) can accommodate various rural areas through the provision of infrastructure (storage, processing, baking) (LEDET, 2007).

Sorghum value chain: LEDET (2007) states that the current sorghum processing happens in the form of Mabel, traditional thoro (coarse and fine), beer powder, malt, which are mainly used for household consumption. The animal industry also benefits from sorghum production as it is used for the production of poultry feed, which complements the meat industry. Sorghum agro-processing opportunities exist in instant beer powder, sorghum rice, sorghum meal, and sorghum use for the manufacturing of baby food and energy foods.

Suitable spatial locations for expansion and development of sorghum agro-processing include Bela-Bela Local Municipality, Mookgopong Local Municipality, and Elias Motsoaledi Local Municipality, as well as Blouberg Local Municipality. The technology required for sorghum agro-processing is seed cleaner and separator; grain shelter as well as a seed processing machine. Processing opportunities exist for SMMEs to process sorghum for local consumption and the animal feed industry, as both industries require high volumes. Producers of sorghum can also be encouraged to produce sorghum to be used for the manufacturing of baby food and energy foods (Urban-Econ Development Economists, 2012).

Canola value chain: Urban-Econ Development Economists (2012) state that canola agro-processing requires state-of-the art technology and highly skilled labour; currently canola processing is done on a minimal level in the province and in some cases it is processed with other grain seeds. Limpopo Province is not a high producer of canola seeds and has few hectares planted, thus integrating canola processing with other grain/oil seed processing would be feasible. Canola agro-processing opportunities exist in cooking oil and oil cake; canola margarine; salad dressing; canola meal for animal feed and fertiliser, and crushers or seed processors for canola biodiesel and crude oil.

Suitable spatial locations for expansion and development of canola agro-processing exist in Elias Motsoaledi local municipality, Ba-Phalaborwa local municipality, and Blouberg local municipality. Oil production is an important value addition mechanism for canola seed as these can be sold in rural areas and local communities. Research into biodiesel and crude oil can enhance canola value, but firstly production of high volumes is required (Urban-Econ Development Economists, 2012).

5.5. CONCLUSION

According to Webber and Labaste (2010), value chain analysis sheds light on the actors participating in each link, how they participate in the link, and opportunities to facilitate or improve those linkages. This is particularly important in agriculture, where governments are faced with the challenge of including small farmers in modern value chains to benefit from globalisation of markets. Progressively, the value chain approach is being used to guide the high impact and sustainable initiatives, mainly on improving competitiveness, productivity, entrepreneurship, and the growth of small and medium companies (Bamber and Fernandez-Stark, 2014).

Therefore, the value chain concept is applicable not only when applied to growth, but also with the equity element of the modernisation of agri-food systems. The growth of value chains and change in the trade pattern calls for a new set of policies. Domestic policies might not be at the appropriate level to harness best the challenges of competitiveness with value chains. More specifically, small and medium producers in developing countries usually face competitiveness limitations such as low productivity, lack of standards compliance, poor product quality, limited scale, and high transaction costs that limit their potential involvement. These constraints are hard for smallholders to overcome. They face significant constraints such as lack of technical and entrepreneurial training, access to markets, finance, and collaborative networks among small producers and chain stakeholders (Bamber and Fernandez-Stark, 2014).

Appropriate policies should adopt three complementary objectives: joining, maintaining participation, and moving along upstream or downstream value chains. Furthermore, accompanying policies should help maximise the expected benefits and minimise risks, making sure that the chain of results from competitiveness to growth and development is well maintained. Unfortunately, this task is made complex by the heterogeneity of sectors where the organisation of value chains tends to be sector-specific and sometimes even firm-specific. There are no one-size-fits-all policies (Sturgeon and Memedovic, 2011).

The analysis of agro-processing commodity value chains in Limpopo Province will help in identifying the sector opportunities. Understanding the available opportunities would assist both the province in targeting its investment promotions efforts and potential investors in their efforts to look for investment opportunities. The commodity value chain analysis examined the agro-processing potential in Limpopo Province. Limpopo is hosting five of the 44 agri-parks being set-up nationally. The province's agri-parks are set-up roughly according to commodities being grown in different districts. An agri-park offers access to markets by providing forecasting demand from different places

and research on price as well as offering office space to provide administrative support to farmers. Capricorn District Municipality is known for potatoes, while Vhembe District Municipality is known for subtropical and citrus fruits. Mopani District has cash crops as well as citrus and subtropical fruits; Sekhukhune District produces mainly grain; and Waterberg district is the red meat cluster.

The spatial location of agro-processing activities was informed by the competitiveness criteria (natural resources, location, infrastructure, and enabling policy); the commodity profile (status quo); hectares planted per commodity to support agro-processing opportunities and the current and future planned Local Economic Development and Integrated Development Plans. Other components taken into consideration are employment opportunities, SMME development; agglomeration advantages; and sectoral innovation and infrastructure. The identification of spatial locations also considered existing agro-processing activities, market gap, and agri-infrastructure in the province. The critical factor considered in identifying locations for agro-processing activities was the feasibility of a location to process and maintain agro-processing activities. Therefore, given a host of commodity value chain opportunities in Limpopo, as discussed in this chapter, the agro-processing sector's active promotion could have substantial economic spin-offs for a rural province such as Limpopo Province. The IPAP supports this argument as it acknowledges agro-processing as one of the sectors for labour-intensive growth.

In this context, the decision by Dursots-All Joy to upgrade and relaunch the tomato processing factory in Modjadjiskloof, Tzaneen, is vital for the local economy. At least fifteen commercial farmers now have a ready market for one of Limpopo's leading products, and the factory can employ as many as 300 people. These people would help to increase the revenue base of the area. The factory would also assist to minimise the wastage of the agricultural produce as well as reducing the transport cost of delivering the produce out of the province for value addition as the factory is closer to the farming activities. This is good as employment opportunities are not being exported outside the province (Global Africa Network, 2020). Having explored agro-processing and analysed the agro-processing value chain in Limpopo Province in this chapter, the next chapter presents and analyses the results from the study.

CHAPTER 6: PRESENTATION AND ANALYSIS OF QUALITATIVE AND QUANTITATIVE RESULTS

6.1. INTRODUCTION

This chapter presents the qualitative and quantitative results of the research. The qualitative data is grouped into six broad themes that address the research objectives set out in Chapter 1 and were identified during the course of the interviews. These themes are: understanding investor aftercare, practices of investor aftercare, monitoring and evaluating investor aftercare, perception on current investor aftercare, investor aftercare model and the implementation guidelines as well as the role of government. The quantitative data is based on the respondents' responses using the questionnaire, and they complement the qualitative results.

6.2. QUALITATIVE RESULTS

6.2.1. Understanding investor aftercare

This theme is reflected in questions 1 to 5 of the interview guide (Appendix Two). The questions were aimed at establishing the respondents' understanding of the investor aftercare concept concerning investment promotion. When asked about their understanding of aftercare, respondents did not show a clear understanding of the investor aftercare concept. However, they claimed to be providing support to both potential and existing investors in the agro-processing sector. Some of the respondents' responses are as follows:

"*Investor aftercare is the provision of developmental support to SMMEs through incubation programme. Limpopo Economic Development Agency offers this programme as we have Memorandum of Agreement in place*" (Respondent 1,28/05/2019).

"*These are all interventions that we provide businesses in the district across all sectors. We do not have a specific set of interventions for agro-processing*" (Respondent 3,29/05/2019).

"*I do not have an idea about what investor aftercare is all about*" (Respondent 4,29/05/2019).

"*Every support that is provided to the businesses is regarded as aftercare. We provide support to businesses in every sector, including agro-processing. Our support depends on the areas of interventions required by individual businesses*" (Respondent 5,31/05/2019).

The views on the application and the duration of existing investor aftercare models were also of interest, given the common claims that the organisations represented by the interviewed respondents did not have aftercare models, as they noted below.

"*I have not heard about investor model in place*" (Respondent 1,28/05/2019).

"*As far as I know we do not have a strategy and a model to guide our support for investors*" (Respondent 9,04/08/2019),

"*We do not have a documented model; stakeholders need to jointly develop a model or strategy that will be supported and resourced by all*" (Respondent 10,09/09/2019).

"*Our support for investors is not dependant on any model or strategy*" (Respondent 16,22/08/2019).

On stakeholder consultation and co-operation when developing aftercare models and providing aftercare services, most respondents mentioned local, national, provincial governments and state-owned agencies without mentioning private sector and industry associations. The failure to mention consultation and co-operation with the private sector is quite worrying because economic development should be government-led, private sector-driven, and community-based.

The view on stakehoders collaboration as stated in 1.3 is suppoterd by WAVTEQ(2016) who states that any investmentbmade has a multiplier effect on the local economy.As a result,to increase the benefit to a location,supporting investors should be the responsibility of all stakehoders.It calls for the cordination of several stakeholders such as government institutions,businesses,academia,chamber of commerce,foreign embassies,start-ups,and Non-Governmental organisations(NGOs).Rephrasing the idea that it takes a village to raise

a child, Peters (2018) says it takes the whole ecosystem to grow a company.Therefore,supporting existing investors is a stakeholders'collaborative duty that never ends.Some of the respondents' responses are as follows:

"*We always consult with all spheres of government as and when we do our economic development work"* (Respondent 6,31/05/2019).

"*We are from time to time consulting with all entities and departments with similar mandates as us*" (Respondent 11,03/06/2019).

"*All relevant departments,entities and municipalities*" (Respondent 12,03/06/2019).

6.2.2. Practices of investor aftercare

This theme was extracted from questions 7 to 9 of the interview guide (Appendix Two). These questions were aimed at establishing the respondents' application of the investor aftercare concept in the province.

Concerning the kinds of aftercare services provided to existing investors, the responses were interesting. Some of the respondents observed that their organisations offer comprehensive aftercare services, with few claiming that services such as relocation, permanent hotline/email for day-to-day problems, dispute resolution, financial assistance, assistance in identifying suppliers, taxation and; import and export permits, and assistance in identifying competitors, were not common offers to investors. The responses are as follows:

"*We do not offer taxation, financial assistance, relocation, dispute resolution, and assistance in identifying competitors and suppliers*" (Respondent 2,29/05/2019).

"*Our services are not structured; we offer support based on the needs of investors*"
(Respondent 4,29/05/2019).

"*Advising the investors on new government policies and procedures and changes in policies of government which may affect the business*" (Respondent 6,31/05/2019).

When asked about their interaction with existing investors, most of the respondents indicated that their organisations interacted with existing investors more than three times annually. These interactions were through personal visits, email, and phone. However, they prefer personal visits over email and Phone because, with a personal visit, they can build a strong relationship with investors. Thus, the respondents claimed the following:

"*We normally visit investors more than three times a year and we stay in contact daily* " (Respondent 6,31/05/2019).

"*We utilize personal visits,emails,and phone,but we prefer personal visits as we can build a relationship with investors*" (Respondent 9,04/09/2019).

"*We communicate through emails and personal visits as we can build a relationship with investors*" (Respondent 15,21/08/2019).

6.2.3. Monitoring and evaluating investor aftercare

This theme is well captured by questions 10,11,13,14 and 15 of the interview guide (Appendix Two). Questions were aimed at determining how respondents monitored their investor aftercare efforts, as well as establishing their knowledge of challenges faced by both potential and existing investors.

When asked about the resources needed to improve their aftercare, respondents indicated the two main constraints as financial and human resources. The lack of these resources should form the basis for interventions, as the recommendations will show.This view is further supported by OECD(2014) which argues that, the most effective Investment Promotion Agencies (IPAs) devote more resources to resolving investors' complaints and policy advocacy.

Relating to the above, respondents noted the importance of all spheres of government and industry participants as critical aspects that should be improved for effective implementation of aftercare. Thus, the respondents claimed the following:

"*Government support, industry participation, time, human and financial resources are vital"* (Respondent 8,31/05/2019).

"Financial and human resources" (Respondent 10,09/09/2019).

"*Funding and human resources complement each other, and therefore they are critical*" (Respondent 11,03/06/2019).

"*Our limited budget and employees restrict us to concentrate more on aftercare*" (Respondent 15,21/08/2019).

When asked about what makes aftercare a critical function of their organisations, respondents seemed to understand the investor aftercare concept and its critical function on Local Economic Development work. Their views on aftercare are as follows:

"*The support that we provide to businesses across all sectors plays a critical role in driving our local economy*" (Respondent 3,29/05/2019).

"*By creating functional aftercare services we can help the business to grow and expand*" (Respondent 4,29/05/2019).

"*Local Economic Development is government sector-driven, private sector-led and community-based. As a result, aftercare advocate for creating an environment conducive for businesses to thrive*" (Respondent 6,31/05/2019),

When asked about how their organisations acquire knowledge and information about existing investors and their needs, some respondents stated that their organisations acquire knowledge and information about existing investors and their needs when investors visit them. They further indicated that the main challenges faced by existing investors and small enterprises in agro-processing were access to market, access to finance, infrastructure, and quality management.

"*The needs of existing investors are usually known through regular visits to their operations. Lack of access to market, finance and proper infrastructure are the main reasons small enterprises do not take up agro-processing as their field of interest*" (Respondent 2,29/05/2019).

"*We normally get information about the needs of existing investors only if they visit us or visit them, and small businesses fail to participate in agro-processing due to lack of access to finance, market, and infrastructure*" (Respondent 3,29/05/2019).

"*We acquire knowledge and information about our existing investors through visits on regular basis*" (Respondent 4,29/05/2019).

6.2.4. Perception on current investor aftercare

This theme is reflected in questions 16 to 17 of the interview guide (Appendix Two). The questions aimed at establishing respondents' perceptions of the overall assessment of their organisations.

When asked to rate the overall investment aftercare programme of their organisations, the common trend in the respondents' answers indicated that aftercare programmes in these organisations were less than satisfactory. The perception that aftercare programmes are not satisfactory is a concern that is addressed in the Recommendations section (Section 7.2). The unacceptable levels were mainly

influenced by poor or even lack of structure to execute the aftercare programme. Others suggested that the problem lies in the fact that they are reactive rather than proactive in the provision of aftercare services. The responses were:

"*I am not agreeing that our organisation's investment aftercare programme is excellent as we are more reactive in offering our services*" (Respondent 2,29/05/2019).

"*Our aftercare programme is not structured*" (Respondent 4,29/05/2019).

"*Our support for existing investors needs to be improved as it is not up to standard at the moment, these call for all relevant stakeholders to join hands behind aftercare*" (Respondent 5,31/05/2019).

The above views are broadly representative of the perspectives provided on the aftercare rating. These sentiments suggest that more should be done to improve the performance of the aftercare programme.

6.2.5. Investor aftercare model and the implementation guidelines

This theme is reflected in questions 18 to 20 of the interview guide (Appendix Two). The questions were intended to establish the preferred aftercare model, as well as the implementation guidelines.

Regarding the investment aftercare model of their organisations and their preferred aftercare model, some respondents claimed that in-house investment aftercare was the dominant model used in their organisations. Most respondents preferred this model because it was more cost-effective and controllable in comparison to other models. However, respondents emphasised stakeholder collaboration as the guideline for implementing the in-house investor aftercare. The responses were as follows:

"*We make use of in-house as the most preferred due to its effectiveness and manageability, but we need other stakeholders in the sector to make it more effective*" (Respondent 2,29/05/2019).

"*We use and prefer the in-house model as it is cheap and manageable. However, all stakeholders must join hands to ensure proper and effective implementation of this model*" (Respondent 3,29/05/2019).

"*In-house model carried out in partnership with private sector, national and provincial government is the most preferred due to its manageability and cost-effectiveness*" (Respondent 4,29/05/2019).

6.2.6.The role of government

This theme is reflected in questions 6 and 12 of the interview guide (Appendix Two). The questions were intended to establish the role of government on aftercare.Respondents were asked about which sphere of government is most suitable for providing aftercare services, and the reasons thereof. Most respondents mentioned the local government due to its proximity to the people.

"*I think investor care will be more effective at local government level starting at councils*" (Respondent 1,28/05/2019).

"*Aftercare can only be effective if it is carried out at municipal level*" (Respondent 2,29/05/2019).

"*Local government,particularly municipalities,are well-positioned to offer investor aftercare as they are closer to the investors*" (Respondent 7,31/05/2019).

The responses on the role of government is supported in 2.1 where Stern(2003) argues that a favourable investment climate is crucial for the promotion of business dynamism and government should create a conducive environment for businesses to thrive.This view is amplied by Haye(2019) who argues that private sector growth is essential for developing countries to create jobs and raise incomes.

When asked about the level of government where their organisations' aftercare enjoys full support from, most respondents were quick to say their organisation enjoys support from all spheres of government, even though the support is not adequately structured and co-ordinated. Thus, the respondents claimed the following:

"*Our organisation gets and enjoys support from all spheres of government including their relevant agencies without mentioning them by names*" (Respondent 1,28/05/2019).

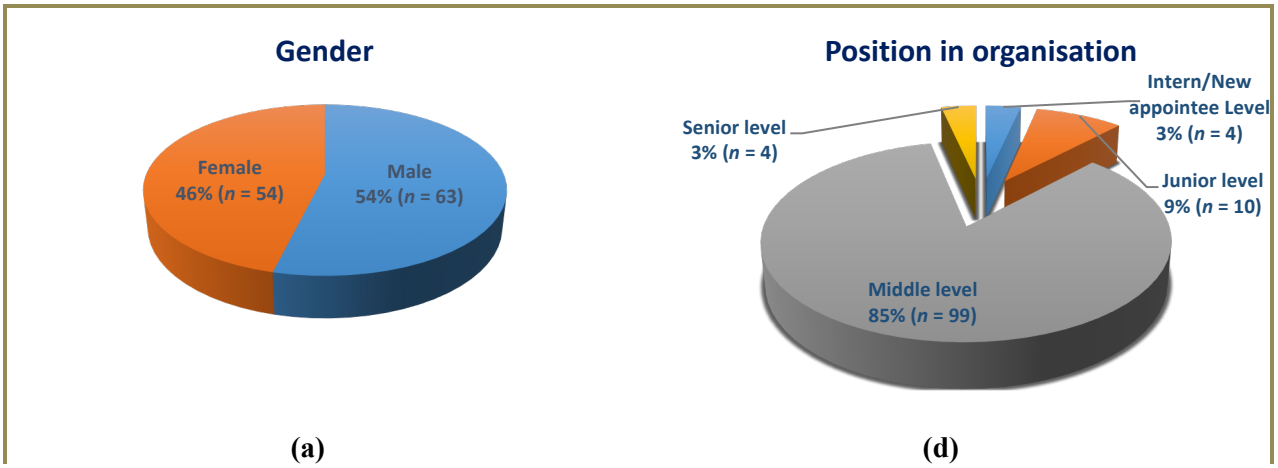
"*We enjoy support from both national and provincial government through various departments and entities, and the only worrying factor is that there is no proper coordination of all stakeholders in pursuit of a common goal*" (Respondent 4,29/05/2019).
"*Most of our programmes and projects are supported by government of South Africa at provincial and national spheres*" (Respondent 8,31/05/2019).

6.3. QUANTITATIVE RESULTS

This section presents the data analysis and research findings based on the responses collected from the respondents using the questionnaire (Appendix One). The data collected was analysed using SPSS and Microsoft Excel. This data analysis and research findings support the qualitative data analysis, as outlined in Section 6.2.

6.3.1. Demographics of questionnaire respondents

Figure 6-1 summarises the demographics of the questionnaire respondents. All of the 117 questionnaire respondents were African (black). Although gender was inconsequential, the majority were male (Figure 6-1(a)). Local and provincial government were the major categories of organisations that took part in the quantitative data collection of the study, as shown in Figure 6-1(b). Local government accounted for 85% of the respondents, and Provincial government accounted for 15%. The majority (85%) of the respondents belonged to the Economic Development Department within the Local Government and Provincial Government (Figure 6-1(c)). It was essential to understand the respondents' different hierarchy levels in their respective employment organisations. As shown in Figure 6-1 (d), 3% of respondents were from the senior level and intern/new appointee level, 9% of respondents from junior level, 85% of respondents from the middle management level, and 3% from the senior level. Half of the respondents had 3-5 years of experience in the field (Figure 6-1(e)).



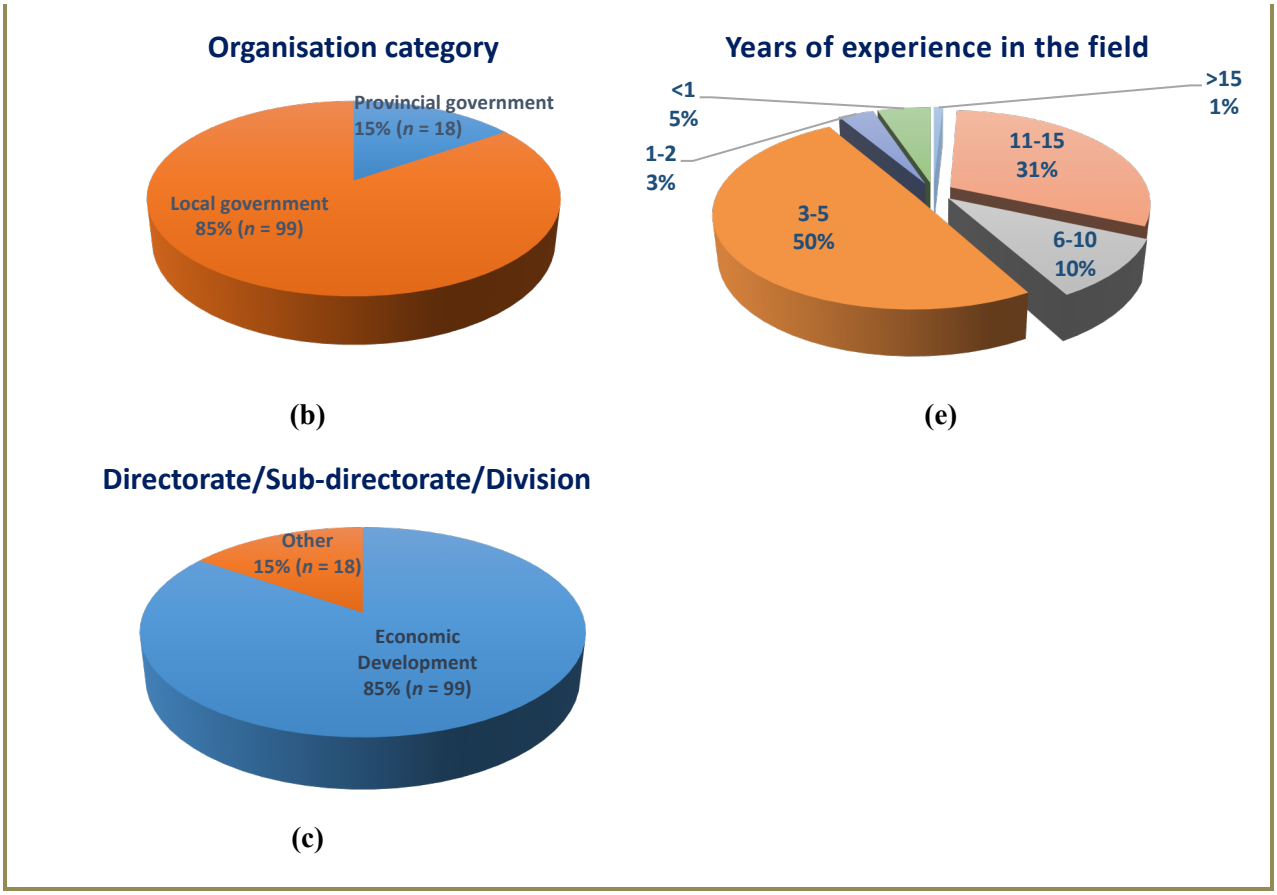


Figure 6-1: **Characteristics of the questionnaire respondents**

6.3.2. A dedicated agro-processing investor aftercare model

According to Agri Trades (2020), an agro-processing investor aftercare model should be aimed at attracting, retaining, and expanding the agro-processing investment of the state or province by focusing on investor needs to improve competitiveness, including the development of their technical competencies mitigating their limitations on growth. Respondents were asked if they had a dedicated agro-processing investor aftercare in their organisations. 91% indicated that their organisations had no dedicated agro-processing model, and 9% were not sure if such a model existed (Figure 6-2).

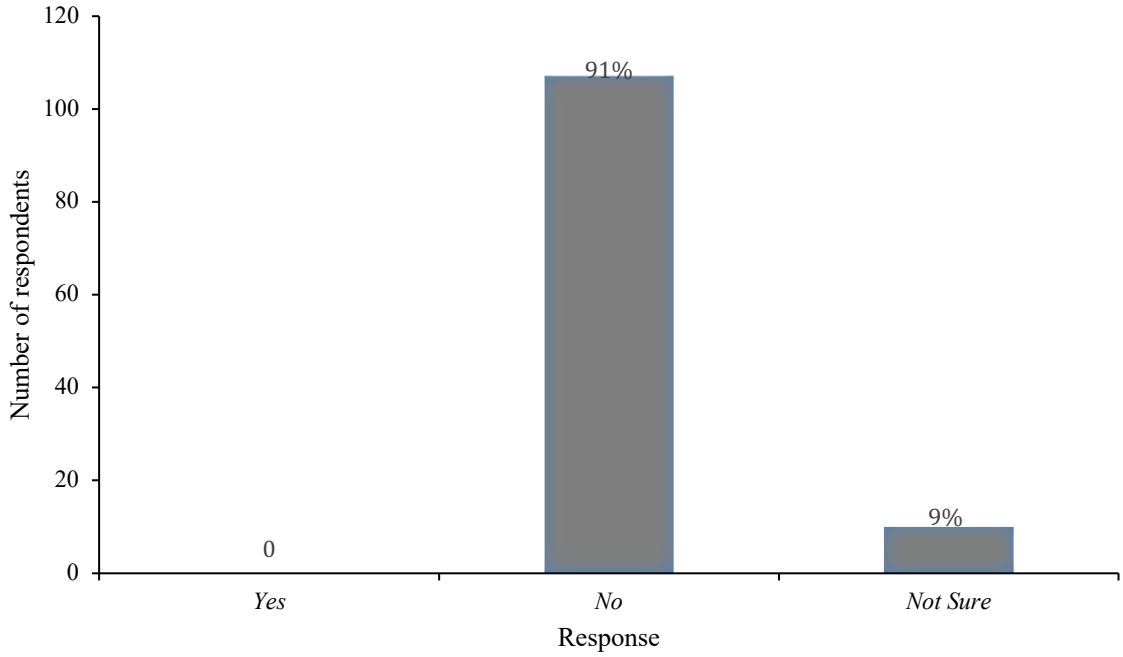


***Figure 6-2*: Questionnaire responses on the existence of a dedicated investor aftercare model in the respondent's organisation**

These results mirror the results showing lack of understanding of investor aftercare concept concerning investment promotion by key informants in the qualitative section (Section 6.2). Therefore, it can be inferred that investor care is a new concept in Limpopo Province. This result concurs with UNCTAD (2007), which emphasise that if investor care is properly implemented it will encourage reinvestment by existing investors. The results show ignorance on the part of the respondents regarding the locomotive effects of investor aftercare.

6.3.3. Investor aftercare services provided

Manasoe and Mears (2011) noted that when the host country provides investor aftercare services to its existing foreign subsidiaries, it would improve the rate of new project implementation and encourage reinvestment, which in turn, helps increase investment impact and build the reputation of a particular locality as an investment destination. A list of possible services provided under investor aftercare was presented to respondents to determine which of those services they provided to investors. All (i.e. 100%) of the respondents indicated that information is the only aftercare service they provide to investors. Such results are contrary to Young and Hood (1994), who hinted that any meaningful investor aftercare should relate to strategic, administrative, informational, operational,

and supply-side services. They indicate lack of knowledge about aftercare, which is discussed further in Section 6.4 holistically with the results from the other questionnaire responses.

6.3.4. Contact with investors when providing aftercare

Respondents were asked to indicate how they contact investors when they provide aftercare service. The majority (88%, $n = 103$) of the respondents indicated that contact with investors when providing aftercare is done through email, phone, and fax (Figure 6-3). Personal visits were not frequently used, as indicated by 12% ($n = 14$) of the respondents. Testing the null hypothesis that the frequencies in the three categories of methods of contact (personal visits; email, phone, fax; other) were not significantly different showed that the differences in these frequencies were statistically significant ($\chi^2 = 160.051$, $p < 0.00001$). This led to the conclusion that the preferred method of contact was email, phone and fax.

This result is line with the qualitative result that organisations interact with existing investors more than three times annually through personal visits, email, and phone to make contact with existing investors. However, in contrast, the qualitative results showed that key informants prefer personal visits to email because with a personal visit, they can build a strong relationship with investors. Since the questionnaire respondents were a larger number than the number of interviewees, it can statistically be concluded that that the preferred method of contact with investors in Limpopo Province is by email, phone and fax.

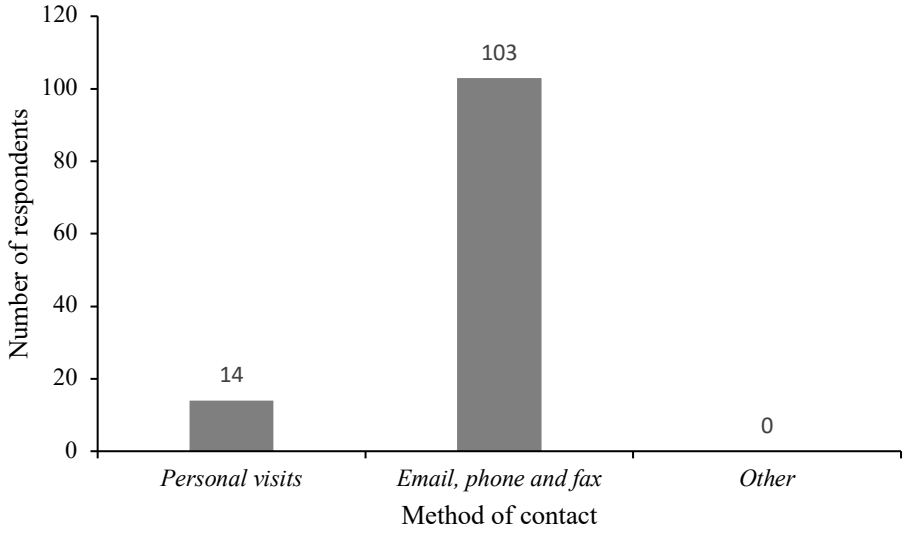


***Figure 6-3*: Questionnaire responses on the method of contact with investors**

when providing aftercare

6.3.5. Challenges faced in provision/implementation of aftercare services

According to Young and Hood (1994), investor care, like any government programme, has implementation challenges. These challenges, amongst others, include the credibility of the institutions, the ability of providers of aftercare, how customers respond or continue with aftercare, attitudes towards aftercare as well as company strategy about aftercare. The questionnaire respondents indicated the specific challenges indicated in Figure 6-4 with regard to the provision of aftercare.

All (100%, $n = 117$) of the respondents indicated that their organisations faced challenges in provision /implementation of investment aftercare. The biggest challenges presented (at 100% response rate) were:

- Lack of Public-Private Partnership;
- Inadequate Skills / Competencies;
- Limited Resources

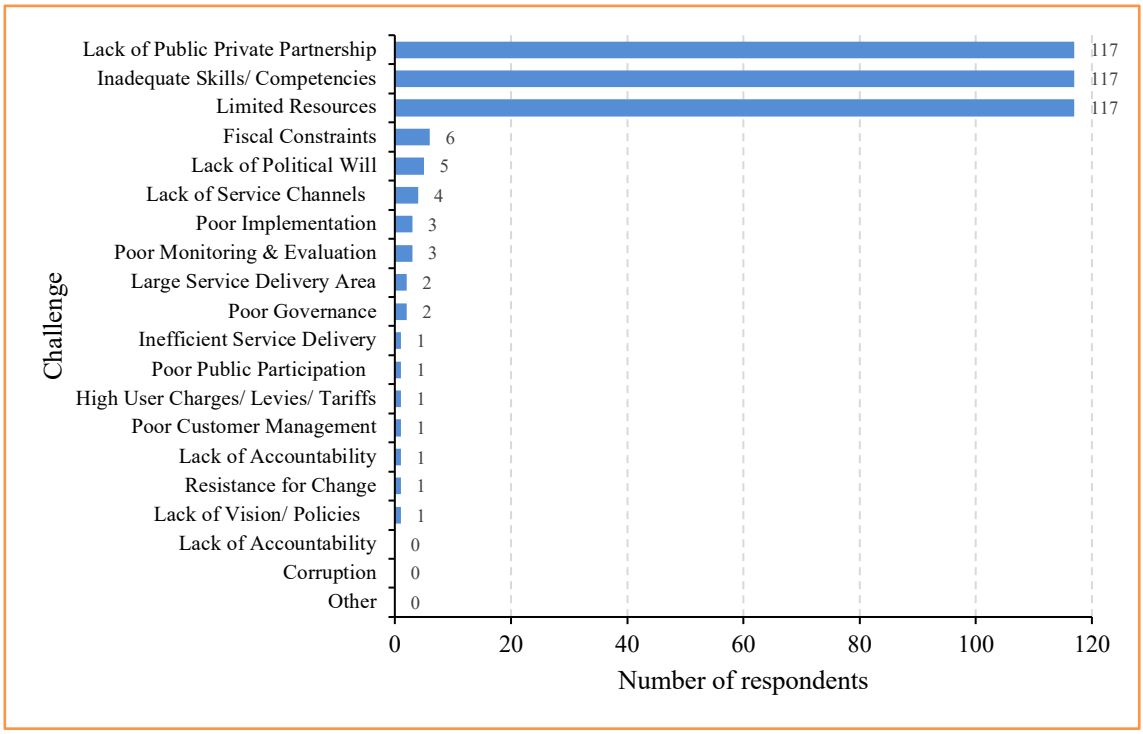


***Figure 6-4*: Questionnaire responses on challenges in aftercare provision**

These quantitative results mirror the qualitative finding that the main constraints concern resources – human and financial. Of equal importance, the results mirror the qualitative results, which hinted at the importance of industry participation through initiatives such as Public-Private Partnership as critical aspects that should be improved for effective implementation of aftercare.

6.3.6. Measuring aftercare service

Respondents were asked how often investor aftercare service was measured in their organisations. The majority (95%, n = 111; Figure 6-5), of the respondents indicated that investor aftercare service was measured at least bi-monthly, and it was measured through the use of manual survey reporting. The null hypothesis that the frequencies in the eight categories (as in Figure 6-5) were not significantly different was rejected (χ^2 = 727.937, p = 0.000). This led to the conclusion that bi-monthly measuring of investor aftercare service was the most common in Limpopo Province.

6.3.7. Major factors of service quality which require major attention

An assessment was done on how well a delivered service conforms to the investor's or client's expectations. Service business operators often assess the service quality provided to their customers

to improve their service, quickly identify problems, and better assess clients' satisfaction. Respondents were asked to highlight important service quality factors to the investor's services, which required significant attention. Trained Human Resources scored highest (100%), followed by Good Policy Frameworks (14%, n = 16), then Successful Implementation (9%, n = 10), and Service Delivery Channels (7%, n = 8) as the top four factors which require significant attention to the specific nature of the services (Figure 6-6).

6.3.8. Services meeting *Batho Pele* principles

The *Batho Pele* White Paper propounds that all public service clients should be consulted about their needs and the standard of services they require (Riekert, 2001). Therefore, public authorities should change to suit the rule of the *Batho Pele* White Paper which implies that individuals from general society ought to be acknowledged as clients. This White Paper hints that a public official is a community worker, as opposed to a public authority.

In endeavouring towards addressing the necessities of every single South African, the South African public service is required to execute the eight standards of delivery of service in the *Batho Pele* White Paper: transparency, openness, information, courtesy, access, service standard, and consultation. The eight *Batho Pele* White Paper standards were investigated while relying on two essentials, specifically 'services to the people' and the 'customer concept'. The eight principles were: consulting users of services, setting service standards, increasing access, ensuring courtesy, information, increasing openness and transparency, remedying mistakes and failures, value for money and perception management.

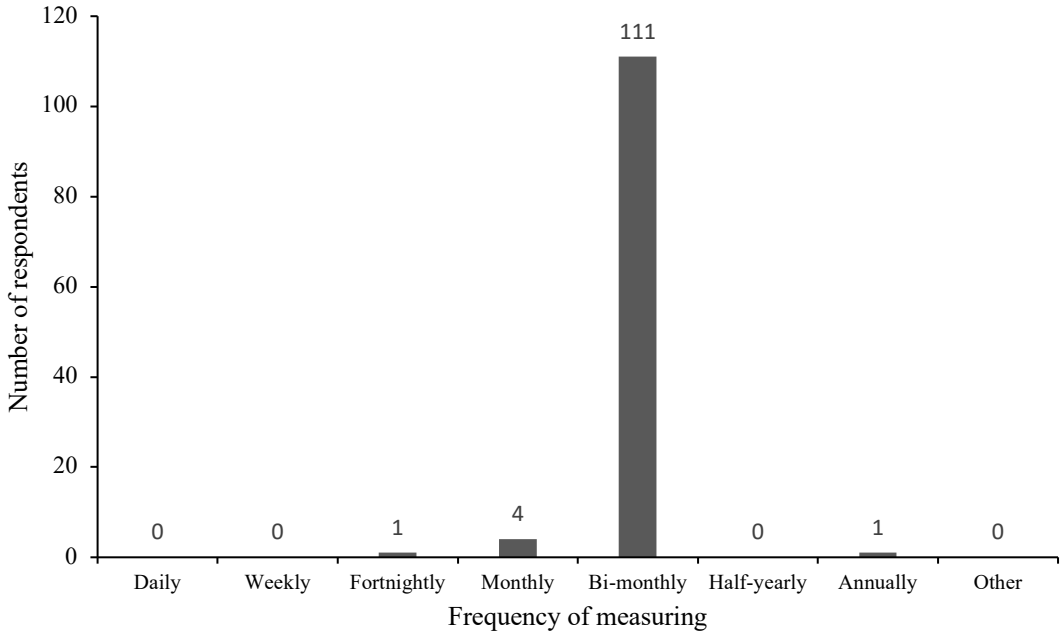


***Figure 6-5*: Questionnaire responses on frequency of measuring investor aftercare in their organisations**

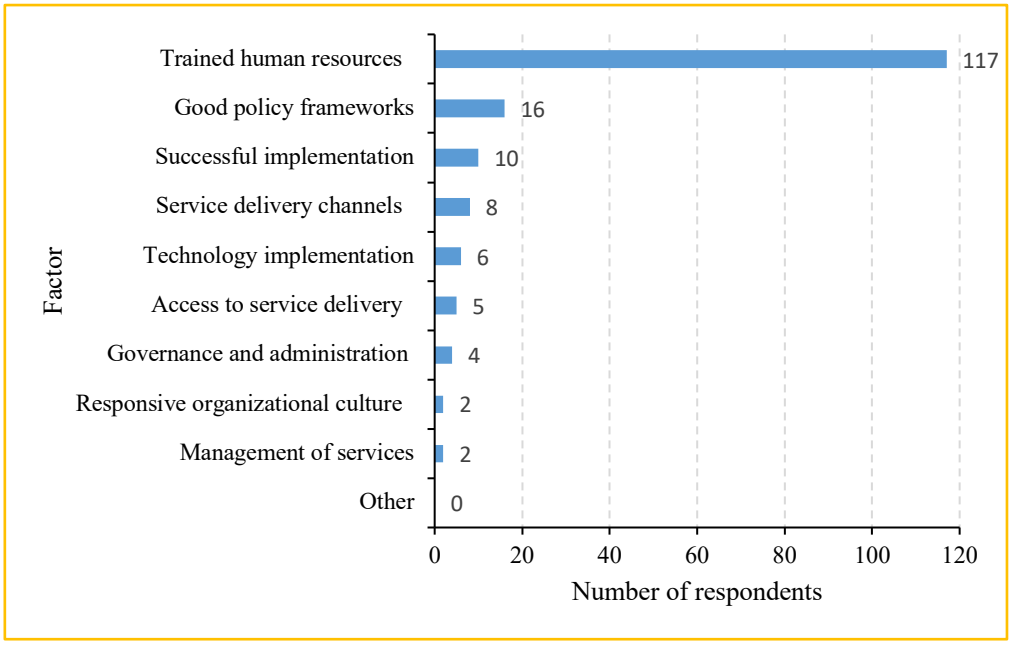


***Figure 6-6*: Questionnaire responses on service quality factors requiring attention**

To examine the application of these principles in investor aftercare, respondents were asked if the current investor aftercare services met *Batho Pele* Principles (consultation, access, courtesy, information, openness and transparency, redress, and value for money). The responses indicated that 85% (n = 100) indicated that the current aftercare services did not meet the *Batho Pele* Principles, with 7% (n = 8) indicating that they were not sure, and 8% (n = 9) that the current aftercare services did meet the *Batho Pele* Principles (Figure 6-7). Testing the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-7) were not significantly different showed that the differences in these frequencies were statistically significant ($\chi^2 = 143.128$, $p < 0.00001$). This led to the conclusion that the general perception was that the current investor aftercare services did not meet the *Batho Pele* Principles. This result shows that investor care was not in comformity with guidelines for the procedure in public service delivery. In particular, this result has painted a picture of the nature of the investor aftercare service in Limpopo Province, indicating that the majority follow close to none of the eight *Batho Pele* White Paper standards.

6.3.9. Service delivery frameworks/standards

Section 1, Part III, of the Public Service Regulations (1999) (as revised) requires the foundation and supporting of a Service Delivery Improvement Program (SDIP) by all offices. The Public Service Regulations, additionally, require that the SDIP contain a three-year time skyline. Respondents were asked if their investor aftercare service delivery had policy frameworks/standards. The majority (79%, n = 93) of the respondents indicated that they did not have policy frameworks/standards for their investor aftercare service delivery, 12% (n = 14) indicated that they have a policy, and 9% (n = 10) were not sure if a policy existed (Figure 6-8).

Against the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-8) were not significantly different, a Chi-square test revealed that the differences in these frequencies were statistically significant ($\chi^2 = 112.359$, $p < 0.00001$). This led to the conclusion that investor aftercare service delivery in Limpopo Province generally had no policy frameworks/standards. The results go against the Service Delivery Improvement Program, which centres around regulating the *Batho Pele* Principles inside investment authority activities, given its mandate by the constitutional transmit, Chapter 10, and Section 195 of the Constitution. Section 95 emphasises fundamental qualities, the standards administering public administration and the relevant vital targets and priorities (The Constitution of the Republic of South Africa, 1996).

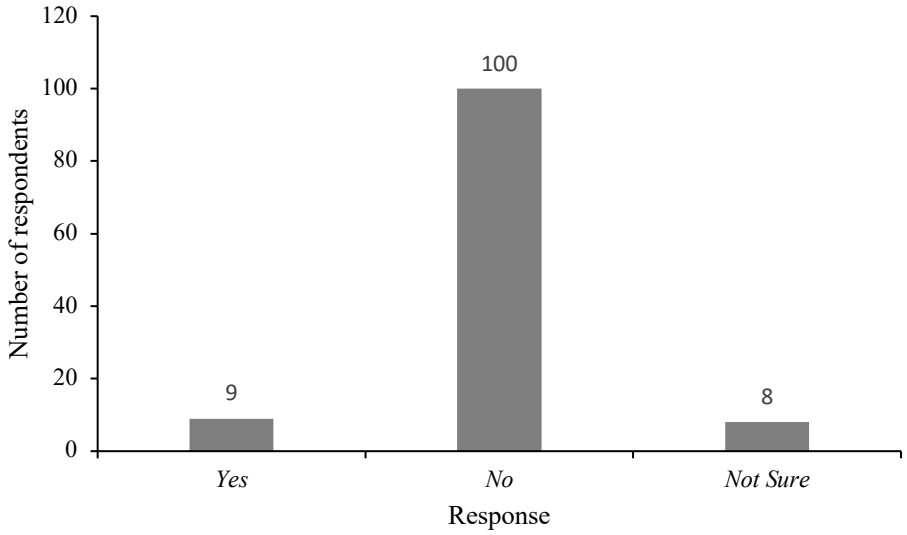


***Figure 6-7*: Questionnaire responses on whether the current investor aftercare services meet *Batho Pele* Principles**

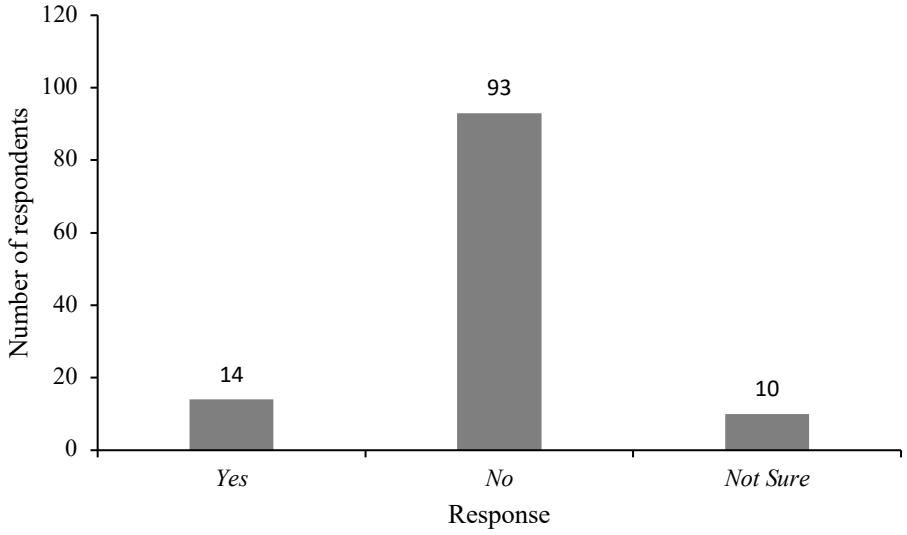


***Figure 6-8*: Questionnaire responses on whether investor aftercare service delivery had policy frameworks/standards**

6.3.10. Quality of aftercare services offered

Respondents were asked if they thought there was a need to improve the quality of aftercare services offered. From the responses, 94% (n = 110) agreed that there was a need to improve the quality of aftercare services offered, 3% (n = 3) do not think there was a need to improve the quality of aftercare

services offered, and another 3% (n = 3) were not sure (Figure 6-9). Testing the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-9) were not significantly different showed that the differences in these frequencies were statistically significant (χ^2 = 193.897, p < 0.00001). This led to the conclusion that the general perception was that there was a need to improve the quality of aftercare services offered. The results are also in line with Service Delivery Improvement Program, which centres on regulating the *Batho Pele* Principles and improvement of service quality.

6.3.11. Innovative ways of providing aftercare service

In a bid to understand if there are, innovative ways in aftercare service delivery, respondents were asked whether there are any innovative ways of providing aftercare services in their organisations. From the responses, 91% (n = 106) of the respondents indicated that there were no innovative ways of providing aftercare services in their organisations, 6% (n = 7) were not sure, and 3% (n = 4) that their organisations had innovative ways of providing aftercare services in their organisations (Figure 6-10).

Against the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-10) were not significantly different, a Chi-square test revealed that the differences in these frequencies were statistically significant (χ^2 = 172.769, p < 0.00001). This led to the conclusion that there were no innovative ways of providing aftercare services in the organisations in Limpopo Province at the time of this study.

6.3.12. Speed of service delivery

Respondents were asked if the speed of service delivery in their organisations was adequate. The responses showed that 95% (n = 111) of the respondents thought that the speed of service delivery was inadequate, 2% (n = 2)were not sure and only 3% (n = 4)thought that the speed of service delivery was adequate (Figure 6-11).

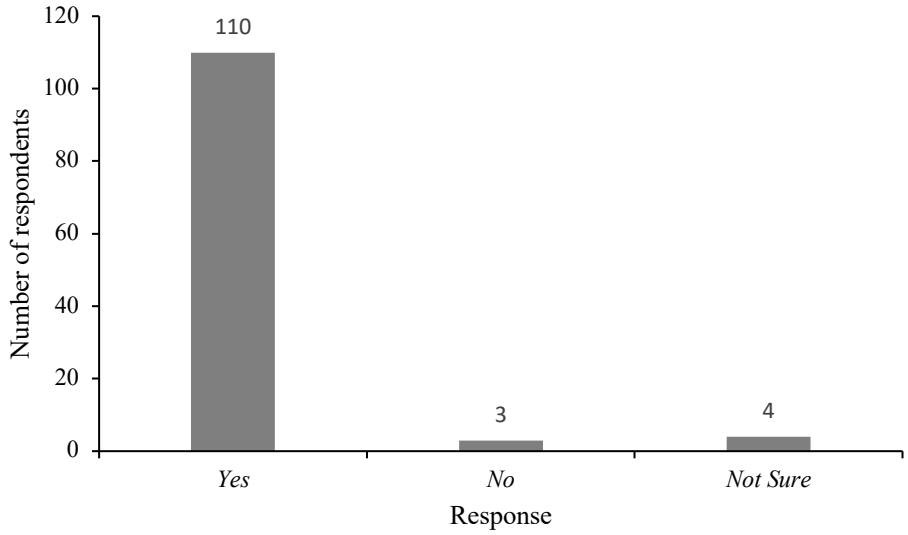


***Figure 6-9*: Questionnaire responses on whether there was a need to improve the quality of aftercare services offered**

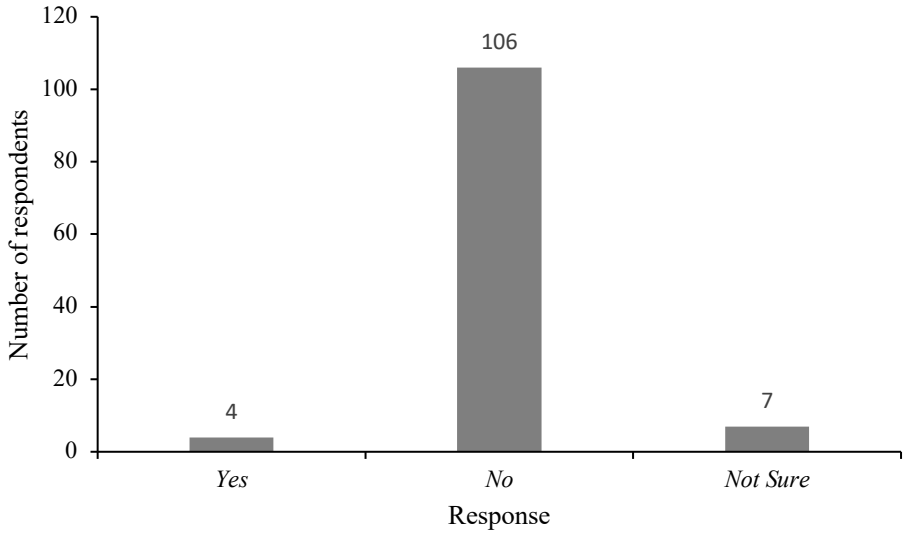


***Figure 6-10*: Questionnaire responses on whether there were innovative ways of providing aftercare services in the respondents' organisations**

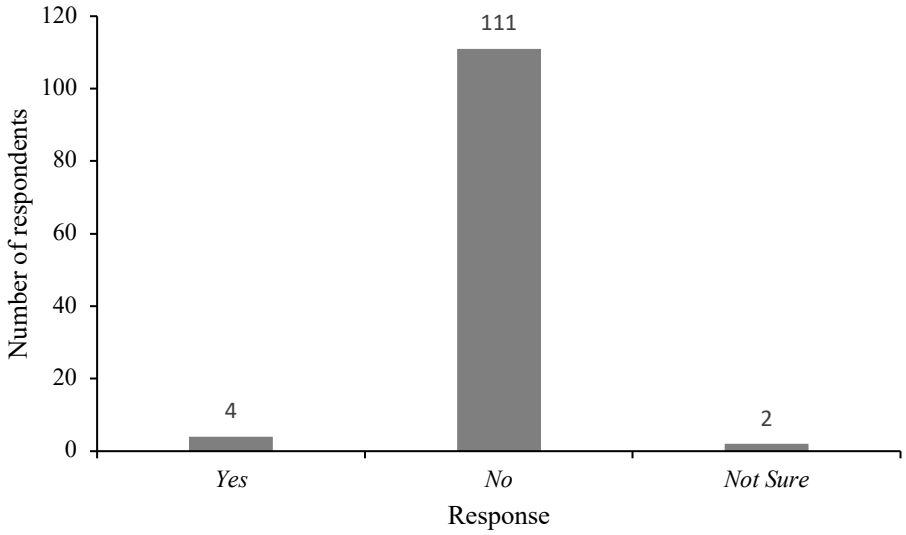


***Figure 6-11*: Questionnaire responses on whether the speed of service delivery in respondents' organisations was adequate**

Testing the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-11) were not significantly different showed that the differences in these frequencies were statistically significant ($\chi^2 = 199.436$, $p < 0.00001$). This led to the conclusion that the general perception was that the speed of service delivery in the organisations in Limpopo Province was adequate at the time of this study.

6.3.13. Complaints resolving

Respondents were asked if the service delivery complaints were resolved efficiently in their organisations. The responses showed that 46% of the respondents ($n = 54$) indicated that complaints were resolved efficiently, 39% ($n = 46$) indicated that complaints were not resolved efficiently, and 15% ($n = 17$) were not sure (Figure 6-12). Against the null hypothesis that the frequencies in the three categories (yes, no, not sure; Figure 6-12) were not significantly different, a Chi-square test revealed that the differences in these frequencies were statistically significant ($\chi^2 = 19.436$, $p = 0.00006$). This led to the conclusion that the general perception was that service delivery complaints were not resolved efficiently in the organisations in Limpopo Province at the time of this study.

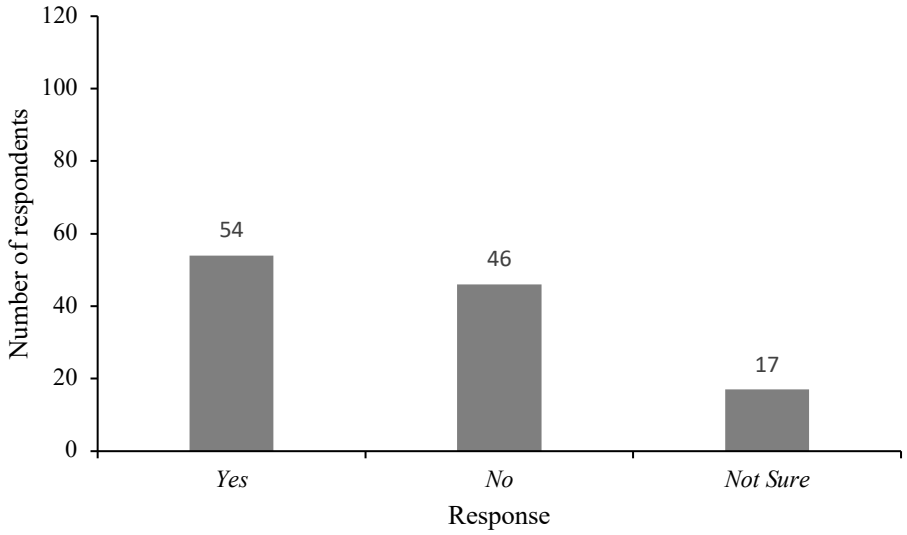


***Figure 6-12*: Questionnaire responses on whether service delivery complaints were resolved efficiently in respondents' organisations**

6.3.14. Perception on investor aftercare

Respondents were presented with statements that enabled the researcher to gather data on the perceptions on investor aftercare. A total of 13 statements was used. The responses to each statement on perception on investor aftercare were recorded on a five-point Likert scale that ranged between "1 = disagree" and "5 = strongly agree". The first statement requested the respondents to rate the effectiveness of their organisations' aftercare in supporting agro-processing investors. The results are presented in Table 6-1.

The general perceptions held by the respondents regarding investor aftercare in their organisations were that:

- The organisations' aftercare is not effective in supporting agro-processing investors.
- Lack of Public-Private Partnership (PPP) is one of the challenges/weaknesses in organisations for more effective implementation of aftercare.
- Investor aftercare benefits the province's investment attraction, retention, expansion, and employment creation.

Table 6-1: Summary of questionnaire responses on perception on investor aftercare

Criteria (statements)	Rating

	Strongly agree	Agree	Disagree	Strongly disagree	Neutral
1. The organisation's investor aftercare is effective in supporting existing agro-processing investors/businesses	0 (0%)	5 (4%)	45 (38%)	61 (52%)	6 (5%)
2. Public-Private Partnerships as one of the challenges in implementing aftercare in the organisation	73 (62%)	37 (32%)	3 (3%)	0 (0%)	4 (3%)
3. Investor aftercare benefits the province's investment attraction, retention and expansion and employment creation	88 (75%)	25 (21%)	2 (2%)	0 (0%)	2 (2%)
4. The organisation has made significant investment in resources towards aftercare services	0 (0%)	4 (3%)	4 (3%)	104 (89%)	5 (4%)
5. Sufficient human, time and financial resources are still needed towards a comprehensive aftercare	101 (86%)	14 (12%)	0 (0%)	0 (0%)	2 (2%)
6. The agro-processing sector is satisfied with the quality of our services	1 (1%)	6 (5%)	27 (23%)	74 (63%)	9 (8%)
7. Aftercare service is critical function in our organisation as it is economic development's backbone	93 (79%)	19 (16%)	2 (2%)	0 (0%)	3 (3%)
8. Aftercare services enjoy support from all stakeholders	2 (2%)	4 (3%)	27 (23%)	79 (68%)	5 (4%)
9. The organisation acquires the needs of existing investors through regular interaction with them	0 (0%)	6 (5%)	60 (51%)	42 (36%)	9 (8%)
10. Land, electricity supply and quality raw materials are the main three challenges prohibiting existing investors to reach their full potential	89 (76%)	10 (9%)	2 (2%)	2 (2%)	14 (12%)
11. Funding, market and skills are the main challenges prohibiting small enterprises to meaningfully participate in agro-processing sector	103 (88%)	5 (4%)	2 (2%)	3 (3%)	4 (3%)
12. Our organisation follows a comprehensive aftercare model	1 (1%)	3 (3%)	44 (38%)	65 (56%)	4 (3%)
13. My overall assessment is that our organisation's aftercare model is excellent	3 (3%)	3 (3%)	44 (38%)	66 (56%)	1 (1%)

- The organisations have not made a significant investment in resources towards aftercare services.

- Sufficient human, time, and financial resources are still needed toward comprehensive aftercare.
- The agro-processing sector is not satisfied with the quality of their organisations' services.
- Aftercare service is a critical function in their organisations as it is economic development's backbone.
- Their organisations' aftercare services do not enjoy support from all stakeholders.
- The organisations do not acquire the needs of existing investors through regular interaction with them.
- Land, electricity supply, and quality raw materials are the three main challenges prohibiting existing investors from reaching their full potential.
- Funding, market, and skills are the three main challenges prohibiting small enterprises from participating in the agro-processing sector meaningfully.
- Their organisations do not follow a comprehensive aftercare model.

The respondents' overall assessment was that their organisations' aftercare model was not excellent. These results are similar to the qualitative data analysis in Section 6.2. Overall, the respondents were not happy with the investor aftercare offered by their organisations. Their perception underscores the need to involve the private sector in order to improve investor aftercare in Limpopo Province. This makes sense, as aftercare is aimed to help the private sector. Respondents also understood that investor aftercare is a critical aspect of Local Economic Development.

Factor analysis of the responses to the thirteen statements in Table 6-1 resulted in one main factor, which explained 72% of the data variance. The factor's eigen value was 9.36. The eigen vectors of the thirteen statements are shown in Table 6-2, in which the statements are listed in decreasing order of their importance in this main factor. In Table 6-2, the general pattern is that the statements in Table 6-1 with which the respondents strongly disagreed have positive vectors in (i.e., positive association with) this main factor. Conversely, the statements in Table 6-1 with which the respondents strongly agreed have negative vectors in (i.e., negative association with) the main factor.

Table 6-2: Factor analysis of the perception on investor aftercare questionnaire responses

Statement (statement number in Table 6-1 in brackets)	Vector	Power	Importance
(1) The organisation's investor aftercare is effective in supporting existing agro-processing investors/businesses	0.2969	0.8234	1
(2) Public-Private Partnerships as one of the challenges in implementing aftercare in the organisation	-0.2944	0.8131	2

(12) Our organisation follows a comprehensive aftercare model	0.2906	0.7885	3
(3) Investor aftercare benefits the province's investment attraction, retention and expansion and employment creation	-0.2854	0.7645	4
(6) The agro-processing sector is satisfied with the quality of our services	0.2821	0.7430	5
(13) My overall assessment is that our organisation's aftercare model is excellent	0.2821	0.7426	6
(7) Aftercare service is critical function in our organisation as it is economic development's backbone	-0.2808	0.7403	7
(10) Land, electricity supply and quality raw materials are the main three challenges prohibiting existing investors to reach their full potential	-0.2785	0.7283	8
(5) Sufficient human, time and financial resources are still needed towards a comprehensive aftercare	-0.2743	0.7063	9
(8) Aftercare services enjoy support from all stakeholders	0.2729	0.6949	10
(9) The organisation acquires the needs of existing investors through regular interaction with them	0.2683	0.6730	11
(11) Funding, market and skills are the main challenges prohibiting small enterprises to meaningfully participate in agro-processing sector	-0.2605	0.6378	12
(4) The organisation has made significant investment in resources towards aftercare services	0.2327	0.5050	13

The main factor in the responses that resulted from the factor analysis in Table 6-2 can, therefore, be interpreted as a negative perception of investor aftercare. In order of magnitude of the vector values in Table 6-2, the statements that indicate this negative perception mainly have to do with the 'organisation', and are as follows:

1) The organisation's investor aftercare is effective in supporting existing agro-processing investors/businesses.
2) Our organisation follows a comprehensive aftercare model.
3) The agro-processing sector is satisfied with the quality of our services.
4) My overall assessment is that our organisation's aftercare model is excellent.
5) Aftercare services enjoy support from all stakeholders.
6) The organisation acquires the needs of existing investors through regular interaction with them.
7) The organisation has made significant investment in resources towards aftercare services.

To understand the association between having a dedicated agro-processing investor aftercare model and the organisation's category, a cross tabulation was used as reflected in Table 6-3. Symmetric measures were derived, as shown in Table 6-4. Pearson's R measure gave a value of 0.130, which implies a small relationship between the two variables. Spearman Correlation measure also gave a value of 0.130, which also implies a small positive relationship between having a dedicated agro-processing aftercare model and the category of organisation. Therefore, there is no monotonic association between having a dedicated agro-processing aftercare model and the category of organisation.

Table 6-3: Cross tabulation on association between having a dedicated agro-processing investor aftercare model and the category of organisation

			Dedicated agro-processing investor aftercare model		Total
			No	Not Sure	
Category of organisation	Provincial Government	Count	18	0	18
		% within organisation category	100.0%	0.0%	100.0%
		% within dedicated agro-processing investor aftercare model	16.8%	0.0%	15.4%
		% of Total	15.4%	0.0%	15.4%
	Local Government	Count	89	10	99
		% within organisation category	89.9%	10.1%	100.0%
		% within dedicated agro-processing investor aftercare model	83.2%	100.0%	84.6%
		% of Total	76.1%	8.5%	84.6%
Total		Count	107	10	117
		% within organisation category	91.5%	8.5%	100.0%
		% within dedicated agro-processing investor aftercare model	100.0%	100.0%	100.0%
		% of Total	91.5%	8.5%	100.0%

Having established that there was no association between having a dedicated agro-processing aftercare model and the category of organisation, it was essential to test further to find out if there was an association between having a dedicated aftercare model and the location of an organisation. The results are shown in Tables 6-5 and 6-6.

Table 6-4: Symmetric measures on association between having a dedicated agro-processing investor aftercare model and category of organisation

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.130	.025	1.410	.161[c]
Ordinal by Ordinal	Spearman Correlation	.130	.025	1.410	.161[c]
N of Valid Cases		117			

Table 6-5: Cross tabulation on association between having a dedicated agro-processing investor aftercare model and the location of organisation

			Dedicated agro-processing investor aftercare model		Total
			No	Not Sure	
Location	Head Office	Count	104	0	104
		% within location	100.0%	0.0%	100.0%
		% within dedicated agro-processing investor aftercare model	97.2%	0.0%	88.9%
		% of Total	88.9%	0.0%	88.9%
	Satellite Office	Count	3	10	13
		% within location	23.1%	76.9%	100.0%
		% within dedicated agro-processing investor aftercare model	2.8%	100.0%	11.1%
		% of Total	2.6%	8.5%	11.1%
Total		Count	107	10	117
		% within location	91.5%	8.5%	100.0%
		% within dedicated agro-processing investor aftercare model	100.0%	100.0%	100.0%
		% of Total	91.5%	8.5%	100.0%

Table 6-6: Symmetric measures on association between having a dedicated agro-processing investor aftercare model and the location of organisation

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.865	.072	18.459	.000[c]
Ordinal by Ordinal	Spearman Correlation	.865	.072	18.459	.000[c]
N of Valid Cases		117			

Pearson's R-value was 0.865, which indicates a strong association. Spearman Correlation also has a value of 0.865, which also indicates that there is a strong association. However, respondents from both locations indicated that they did not have or were not sure of having a dedicated agro-processing aftercare model. Therefore, there is no association between having a dedicated agro-processing aftercare model and the location of an organisation. The total number of respondents in the sample who answered both items was 117. The p-value for this correlation coefficient is .000. Therefore, the null of no relationship is rejected and the conclusion is that it is statistically significant.

6.4. DISCUSSION

Key results from the data presentation and analysis are discussed in this section, with a view to making it explicit its relation to our current knowledge of these results and to show areas in which extensions to our current knowledge have been made. The six key results which are discussed, taking into account the objectives of the study, are: Level of understanding investor aftercare; Practices of investor aftercare during interaction; Challenges faced in implementing investor aftercare model; Perception on current investor aftercare; Investor aftercare model and its implementation guidelines; Extent of services meeting *Batho Pele* quality principles. A new investor aftercare model for the agro-processing sector in Limpopo Province is then developed.

The first result, concerning understanding of investor aftercare, was that the respondents did not show a clear understanding of the investor aftercare concept. Such results are in line with LEDA (2020), which explained that the current institutional arrangement in Limpopo Economic Development Agency (LEDA) is being bloated, and that it has overlaps of divisional mandates which renders the services offered by the agency very confusing and less effective. The results indicate that the agency seems to focus mainly on outward trade missions as opposed to investor aftercare, which does not find expression in the LEDA structure and annual reports. These outward trade missions are being carried out in collaboration with other national departments and provincial departments such as the Department of Trade and Industry, Limpopo Department of Economic Development, Environment and Tourism, and Limpopo Department of Agriculture and Rural Development (LEDA, 2020). The overall lack of understanding of investor aftercare implies that the responsible authorities could not be able to come up with new ways of improving investment attraction, retention and expansion efforts in order to reduce unemployment rate and subsequently increase the revenue base of the country. The lack of understanding of investor aftercare is likely to be the reason why the majority of the

respondents indicated that their organisations had no dedicated agro-processing model. Therefore, it can be inferred that investor aftercare is a new concept in Limpopo Province. This result is in line with UNCTAD (2007), in which it is emphasised that if investor aftercare is properly understood and implemented, reinvestment by existing investors will be encouraged.

The second result is on practices of investor aftercare. According to Young and Hood (1994), the first and subsequent visits ensure a continual assessment of relationships and feedback with investors. Quantitative results in Section 6.3.4 show that the majority of the respondents indicated that contact with investors when providing aftercare is done through email, phone, and fax. Personal visits are not frequently used. This result is line with the qualitative result that organisations interact with existing investors more than three times annually through personal visits, email, and phone. However, the qualitative results show that key informants prefer personal visits to email, since with a personal visit, they can build a strong relationship with investors.

The third result to be discussed is challenges faced in implementing an investor aftercare model. The majority of the respondents indicated that their organisations face challenges in the provision /implementation of investment aftercare. The challenges include Lack of Public-Private Partnership; Inadequate Skills / Competencies and Limited Resources (Figure 6.4). These quantitative results mirror the qualitative finding that the main constraints of concern were lack of human and financial resources. Of equal importance, the results mirror the qualitative results, which hint at the importance of industry participation through initiative such as Public-Private Partnership as a critical aspect that should be improved for effective implementation of aftercare. The results are in line with UNCTAD (2007), which hinted that the existence of under-resourcing of IPAs contributes to the reactive tendencies rather than pro-active approach. Reactive tendencies would require significant financial and human resources. During reactive projects, as long as there are no organisational strategies for aftercare services, budgeting will always remain elusive (UNCTAD, 2007). The results from this study further reveal that there is considerable underutilisation of human resources in Limpopo Economic Development Agency. Under-utilisation is noted, especially it terms of the many business advisors across the province who could be capacitated with relevant investor aftercare skills to assist the province (various municipalities) to implement aftercare more effectively.

The fourth result is centred on perception on current investor aftercare. Rating the overall investment aftercare programme of their organisations, the respondents' common trend indicated that aftercare programmes in these organisations are less than satisfactory. This result relate well with UNCTAD (2007), which hinted that the unacceptable levels of investor aftercare are mainly influenced by poor,

or even lack of, structure to execute the investor aftercare programme. These findings are also in line with the common belief that the problem lies in the fact that the organisations are reactive rather than proactive in the provision of aftercare services. The above are broadly representative of the perspectives provided by the respondents on the aftercare rating. These sentiments suggest that more should be done to improve the performance of the aftercare programme. In addition, quantitative results show that the respondents' overall assessment is that their organisations' aftercare model is not excellent. Overall, respondents were not happy with the investor aftercare offered by their organisations. Their perception illustrates the need to involve the private sector in order to improve investor aftercare in Limpopo Province.

The fifth result to be discussed is on the investor aftercare model and its implementation guidelines. The majority (91%) of the respondents indicated that their organisations had no dedicated agro-processing model. This aspect of the questionnaire intended to establish the preferred aftercare model as well as the implementation guidelines. The results indicated that the agro-processing investor aftercare model should be aimed at attracting, retaining, and expanding the agro-processing investment of the province, by focusing on investor needs to improve competitiveness, including the development of their technical competencies to mitigate their limitations on growth. The result mirror the lack understanding of the investor aftercare concept concerning investment promotion by key informants in the qualitative results. Therefore, it can be inferred that investor care is a new concept in Limpopo Province. This result is in line with UNCTAD (2007), in which it is mphasised that if investor care is properly implemented, reinvestment by existing investors will be encouraged. Results show ignorance on the part of the respondents regarding the locomotive effects of investor aftercare. In addition, regarding the investment aftercare model of their organisations and their preferred aftercare model, results indicated that in-house investment aftercare was the dominant model used in organisations. Most respondents preferred this model because it was more cost-effective and controllable in comparison to other models. However, respondents emphasised the need for stakeholder collaboration as the guideline for implementing the in-house investor aftercare. These results are in line with WAVTEQ (2016), in which it is stated that supporting investors should be a job for all stakeholders, not just the Investment Promotions Agency (IPA). It calls for the coordination of several stakeholders such as government institutions, businesses, academia, chambers of commerce, foreign embassies, start-ups, and Non-Governmental Organisations (NGOs). Therefore, supporting existing investors is a stakeholders' collaborative work that never ends.

The final result is on the extent to which services meet *Batho Pele* Principles. The majority (85%) of the respondents indicated that the current investor aftercare services did not meet the *Batho Pele*

Principles. Relatedly, the majority (79%) of the respondents indicated that their organisations did not have policy frameworks/standards for investor aftercare service delivery (Figure 6-8). This made the majority to agree that there was a need to improve the quality of aftercare services offered (Figure 6-9). These quantitative results corroborate well with lack of understanding of investor aftercare in the qualitative analysis (Section 6.2). This result shows that investor aftercare is not in comformity in the execution procedure for the transformation of investor aftercare public service delivery. In particular, the result has conceptualised the investor aftercare service at Limpopo Province. The majority of the respondents would say close to none of the eight *Batho Pele* White Paper standards were followed. This result is in line Riekert (2001), who emphasised that the *Batho Pele* White Paper necessitates that all public service clients be consulted about their needs and standard of services they required. Public authorities should, therefore, change their service levels to suit the rule of the *Batho Pele* White Paper, that individuals from general society ought to be acknowledged as clients and that the public service official is a community worker, as opposed to a public authority. Therefore, endeavouring towards addressing the necessities of every single South African, the South African public service is required to execute the eight *Batho Pele* White Paper standards of delivery of service. This service is also applicable to businesses or investors.

6.5. A PROPOSED NEW INVESTOR AFTERCARE MODEL FOR THE AGRO-PROCESSING SECTOR IN LIMPOPO PROVINCE

According to Pine II and Gilmore (1998), the economic offering has changed from goods to services and eventually to experience. Jang and Jung (2013) indicate that the change of economic offering means the coming of the experience economy. Therefore, businesses have to offer customers a unique, special, valuable, and memorable experience. In line with this notion, and using the results from this study, the researcher developed a new ideal investor aftercare model for the agro-processing sector in Limpopo Province, called the *Experiential Investor Aftercare Model*. The model is outlined in Figure 6-13.

The model has four phases, namely: investor reception, investor engagement, investor support, and investor development. The characteristics of these phases are outlined as follows:

- **Investor reception**, this is the first phase, which focuses on investor welcoming and induction. In this phase, the new investor would be introduced to all stakeholders in the province, and further inducted about the province. The welcome and induction would be done by the Premier or a

delegated top official. This would show that the province is serious about investment attraction. This kind of reception would go a long way, as the investor would feel so special.

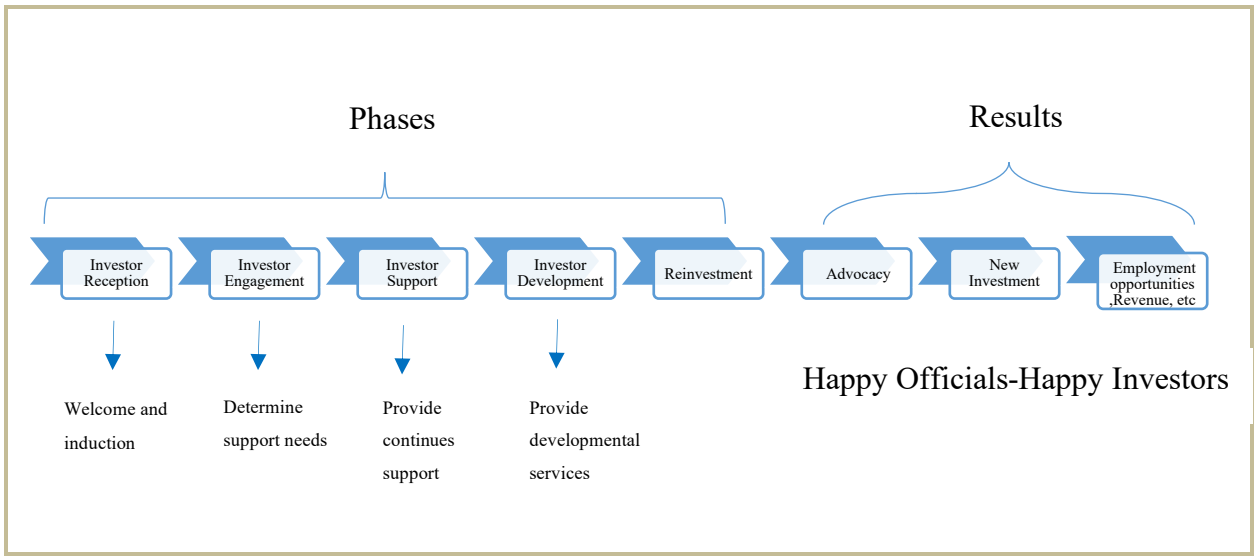


***Figure 6-13*: The new *Experiential Investor Aftercare Model* developed for the agro-processing sector in Limpopo Province**

- **Investor engagement**, the second phase, focuses on establishing the kind of support required by the investor. This phase is investor-centric in that it helps determine the value adding support required to meet the investor's needs. Engagement helps to identify immediate, and future investor support needs pro-actively. In the broader sense, investor engagement is any communication between aftercare practitioners and investors, to determine areas where support would be needed to ensure that investment and reinvestment happen without obstacles.

- **Investor support**, this third phase deals with the actual provision of support needed by the investor to ensure realisation of the initial plan. Investor support is, by nature, a continuous process and could take different forms. The provision of excellent value added support could result in building trust, relationship, and confidence with investors.

- **Investor development**, this fourth phase requires the expansion of the investor's operation. This phase relates to pro-actively helping existing investors to remain competitive and to grow. This could be done through reducing the cost of doing business in the area by helping an investor to access incentives offered by national, provincial and local governments, as well developmental

services offered by all branches of government and their agencies to ensure investor competitiveness. In this case, this would involve investors in the agro-processing sector.

Investors define value from different kinds of experiences received through encounters with investment aftercare officials. This value is essential to bring about investor satisfaction. Satisfaction occurs when the investors genuinely feel that they have achieved the highest return on their investment. The model is aimed at creating a positive investor experience, subject to the investment climate and factors that influence investment as detailed in Chapter 2.

As indicated in the model in Figure 6-13, a positive investor experience starts with happy investor aftercare officials who would, in turn, keep investors happy. If officials are not happy, chances are that they could find it challenging to keep investors happy. This model advises that investor aftercare officials should be kept happy to keep investors happy. Happy investors could ultimately re-invest and equally help recruit more investors through positive free word of mouth advocacy, thereby reducing the costs of investment promotion or attraction. Advocacy by existing investors is, in most cases, viewed as credible to potential investors.

Given the plethora of Limpopo's agro-processing investment opportunities as detailed in Sections 5.3.3 and 5.4, the province should begin to consider investor aftercare as a critical and necessary function to attract more agro-processing investment into the province as opposed to the use of outward trade missions which are inherently more expensive without immediate returns. The investor aftercare would, undoubtedly, promote the agro-processing sector in the province because existing and happy investors usually join hands with the government to identify and implement programmes and projects. Investor aftercare could be more relevant and useful given the current state of the economy in the country (South Africa) in general and Limpopo Province in particular.

The proposed new model in Figure 6-13 has been tailor-designed for the investor aftercare circumstances in the agro-processing sector in Limpopo Province. However, it could be applied to any province or country embarking on any investment promotion exercise of any economic sector.

6.6. CONCLUSION

This chapter presented and analysed the qualitative and quantitative data by focusing on respondents' responses based on questions linked to both interview guides and questionnaires. The analysis concludes that investor aftercare is not being institutionalised adequately, as several stakeholders in

Limpopo seem to discharge this function in a silo approach. This leads to a lack of clarity and worrying overlaps of institutional mandates as far as investor aftercare is concerned. This state of affairs, inevitably, renders investor aftercare less effective. Collaboration by stakeholders is always encouraged as stakeholders can combine their limited resources to ensure maximum impact.

The analysis further shows that respondents generally did not have a clear understanding of the concept of investor aftercare. However, some indicated that their organisations were providing aftercare to both existing and potential investors. A clear understanding of the aftercare concept is needed so that organisations can implement it. It is also concerning that the organisations represented by the respondents did not have a guideline for implementing aftercare. This means that their aftercare is unstructured and more reactive. Organisations seem to know and understand the importance of monitoring and evaluation, as this would help them refine their products and services. Generally, based on the responses provided by representatives of participating organisations, aftercare of Limpopo Province needs to be improved to attract, retain, and expand investment in the province. The next chapter deals with the conclusions and recommendations from the study, and areas that require further research.

CHAPTER 7: CONCLUSIONS AND RECOMMENDATIONS

7.1. INTRODUCTION

This chapter provides the conclusions and recommendations reached in this study concerning the development of an investor aftercare model that could be used for the promotion of the agro-processing sector in Limpopo Province. The chapter deals with what Limpopo should do to promote the agro-processing sector in the province. Chief among others are implementing the researcher's newly developed model, called *the experiential investor aftercare model*, to bring about the much sought after positive experience amongst existing agro-processing investors in the province. The chapter further stresses that the implementation of the proposed model should be accompanied by a more comprehensive investor aftercare strategy with clear objectives, services, and targets.

The chapter concludes with a brief overview of the areas recommended for further research that were dealt with during the study, and outlines the extent to which the study managed to realise its objectives. The general contribution of the study is pointed out.

7.2. REVISITING THE OBJECTIVES OF THE STUDY

The study aim was to establish Limpopo's current investor aftercare practices in relation to promotion of agro-processing in the province. Overall, the study established that the aftercare provided by the responsible organisations in the province was not effective in supporting agro-processing investors. The outcomes and recommendations of the study are outlined against each of its objectives in the sections that follow.

7.2.1. Conclusions and recommendations based on objective 1

The first objective was to explore the strategies used in promoting agro-processing in Limpopo Province. The strategies were explored during data collection, and the study shows in Chapter 6 that there is no defined investor aftercare strategy used in promoting Limpopo's agro-processing sector. This is a worrying factor, given that investor aftercare is central to economic development. Many respondents indicated that their organisations did not have a dedicated agro-processing investor aftercare strategy. This could be associated with the fact that there was no clear understanding of what investor aftercare is among most respondents, as indicated in Section 6.2. However, the respondents claimed to be providing support to both potential and existing investors in the agro-processing sector.

But even though the majority did not show an understanding of aftercare, they did indicate that information sharing with investors was a form of aftercare service they provided.

The United Nations Conference on Trade and Development (UNCTAD) (2007), indicates different understandings of what investor aftercare implies, as supported by the responses quoted in Section 6.3. The complete definition is possibly that of Young and Hood (1994), who define aftercare as comprising all possible services offered at the company level by governments and their agencies, designed to facilitate both the successful start-up and the continuing development of a foreign affiliate in a host country or region to maximise its contribution to the Local Economic Development (LED). The desirability of this definition is that it incorporates both post-establishment facilitation services of the narrow kind and what can be termed development support activities.

A more comprehensive investor aftercare strategy with clear objectives, services, and targets should be implemented. This is, however, only possible if the province has sufficient information on the agro-processing community. Possession of relevant information could help the province to offer investment aftercare services in a more proactive, as opposed to a reactive fashion, which could render the aftercare efforts ineffective. Therefore, it is recommended that the trailblazing investor aftercare strategy be devised and implemented in consultation with all the stakeholders, co-ordinated by an independent investor aftercare agency. The strategy should then consider all concerns or challenges brought up by the existing agro-processing investors, as this would help them reach their production targets with ease. In the long run, this would help address the imbalance between the province's wealth of agricultural produce and the unemployment level, and subsequently help the country achieve its employment creation target. As part of this transformation, the strategy should point out how the province would ensure that all people from different racial groups actively participate in the sector, irrespective of their skin colour, religion, and political affiliation.

The strategy should focus on both foreign and local enterprises and at enterprise, industry, institutional and macro-economic levels. It should emphasise aftercare services to create additional capital investments from existing enterprises, bring local enterprises to international standards in product quality, and ensure the broadest potential spin-off benefits from investors. This would be in line with the 2018 SADC workshop (Brauch et al., 2019) recommendation that there is a need for capacity to identify and attract high-level investors with a commitment to being partners in development, as opposed to investors who may have track records that are less supportive of such goals.Therefore, it is recommended that Limpopo follow the war-torn Occupied Palestinian Territory

strategy (see Section 3.10.3 of this thesis) in promoting the agro-processing sector of the province. As part of this strategy, the province should, amongst others, incorporate the following interventions in its effort of promoting the agro-processing sector:

1. **Developing sector human capital** - The province should expose young people to the agro-processing sector, and continue to be at the forefront of creating attractive career opportunities that draw high potential talent province-wide. Creating a broader talent base through effective technical and soft-skills training programs is equally important, especially in rural areas. Institutions that offer agro-processing-focused courses should be introduced to fuel this effort. Bezuidenhout and Pietersen (2015) similarly recommend education as a way to improve provincial abilities to attract FDI in South Africa, stressing that "all provincial IPAs must invest in the advanced education of their staff to operate the agency more effectively" (p. 1068).

   According to LEDA (2020), Limpopo is currently working with its local universities, the University of Venda and University of Limpopo, to improve ways of producing crops under changing climatic conditions. The province could also work with the five Technical and Vocational Educational and Training (TVET) colleges as each district of the province has a college and a number of campuses. They need to introduce agro-processing as a programme or qualification to help in promoting the sector in the province. Agro-processing as a subject could as well be introduced to pre-schools, primary and high schools.

   OECD (2014) states that skilled employees catering to the needs of investors are an essential part of the investment ecosystem. The private sector should lead in developing skills, as businesses know best the skills set they need. Skills development programmes in agro-processing could be implemented in collaboration with Food and Beverages Manufacturing Sector Education and Training Authority (FoodBev SETA) and the FoodBev SETA accredited private training providers. The collaboration between government, institutions of learning and industry or private sector is highly encouraged in pursuit of effective socio-economic development.

2. **Establishing agro-incubators and processing co-operatives** - Mashau (2016) defines an incubator as a process whereby established enterprises or companies and business experts' mentors assist new businesses to develop by providing them space, enterprise development, and training services. Limpopo should establish incubators in various agro-processing plants or operations as this would be the most effective option than to provide a familiar environment for

nascent agro-processing based companies, in which there is access to shared infrastructure, networking, coaching, and business and financial services. These incubators should be a Public-Private Partnerships.

Limpopo should also establish agro-processing co-operatives. Processing co-operatives started to show their presence with the advent of New Generation Co-operatives. New Generation Co-operatives add value to raw products through secondary processing (Saskatchewan Economic and Co-operative Development, 1999). This assists the farmers to reduce wastage. Through processing co-operatives, farmers could take part in the entire value chain of their products, increasing their income in the process.

Co-operatives are independent associations of persons united willingly to meet their common economic, social, and cultural needs as well as aspirations through a mutually owned and democratically controlled enterprise (International Co-operative Alliance, 2009). Co-operatives have a confirmed record of creating and sustaining employment opportunities, and they are estimated to create at least 250 million jobs today. This is a signal that co-operatives could deal with the challenges of unemployment (International Labour Organisation, 2015).

3. **Development of agro-industrial parks and special economic zones (SEZs)** - Limpopo should develop agro-industrial parks in various district municipalities of the province. This in line with the Department of Rural Development and Land Reform (DRDLR) 's plans to introduce one park in every district in South Africa. The components of these parks are Agri-Hubs, which centre on processing, packaging, logistics equipment hire, training and innovation, and Farmer Production Support Units, which engage in upscaling initiatives and capacity building (DRDLR, 2016). The parks are essential to help SMMEs farmers to produce enough for export to the EU collectively. The parks would also shift the certification and standards burden away from SMMEs, which is the main stumbling block in becoming an exporter.

   The development of agro-industrial parks is also in line with the Limpopo Economic Development Agency's Land and Property Development division, which has a strategic objective to accelerate industrialisation in Limpopo Province through strategic economic development interventions. With industrial and commercial properties situated in five districts of the province, the division provides a regional management structure. Limpopo could take advantage of the launch of the Rural and Township Economy Revitalisation Programme spearheaded by the National Department of Trade and Industry in the province, which amongst others seeks to

reposition these properties as commercial hubs. Should these properties be repositioned into agro-industrial parks, they would enhance the image, and increase both occupancy rate and agro-processing activities in the province (LEDA, 2020).

Further, Limpopo should follow a zone-based strategy by developing areas in which firms engaged in agribusiness and agro-industrial could benefit from a favourable regulatory, business, and fiscal environment than those in the rest of the economy. Many governments choose SEZs to attract investors, increase export earnings, and create jobs. According to OECD (2014), SEZs are considered a realistic and practicable choice to overcome some of the policy-related limitations in developing countries in the short-term. Due to its remarkable success in attracting investment and creating jobs, as part of a national industrial development strategy, SEZ was adopted from the Chinese model. As China's experience indicates, each SEZ model must be modified to the local situation or endowments and a country's specific development goals. The government should also vigorously participate in infrastructural support, monitoring, and long-term planning and revision (OECD, 2014).

Presently, even in light of the country-country difference described above, the best investment advice for manufacturers considering investing is to find the best SEZs for the relevant subsector. These SEZs would be the first and prioritised recipients for government investment in infrastructural improvements; they have considerably lower barriers linked to the time and cost of importing and exporting, and they have initial tax benefits that assist in offsetting start-up costs. For example, interruption related to electricity outages is much less common in Kenya's SEZs than it is for companies operating somewhere else in the country. It also takes the country fewer days to restore power and internet connections and to transport goods across neighbouring borders.

In this way, the most reliable foundations for investment would be found in countries that provide the necessary coordination, flexibility, and political guarantee to full implementation of business-friendly guidelines in SEZs, as well as immediate incorporation into regional economic communities (RECs). Such guarantee looks relatively strong in South Africa, where authority over SEZs has often been raised to the highest echelons of government (OECD, 2014).

Limpopo has many industrial parks that are not fully occupied at the moment, and some could be turned into Special Economic Zones with particular focus on agro-processing activities. These Special Economic Zones would be strategically located closer to the commercial farms to create

a perfect and effective agro-processing value chain by easing the costs of doing business for both farmers and agro-processing entities. These Special Economic Zones could attract more and more agro-processing investors due to the benefits associated with the Special Economic Zones, and thereby promoting the province's agro-processing sector. Limpopo could further evaluate the effect of special economic zones as a tool for investment promotion and business development. Various zones have been established to provide for one-stop shops and business development services. A thorough assessment of their impact is needed (Palestinian Business and Investment Climate Workshop Report, 2019). However, one-stop shops are recommended as avenues to speed up investment by removing bureaucratic delays through facilitating access by investors to all required permits, licences and other informational requirements in a timely manner, and provide aftercare to existing investors (April, 2013).

Two Special Economic Zones were being established in Limpopo Province at the time of this study, namely: Musina-Makhado Special Economic Zone which would focus on metallurgical complex or light manufacturing, and Tubatse Special Economic Zone, which would be a multi-sectoral SEZ that focuses on manufacturing, mineral beneficiation, green economy, mining inputs as well as trade and logistic (LEDA, 2020). Despite these two being established, more Special Economic Zones are required in Limpopo Province.

4. **Legal framework for the attraction of investment and business development** - Limpopo could improve coherence and cohesion of business-related policies; lobby for the strengthening of investment legal protection as well as security of land ownership for business continuity and expansion, basing on the experience and recommendations reported in Palestinian Business and Investment Climate Workshop Report (2019).

5. **Establishment of the agro-processing industry administration help desk** - The help desk could be resourced with industry-relevant skills to provide investors related information and support related to corporate accounts, municipal and acquisition procedures, incentives, acquisition procedures, databases of skilled human resources, suppliers and other corporate support services.

6. **Promotion of investment and business** - The province could as well improve the connection between trade and investment in governmental strategies; and monitor investment incentives by evaluating the cost and benefits of incentives to ensure transparency of administration given a more targeted approach. In addition, to increase connectivity between trade and investment,

improvements can be done on risk easing tools and diaspora investment by making sure that investment and business policies are adapted to the delicate and protected context. Of critical importance, best practice on lending and leasing of land from other countries should be well thought out, for instance, the leasing system in Lebanon.

The province could as well reinforce the business integrity and public-private dialogue. The resilience strength of the private sector should be supported with stronger trust in the public sector, improved openness, and government competence. Improved use of public-private dialogues would be significant to move the business reform agenda. Furthermore, encouraging business integrity and corporate social responsibility should be in the policy agenda as a means to stimulate sustainable business (Palestinian Business and Investment Climate Workshop Report, 2019).

7. **Development of infrastructure** - Streamlining the land acquisition process and reducing delays in statutory clearances could reduce the complexity of setting up projects. The planning of rural road networks in all local municipalities should be tailored to accommodate the increasing interest in investing in partnerships with communities. In urban areas, new roads and bypass routes (such as special freight corridors) could address the issue of road congestion, if planned according to best practices.

8. **Quality management system and supplier development programmes** - To improve the competitiveness of the Limpopo based agro-processing sector, the impact of local content on the supply chain should be considered. The suppliers' output underpins the growth of the sector. The current contribution of the local suppliers needs further interrogation, not only in terms of numbers but also the quality that comes out of the province. The province should provide specialised training such as GlobalGap, EuroGap, and SAGap certification training so that value chain actors could meet the standard required in the market.

9. **Awareness of existence and contents of investor aftercare strategy** - The province should ensure that potential and existing investors are aware of the existence and contents of its investor aftercare strategy. The province should provide the needed policies to attract private sector investment. According to UNDP (2012), the government's investor aftercare strategy is often not known to the private sector, which results in minimal cohesion between the overall strategy between the government and the private sector.

10. **Development of bankable projects** - The province should develop bankable projects within specific value chains. The bankable projects would be incentives for private sector investment and consolidate public investment into a more cohesive, co-ordinated, and coherent fashion. Bankable projects would, as a result, increase private sector participation and investment.

11. **Establishment of sector platforms and value chain promoters** - There is a need for the establishment of commodity alliances, agribusiness foundation, agro-processing council, etc. These would help to mobilise investment into the province. Critical among agro-processing investment attraction is the establishment and support for value chain champion institutions. These institutions would champion and develop the commodity value chains; and resolve cross-cutting issues using successful models and inclusive market development tools. The value chain champions are likely to mobilise key non-state actors to invest in the value chains in a more co-ordinated and coherent manner. This would be good for Limpopo Province given the host of the agro-processing value chain or investment opportunities (detailed in Sections 5.3.3 and 5.4).

12. **Development of agro-corridors and agro-clusters** - Limpopo should look into the possibility of developing territories connected by lines of transportation, such as highways, railways, ports, or canals, in which an economic development programme fosters agriculture and other economic sectors. Agro-corridor programmes enhance connectivity, competitiveness, and community. Examples include Mozambique's Beira Agricultural Growth Corridor, which aims at promoting investment in commercial agriculture and agribusiness across three provinces (as highlighted in Section 3.10.4).

    According to OEDC (2014), many economies have followed a more precise strategy of cluster development. Industry clusters at the local level present a vital location factor for many MNEs. Dynamic clusters are based on the interaction of several factors, combining initiatives at the firm and public policies. Clusters typically show the following attributes for the generation of innovation, technology, and firm creation:

    - Global connection of clusters through markets and value chain;
    - Intermediary institutions to promote coordination and horizontal connectivity amongst stakeholders and actors;
    - The government in promoting necessary infrastructure and stability; and,

- The institutional climate that stimulates the transfer and acquisition of technology by protecting intellectual property rights.

Limpopo should also establish the geographic concentration of interconnected producers, agribusinesses, and institutions engaged in the same agro-industrial subsector, and build value networks to address common challenges and pursue common opportunities (OECD, 2014).

13. **Active participation of local government in agro-processing** - Agro-processing is a highly concentrated sector. Though large enterprises in the agro-processing industry contributed to a significant share of employment and income, the relative share of SMMEs to the total local employment is high, as opposed to their share of the industry's total income. Therefore, SMMEs have a high potential for generating employment opportunities in the agro-processing industry. Though few of the challenges facing the SMMEs are unique, inadequate skills, inaccessible government support and access to finance are the foremost challenges facing most SMMEs (South African Cities Network (SACN), 2015).

    Since the potential for creating more employment opportunities is high for SMMEs, a policy intervention to address some of these challenges is needed to realise their full potential and lessen the market concentration. In this case, local government could play an integral role in agro-processing by acting as a critical partner in developing and implementing strategies and policies that create an enabling environment for the development of agro-processing for both large-scale commercial processors and SMMEs (SACN, 2015). Local government should strengthen the agro-processing sector to improve opportunities for added value and serve as a means of achieving economic transformation and sustainable livelihoods. Some of the interventions that could be done are as follows:

    - Local government could set-up robust institutions and create an enabling environment to attract agribusiness investment in their localities;
    - Market development;
    - Export promotion by making information available and accessible to value chain actors who can export. These actors should be assisted to meet the requirements for export, by providing export facilitation services or linking them with such service provider;
    - Developing inclusive industrial policies;
    - Mentoring;

- Training and capacity building to enhance technical skills such as production and processing; agribusiness management skills such as farm planning and management, financial management, risk-management, marketing strategy, and human resource management;
- Providing a platform for information availability and accessibility to all value chain players;
- Facilitate communication and information exchange between value chain supporters and value chain influencers, such as between government, private sector, and development agencies;
- Developing and implementing custom interventions rather than generic interventions;
- Encourage value addition in the value chain;
- Cluster and network development by mobilising cluster and network development programmes to foster linkages among agro-processors, small and large farming enterprises, and collaborative relations with local support institutions. This would ensure knowledge and information exchange, improved logistics, and gains may be made through collective action. Cluster development work would include cluster mapping, identifying existing clusters in the province, business-to-business networks, inter-institutional partnerships and alliances among cluster associations, development of networks, and export consortia, among other activities. Processing hubs with local municipalities close to areas of production could also be developed;
- Improving logistics; and,
- Promoting and enabling access to financial and credit services along the value chain.

Limpopo should also try to link investors with the local economy to retain them and complement aftercare measures. According to OECD (2014), aftercare could attract investors and help keep them satisfied even though it is more involving strengthening the investment ecosystem that would determine the province's competitiveness. This includes facilitating linkages with local firms, providing investors with competitive local suppliers, and developing the necessary soft and hard infrastructure, including keeping policy, macro-economic fundamentals, and institutional support in order.

Limpopo should further try to facilitate business linkages between MNEs and domestic companies, especially smaller companies. This linkage would contribute significantly to local development as it could be a useful avenue for knowledge and technology transfer. It is critically

vital for Limpopo to have an enabling environment conducive to the growth and competitiveness of Small, Micro, and Medium Enterprises. This may involve support and promotion measures for SMMEs, ranging from targeted vocational training to business development services and streamlining business regulations (OECD, 2014).

OECD (2014) further states that MNEs do not establish linkages with domestic companies or suppliers automatically. Many MNEs are tied up by international contract arrangements, rendering public policies less effective in promoting linkages. Therefore, Limpopo should promote the tradition whereby the investors work with and support local companies/suppliers. This could be quickly done if MNEs could be given safeguards against illicit diffusion of their know-how and intellectual piracy (OECD, 2014).

14. **Development of funding for new entry (black-owned enterprises) into agro-processing** - CCRED (2016) states that funding new entry is risky, payoffs take long, and as a result, there is a need for softer (lower interest and long-term) loans in funding new entry. There are two available funds in South Africa. First is the the Massmart Supplier Development Fund (SDF), a fund established as part of the Walmart/Massmart merger to developing new and black-owned suppliers who are in the Wal-Mart supply chain. Second is the Agro-Processing Competitiveness Fund (APCF), which is a fund that was established as part of Pioneer Food's settlement for various cases on collusion and abuse of dominance.

    The funds were designed to allow for pro-competitive entry, more often into exquisite value chains. They could also be disbursed on less onerous terms than would generally be the case. The funds were successful in facilitating entry and expansion, particularly into delicate agro-processing value chains. Cartel penalties could be paid into a DFI managed development fund in order to support entrants. Limpopo should encourage black-owned businesses to take advantage of these funds to enter the agro-processing sector. To allow for entry and transformation in the agro-processing sector, Limpopo requires an in-depth understanding of the challenges that new entrants would face in a particular value chain, the historical evolution of the sector, and the scope for strategic behaviour by incumbents at all levels of the value chain. Ultimately, addressing barriers of entry requires complementary measures across the competition, industrial policies, and development finance (CCRED, 2016).

15. **Improvement of access to communication and information** - Limpopo could improve openness, certainty, and efficiency of the business climate through improved access to reliable

data and information. A sound business climate requires easy access to business and economic data, as well as information on facilitation measures, rules, regulations, business opportunities, incentives, governmental and non-governmental business development services, sector or geographical support, etc. These could be realised by enhancing the business information through, for example, an SMME portal, refining the statistics on investments in order to offer exact and valuable data to orientate policy analysis and strategy, and developing business statistics appropriate to monitor the SMME sector and entrepreneurial phenomena.

The province could also improve marketing and communication because the roles of authorities and their agencies are mainly in image building and communication, intending to sway and change the business climate's perceptions, regardless of the local political conditions (as recommended in Palestinian Business and Investment Climate Workshop Report, 2019). Limpopo has 32 active community radio stations spread across its five districts, namely: Capricorn, Mopani, Sekhukhune, Waterberg, and Vhembe. These community radio stations could be used to promote the agro-processing sector through sponsored programmes. The province, jointly with municipalities, could partner with the stations to promote the local economy of individual municipalities (South African Audience Research Foundation (SAARF), 2016).

7.2.2. Conclusions and recommendations based on objective 2

The second objective was to investigate the stakeholders' perceptions on the current investor aftercare strategies. The general perceptions held by the respondents regarding investor aftercare within their organisations were investigated. The results indicated low effectiveness of the organisations' aftercare in supporting agro-processing investors. It was observed that lack of Public-Private Partnership (PPP) is one of the challenges in organisations that hindered effective implementation of aftercare.

The perceptions held by representatives of various organisations illustrate the need for Limpopo Province to improve aftercare services by involving all relevant stakeholders, including the private sector (investors), when developing or revising investor aftercare. As part of the transformation, the strategy should point out how the province will ensure that all people from different racial groups actively participate in the sector, irrespective of religion and political affiliation.

7.2.3. Conclusions and recommendations based on objective 3

The third objective was to to assess the relevance of the current aftercare model in the province. From the results, respondents claimed that in-house investor aftercare was the dominant model used

in their organisations. Most respondents preferred this model because it was more cost-effective and controllable in comparison to other models. The lack of financial resources contributes to the popularity of this model. It should also be noted that, because of inadequate financial resources, most of the investors' needs are not met. It is increasingly being accepted that investor aftercare requires more investment in terms of financial and human resources. Investor aftercare could not be achieved in isolation. It should be a collaborative effort that involves all the stakeholders. Resources are identified as the main attributes that could contribute to the success of investor aftercare. If aftercare is starved of financial and human resources, the potential to attract and retain investment may decline.

The study further reveals that there is considerable under-utilisation of human resources in Limpopo Economic Development Agency, especially many business advisors across the province who could be capacitated with relevant investor aftercare skills to assist the province (various municipalities) to implement aftercare more effectively. This further confirms the inapt models that exist and the non-existent of models in these organisations. The selected delivery mode almost inevitably influences the effectiveness of aftercare. Lack of private sector involvement poses a problem.

This study recommends the need for sufficient resources to be dedicated to addressing the factors identified as constraints against the effective implementation of investor aftercare. Top of the list is both financial and human resources. Industry participation or buy-in, as well as government support and time, should also be taken into consideration. They play a vital role in the effective implementation of effective investor aftercare.

7.2.4. Conclusions and recommendations based on objective 4

The fourth objective was to investigate the potential benefits of investor aftercare in the province. The investigation of the potential benefits of investor aftercare was carried in Chapters 3 of this study as secondary data (literature review), and Chapter 6 as primary data. First, when new firms are recruited to the area, the best ambassadors are the satisfied customers who also act as sources of leads when new firms to recruit are sought. Secondly, it is less costly to keep existing businesses than to attract new investments. Thirdly, existing foreign businesses are essential to the host country, because they have already proven their adaptability to the local conditions. Fourthly, existing businesses often re-invest in the host country. Therefore, the study shows that investor aftercare plays a significant role in driving the economy of Limpopo Province as existing businesses create jobs.

Investor aftercare enables economic developers to define the local economy's strengths and weaknesses by surveying existing investors and employees. Equipped with this information database, economic developers and community leaders work together to prioritise, develop, and implement a policy agenda that will address investors' needs. Centre for Farmland Policy Innovation (CFFPI) (2007) states that investor aftercare is an economic development strategy focusing on the needs of existing businesses.

CFFPI (2007) further states that many communities today have economic developers within their staff, so coordination and organisation may be needed to help these individuals recognise and meet local economic needs. Investor aftercare is typically part of a broader economic development effort that encompasses the retention and expansion of existing investors and the attraction of new businesses to a community. Investor aftercare provides the data and knowledge that is vital to the self-sufficiency of a community's economy.

The successful implementation of aftercare enables a community to recognise several benefits. First, aftercare leads to benefits such as the establishment of a more integrated approach to local economic development efforts. Second, aftercare leads to the development of a higher capability that allows for decision-making that affects their economy while improving the quality of life. In addition, aftercare leads to the improvement of community leaders' response to residents' concerns. Aftercare also leads to the creation of a factual basis for community marketing, and attraction of new businesses to the area.

Most investor aftercare programmes share similar long-term goals, like (i) implementing an action plan for retaining and expanding of existing businesses and the local workforce, (ii) to increase the competitiveness of local businesses, (iii) increasing the competitiveness of local businesses, and (iv) better to understand the composition and character of the local economy. An effective aftercare programme relies on relevant business information collected via a variety of survey methods such as face-to-face, internet, and mail-in. This information could be collected and used to create a database that lets community leaders identify the local economy's strengths and weaknesses and create action steps to promote strengths and address the needs of local businesses and their employees.

CFFPI (2007) concludes by stating that the agro-processing sector, in particular, provides several opportunities for the implementation of investor aftercare. Investor aftercare in the agro-processing sector could draw on any aspects relevant to the local community to help leaders better understand

issues, concerns, and opportunities among all aspects of the agricultural and agro-processing economy. Community questions that could be addressed via aftercare include the following:

- How could we improve markets for local foods?
- What policies could we implement to support investors?
- What types of processing facilities could be supported in our community?
- What are the infrastructure needs of our investors?

According to Urban-Econ Development Economists (2012), the retention of existing agro-processing businesses in Limpopo Province is critical as current businesses are creating employment and have the potential for future expansion. Maintenance of current infrastructure and building on an enabling business environment would ease the burden of doing business in the province. The business environment must be backed and encouraged by existing businesses to stay in the area and expand further.The main objectives of aftercare include:

- promoting the province as a favourable location for the targeted businesses;
- creating an enabling environment for business development;
- encouraging both local and foreign investment;
- creating an awareness of various development opportunities in the area;
- creating a fair, efficient, and competitive marketplace;
- diversifying the economy and improving its sustainability; and
- Fostering economic development and growth.

Few respondents seemed to understand the investor aftercare concept and its critical function on Local Economic Development. They indicated that aftercare in the province contributes to local economic development through job creation.

7.2.5. Conclusions and recommendations based on objective 5

The fifth objective was to review the investor aftercare models in order to develop one for the province's agro-processing sector. The existing aftercare models were reviewed in Section 3.3, and the new one for Limpopo Province’s agro-processing sector developed and outlined in Section 6.5. The four investor aftercare models of institutional delivery of investor aftercare are summarised in Table 3-1, and they are the company-friendly model, the project-based model, the aftercare team model, and the integrated model. Each of these models entails different forms of institutional coordination.

However, each does not emphasise stakeholders' collaborative approach to bring about positive investor experience that would encourage both newer investment and reinvestment.

The company-friend model provides informal and limited aftercare to flagship investments. In project-based aftercare, operation and strategic aftercare are connected to a project, and general supply-side measures are directed toward supply chains in targeted sectors. The aftercare team offers strategic, operational, and informational aftercare according to the needs of the investor. In the integrated provision of aftercare, strategic, operational, and informational aftercare and general supply-side measures are combined with other economic development initiatives. They are prioritised in terms of total economic development potential (Young and Hood, 1994).

Regarding the most suitable aftercare model for the province's agro-processing sector, the study recommends that the institutional arrangement of investor aftercare in Limpopo has to be reviewed if investor aftercare is to realise its investment promotion or attraction potential. Part of this review, the research concludes, should be the introduction of an independent investor aftercare agency that would use the researcher's proposed *experiential investor aftercare model* (Figure 6-13) to bring about investor experience. The agency should have a clear mandate, and its staff should have private sector experience. This agency, amongst others, should work closely and directly with various municipalities, preferably Office of the Mayor, to ensure that all respective municipal departments observe the Mayor's open-to-business credo and make sure that their municipalities prioritise relationships with municipal customers and subsequently draw investment and jobs to the Municipality (Democratic Alliance (DA), 2016).

This focused approach is likely to generate more success in producing an effective investor aftercare program. Conforming with the OECD(2014), prosperous countries in attracting investment have followed and mastered a collaborative approach to investment promotion and facilitation where effective coordination has been emphasised among various authorities with investment promotion mandates, including local government and implementing agencies.

Given the plethora of Limpopo's agro-processing investment or sector opportunities, the province should begin to consider implementing the researcher's experiential investor aftercare model (Figure 6-13) as it is a critical and necessary model to attract more agro-processing investment into the province as opposed to the use of outward trade missions which are inherently more expensive without immediate returns. This investor aftercare would undoubtedly promote the agro-processing

sector in the province, because existing and happy investors usually join hands with the government to identify and implement programmes and projects. The model is more relevant and useful, given the current state of the economy in South Africa in general and Limpopo Province in particular.

7.3. AREAS FOR FURTHER RESEARCH

Investor aftercare is a must to have in the investment attraction, retention, and expansion toolkit. For every area to be an investment destination of choice, it has to have a compelling investor aftercare programme. Thus, investment promotions efforts should be grounded on a comprehensive investor aftercare model to be effective. This study advocates investor aftercare as a tool to promote the agro-processing sector in Limpopo Province. However, to successfully implement investor aftercare, there is a need to conduct further research. The following five areas are selected for further research on implementing a new investor aftercare model for the promotion of the agro-processing sector in Limpopo Province:

- Skills audit within various municipalities in South Africa's investor aftercare function. There should be a skills audit of all employees who are given the responsibility of investor aftercare, to ensure that they are all fit for their purpose or responsibility to satisfy the investors. This should be taken seriously, as investor aftercare is a very critical component of investment attraction. Well-qualified, skilled, experienced, honest and business-like minded personnel should be deployed into the function in order to retain existing investors, and equally, attract new ones through proper and effective aftercare. This is because investor aftercare is a powerful and cost-effective aspect of investment attraction, if it is adequately conceptualised and implemented. The skills audit is important because it would reveal the extent to which the challenges facing aftercare relate to inadequate capacity.

- A study of the perceptions of South Africa's institutional credibility in offering investor aftercare programme. This kind of study would benefit the country, as it seeks to close institutional existing gaps and loopholes. It would eventually come up with recommendations that would lend credibility to institutions that are mandated to look after the interests of investors.

- Research on perceptions and application of investor aftercare as an investment promotion tool in South Africa. This research would provide richness to aftercare policies, and offer modifications so that policies are effective. The introduction of effective policies on aftercare

would go a long way in assisting existing investors to reach their full potential beyond their initial investments, as they would be getting the necessary support.

- A study on the impact of South Africa's investor aftercare services on small enterprises. This would provide information on how small enterprises could be successfully integrated into the aftercare programme. Investor aftercare is currently geared towards foreign direct investors, instead of domestic investors who mostly happen to be small enterprises. The study would further help small enterprises grow in their chosen business field, as they would be getting the necessary support like multinational companies.

- Assessment of investor aftercare impact on special economic zones as a tool for investment promotions and business development. Numerous special economic zones have been created to provide one-stop shops and business development services. A thorough assessment of investor aftercare's impact on them is, therefore, necessary.

7.4. CONTRIBUTIONS OF THE STUDY

The study realised its objectives that were set out in the beginning, by identifying many gaps concerning the investor aftercare offered by various stakeholders in Limpopo province. These gaps need to be closed by implementing the recommendations of the study, in particular the researcher's newly developed model called experiential investor aftercare (Figure 6-13). This will enable the province to offer a positive investor experience that would subsequently satisfy existing agro-processing investors, so that they re-invest more in the area; as well as addressing some of the factors that might be accountable for the imbalance between the province's wealth of agricultural produce and the level of unemployment.

Therefore, a vital outcome of the study is the development of the proposed new investor aftercare model for promoting the agro-processing sector in Limpopo Province, as shown in Figure 6-13. The model sets out guidelines for stakeholders on how to implement investor aftercare. It could be applied to any province or country embarking on any investment promotion exercise of any economic sector.

The study serves as an eye-opener to the economic development practitioners about the role of investor aftercare as a means to attract, retain, and expand investment. These practitioners will further understand what investor aftercare is, why it is needed, whom it should assist, who should be

consulted when developing it, where the services should be properly co-ordinated, the need to evaluate its impact as well as proper resourcing of the function to be compelling.

This study also adds to the available literature on investor aftercare as a field of study. Most importantly, the study conceptualised the establishment of an independent socio-economic development agency called Viwe Development Council, which has now been formally registered with the Department of Social Development(Registration number:217-280 NPO) in South Africa as a Non-Profit Organisation to help, amongst others, facilitate the implementation of the recommendations of the study.

The researcher went further as a result of this study to establish Limpopo Delicious Fruit and Veg outlet in Limpopo Province (Morebeng/Soekmekaar) on the 14th December 2020 as a platform to give SMMEs specializing in both agriculture and agro-processing access to market. The outlet has since managed to employ six youth from the province on a permanent basis and is planning to employ more by expanding its operations in the near future. Limpopo Delicious has managed to boost the socio-economic profile of Morebeng in Limpopo Province as a state of the art fruit and veg outlet with the net current asset value of over 1,5 million

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APPENDICES

APPENDIX ONE: DATA COLLECTION TOOL A: QUESTIONNAIRE

UNIVERSITY OF KWAZULU-NATAL
Graduate School of Business and Leadership

Researcher	**Superviosr**	**Research Officer**
Mr. Sepele Matlala	Dr. Mashau Pfano	Mr. Mohun Prem
Student No: 202 526 928	Telepone: 031 260 7021	Telephine: 031 260 4557
Cell: +27 82 220 5147	Email: Mashaup@ukzn.ac.za	Email: mohunp@ukzn.ac.za
Email: sepelem@yahoo.com		

Dear Respondent,

I, **Sepele Johannes Matlala** a PHD student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal hereby invite you to participate in a research project entitled: **Developing investor aftercare model for promotion of agro-processing sector: The case of Limpopo province**.

The research, which aims to, amongst others, address the following objectives, is being undertaken under the auspices of the Graduate School of Business and Leadership, of the University of KwaZulu-Natal:

- To explore the strategies used in promoting agro-processing in the Limpopo province;
- To investigate the stakeholders' perceptions on the current investment aftercare strategies;
- To assess the relevance of the current aftercare model in the province;
- To investigate the potential benefits of investment aftercare in the province;
- To review the investor aftercare models in order to develop one for the province's agro-processing sector.

As you are a key stakeholder representative in Limpopo province's agro-processing sector, you would have a valuable insight that could assist us to achieve the research objectives. We would therefore greatly appreciate, if you could spend some time answering key questions about the research project.

The results of the project are intended to promote the agro-processing sector in the province as well as increasing the body of knowledge in the research area. Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There would be no monetary gain from participating in this project. Confidentiality and anonymity of records identifying you as a participant would be maintained by the Graduate School of Business and Leadership, University of KwaZulu-Natal. If you have any questions or concerns about participating in this project, you may contact me or my supervisor at the numbers listed above. I hope you would take the time to participate in this project.

Sincerely

Researcher' Signature……

Date…….

Place…….

Return to the researcher

CONSENT

I…… (Full names of respondent) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participate in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Respondent' Signature…… Date ……. Place…….

Questionnaire Structure

The research questionnaire comprises of three sections as summarised in the table below and would take approximately 20-25 minutes to respond:

Sections	Description
Section-1	General Details
Section-2	Practices, monitoring and evaluation of investment aftercare
Section-3	Perception on investor aftercare

Note: The respondents should handover the completed questionnaire to Sepele Matlala (Doctoral Researcher) during the process or email the completed questionnaire at sepelem@yahoo.com.

Section 1: General Details

1.	**Name of Organisation……...**		
2.	**Gender** ☐ Male ☐ Female		
3.	**Race** ☐African ☐ Indian ☐ Coloured ☐ White ☐ Other		
4.	**Category of Organisation**	☐National Government ☐Provincial Government ☐Local Government ☐Association	
5.	**Department / Division / Directorate / Sub-Directorate**	☐Economic Development ☐Investor Aftercare ☐Sector Development ☐Enterprise development ☐Other (Specify) _____	
6.	**Hierarchy Level**	☐Intern /New Appointee ☐Junior Level ☐Middle Level	☐Senior Level ☐Executive Level ☐Other (Specify) _____
7.	**Experience in the field**	☐Less than 1 Year ☐1-2 Years ☐3-5 Years	☐6-10 Years ☐11-15 Years ☐More than 15 Years

8. **Experience in Current Organisation**	☐Less than 1 Year ☐1-2 Years ☐3-5 Years	☐6-10 Years ☐11-15 Years ☐More than 15 Years
9. **Experience in Current Department / Division /Directorate/Sub-Directorate**	☐Less than 1 Year ☐1-2 Years ☐3-5 Years	☐6-10 Years ☐11-15 Years ☐More than 15 Years
10. **Employment Type**	☐ Intern ☐Temporary ☐Permanent ☐Other _____	
11. **Location**	☐Head Office ☐Satellite Office ☐Other (Specify) _____	

Section 2: Practices, monitoring and evaluation of investment aftercare

1.Does your organisation have a dedicated agro-processing investor aftercare model?	☐Yes ☐No ☐Not sure
2.If yes, are you willing to make your model available as a reference material.	☐Yes ☐No
3.Which investor aftercare	

services does your organisation provide?	☐Information ☐Business networking ☐Dedicated hotline ☐Assistance in identifying customers ☐Assistance in expansion ☐Matchmaking ☐Import/export permits ☐Financial assistance ☐Dispute resolution ☐Identifying competitor ☐Other (Specify) _____
4. In providing aftercare services, how do you make contact with investors?	☐Personal visits ☐Email, phone and fax ☐Other(specify) _____
5.Are there any functional / process gaps in any of your services which needs improvement?	☐Yes ☐No ☐Not Sure
6.Are there any major challenges faced by your organisation in provision / implementation of investment aftercare?	☐Yes ☐No ☐Not Sure

7.What are these challenges/ weaknesses?	☐Inefficient Service Delivery ☐Lack of Public-Private Partnership ☐Large Service Delivery Area ☐Inadequate Skills/ Competencies ☐Fiscal Constraints ☐Lack of Accountability ☐Resistance for Change ☐Lack of Political Will ☐Lack of Accountability ☐Poor Governance	☐Limited Resources ☐Corruption ☐Lack of Service Channels ☐Lack of Vision/ Policies ☐Poor Implementation ☐Poor Monitoring & Evaluation ☐Poor Public Participation ☐High User Charges/ Levies/ Tariffs. ☐Poor Customer Management ☐Other (Specify) _____
8.What are the major factors of service quality which require major attention to the specific nature of the services?	☐Access to Service Delivery ☐Service Delivery Channels ☐Trained Human Resources ☐Good Policy Frameworks ☐Successful Implementation ☐Technology Implementation ☐Responsive Organisational Culture ☐Governance & Administration ☐Management of Services	☐Others (Specify) _____ ☐ _____
9.Are the current aftercare services meeting Batho Pele Principles (consultation, access, courtesy, information, openness and transparency, redress, and value for	☐Yes ☐ No ☐ Not sure	

money)?

10.Is investment aftercare service delivery measured regularly in your organisation and how?	☐Yes ☐ No ☐ Not sure	☐Daily ☐Weekly ☐Fortnightly ☐Monthly ☐Bi-Monthly ☐Half Yearly ☐Annually ☐Other (Specify) _____
11.In what form / how is aftercare services measured?	☐Manual Survey Reporting ☐Online Web Enabled System ☐Other (Specify) _____	
12.Are there any service delivery policy frameworks / standards?	☐Yes ☐No ☐Not sure	
13.Are the services centralised or decentralised?	☐Centralised ☐Decentralized ☐Both ☐Not sure	
14.Do you think there is a need to improve the quality of aftercare services offered?	☐Yes ☐No ☐Not sure	

15.Are there any innovative ways of providing aftercare services in your organization?	☐Yes ☐No ☐Not sure	Opinions (Specify): ☐ _____ ☐ _____
16.Do you think the speed of service delivery is adequate in your organisation?	☐Yes ☐No ☐Not sure	
15.Are the service delivery complaints resolved efficiently in your organisation?	☐Yes ☐No ☐Not sure	

Section 3: Perception on investor aftercare

Rate the following statements on a 1-5 scale, where 1 is strongly disagree and 5 is strongly agree.

Statement / Variable	**Strongly Disagree 1**	**Disagree 2**	**Neutral 3**	**Agree 4**	**Strongly Agree 5**
1. The organisation's aftercare is effective in supporting agro-processing investors.	☐	☐	☐	☐	☐
2. Lack of Public-Private Partnership (PPP) is one of the challenges/ weakness in organisation for more effective implementation of aftercare.	☐	☐	☐	☐	☐
3. Investor aftercare benefits the province's investment attraction, retention, expansion and employment creation.	☐	☐	☐	☐	☐

4.	The organisation has made significant investment in resources towards aftercare services.	☐	☐	☐	☐	☐
5.	Sufficient human, time and financial resources are still needed towards a comprehensive aftercare.	☐	☐	☐	☐	☐
6.	The agro-processing sector is satisfied with the quality of our services.	☐	☐	☐	☐	☐
7.	Aftercare service is critical function in our organisation as it is economic development's backbone.	☐	☐	☐	☐	☐
8.	Our organisation's aftercare services enjoy support from all stakeholders.	☐	☐	☐	☐	☐
9.	The organisation acquires the needs of existing investors through regular interaction with them.	☐	☐	☐	☐	☐
10.	Land, electricity supply and quality raw materials are the main three challenges prohibiting existing investors to reach their full potential.	☐	☐	☐	☐	☐
11.	Funding, market and skills are the main three challenges prohibiting small enterprises to meaningfully participate in agro-processing sector.	☐	☐	☐	☐	☐
12.	Our organisation follows a comprehensive aftercare model.	☐	☐	☐	☐	☐
13.	My overall assessment is that our organisation's aftercare model is excellent.	☐	☐	☐	☐	☐

Additional Notes

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APPENDIX TWO: DATA COLLECTION TOOL B: INTERVIEW GUIDE

UNIVERSITY OF KWAZULU-NATAL

Graduate School of Business and Leadership

Researcher: Mr Sepele Matlala	**Supervisor**: Doctor Mashau Pfano	**Research Office**: Mr Mohun Prem
Student No: 202 526 928	Telephone: 031 260 7021	Telephone: 031 260 4557
Cell: +27 82 220 5147	Email: Mashaup@ukzn.ac.za	Email: mohunp@ukzn.ac.za
Email: sepelem@yahoo.com		

I want to thank you for taking the time to meet with me today. My name is **Sepele Johannes Matlala** a PHD student, at the Graduate School of Business and Leadership, of the University of KwaZulu-Natal and I would like to talk to you about a research project entitled: **Developing investor aftercare model for promotion of agro-processing sector: The case of Limpopo province**.

The research, which aims to, amongst others, address the following objectives, is being undertaken under the auspices of the Graduate School of Business and Leadership, of the University of KwaZulu-Natal:

- To explore the strategies used in promoting agro-processing in Limpopo province.
- To investigate the stakeholders' perceptions on the current investment aftercare strategies;
- To assess the relevance of the current aftercare model in the province;
- To investigate the potential benefits of investment aftercare in the province;
- To review the investor aftercare models in order to develop one for the province's agro-processing sector.

As you are a key stakeholder representative in Limpopo province's agro-processing sector, you would have a valuable insight that could assist me to achieve the research objectives. I would therefore greatly appreciate, if you could spend some time in participating in this research project.

The results of the project are intended to promote the agro-processing sector in the province as well as increasing the body of knowledge in the research area. Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There would be no monetary gain from participating in this project. Confidentiality and anonymity of records identifying you as a participant would be maintained by the Graduate School

of Business and Leadership, University of KwaZulu-Natal. If you have any questions or concerns about participating in this project, you may contact me or my supervisor at the numbers listed above. I hope you would take the time to participate in this project.

Sincerely

Researcher' Signature ……Date…….

Place…….

Return to the researcher

CONSENT

I…… (Full names of respondent) hereby confirm that I understand the nature of the research project, and I consent to participate in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

Respondent' Signature…… Date …….. Place…….

CONSENT FOR AUDIO-RECORDING

I hereby consent / do not consent to have this interview recorded.

Signature of respondent…….

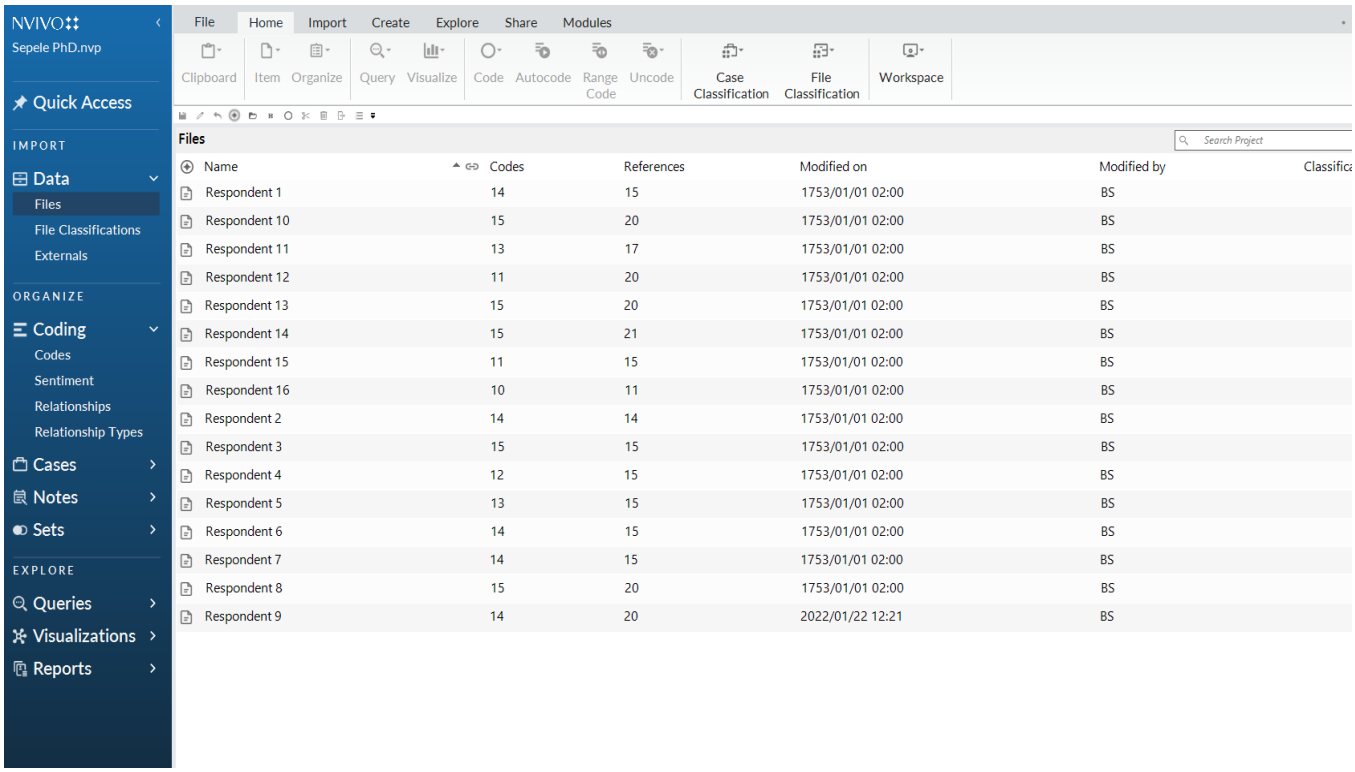
1. How do you understand investor aftercare concept?
2. Based on your understanding, to what extent does your organisation apply investor aftercare in promoting the agro-processing sector?
3. How old is your investor aftercare model and how often do you review it?
4. Which top three stakeholder groups do you consult with when you develop or review your model. Why do you consult them?
5. Which top three stakeholder groups do you cooperate with in providing investor aftercare services? Why do you cooperate with them?
6. Which sphere of government do you think is mostly suitable to provide these services and why?
7. What aftercare services do you provide to the existing investors?
8. How often does your organisation interact with existing investors?
9. How does your organisation interact with investors? What benefits are associated with investor aftercare in the province?
10. Which resources are still needed to improve your aftercare?
11. What makes aftercare a critical function of your organisation?
12. Which level of government does your organisation's aftercare enjoy a full support from?
13. How does your organisation acquire knowledge and information about existing investors and their needs?
14. What are the main three challenges, if any that prohibit existing agro-processing investors to reach their full potential?
15. What are the main three challenges faced by small enterprises to participate in agro-processing sector?
16. What makes investors prefer your organisation?
17. What is your overall assessment of your organisation's aftercare?
18. In your opinion, what are the major critical factors needed to have a successful agro-processing aftercare?
19. What is the most suitable aftercare model that could be employed to ensure

the competitiveness of the agro-processing sector in the province? Why do you prefer this model?

20. Do you have additional comments that you think have not been covered by the preceding questions?

THANK YOU FOR TAKING THE TIME TO PARTICIPATE IN THIS PROJECT, YOUR INPUT IS SINCERELY APPRECIATED

APPENDIX THREE: Nvivo SNAPSHOTS



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Respondent 6	14	15	1753/01/01 02:00	BS	
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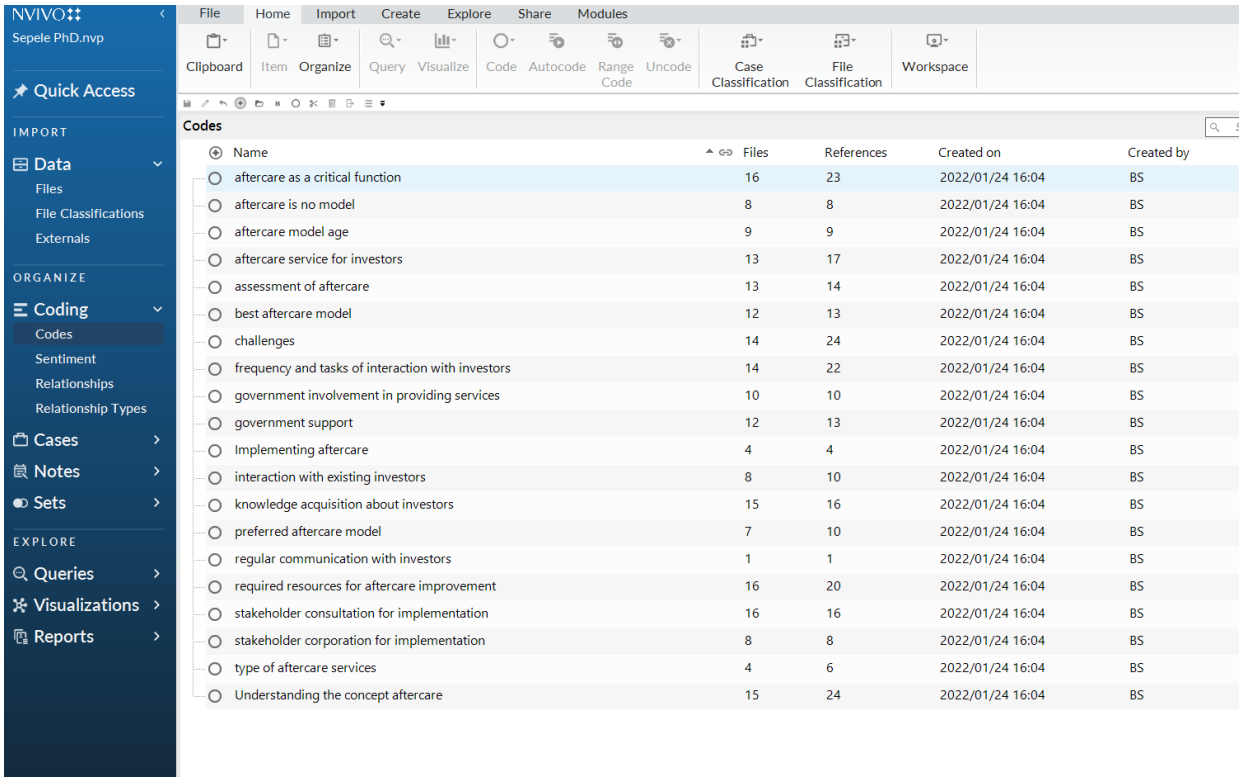
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best aftercare model 12 13 2022/01/24 16:04 BS
challenges 14 24 2022/01/24 16:04 BS
frequency and tasks of interaction with investors 14 22 2022/01/24 16:04 BS
government involvement in providing services 10 10 2022/01/24 16:04 BS
government support 12 13 2022/01/24 16:04 BS
Implementing aftercare 4 4 2022/01/24 16:04 BS
interaction with existing investors 8 10 2022/01/24 16:04 BS
knowledge acquisition about investors 15 16 2022/01/24 16:04 BS
preferred aftercare model 7 10 2022/01/24 16:04 BS
regular communication with investors 1 1 2022/01/24 16:04 BS
required resources for aftercare improvement 16 20 2022/01/24 16:04 BS
stakeholder consultation for implementation 16 16 2022/01/24 16:04 BS
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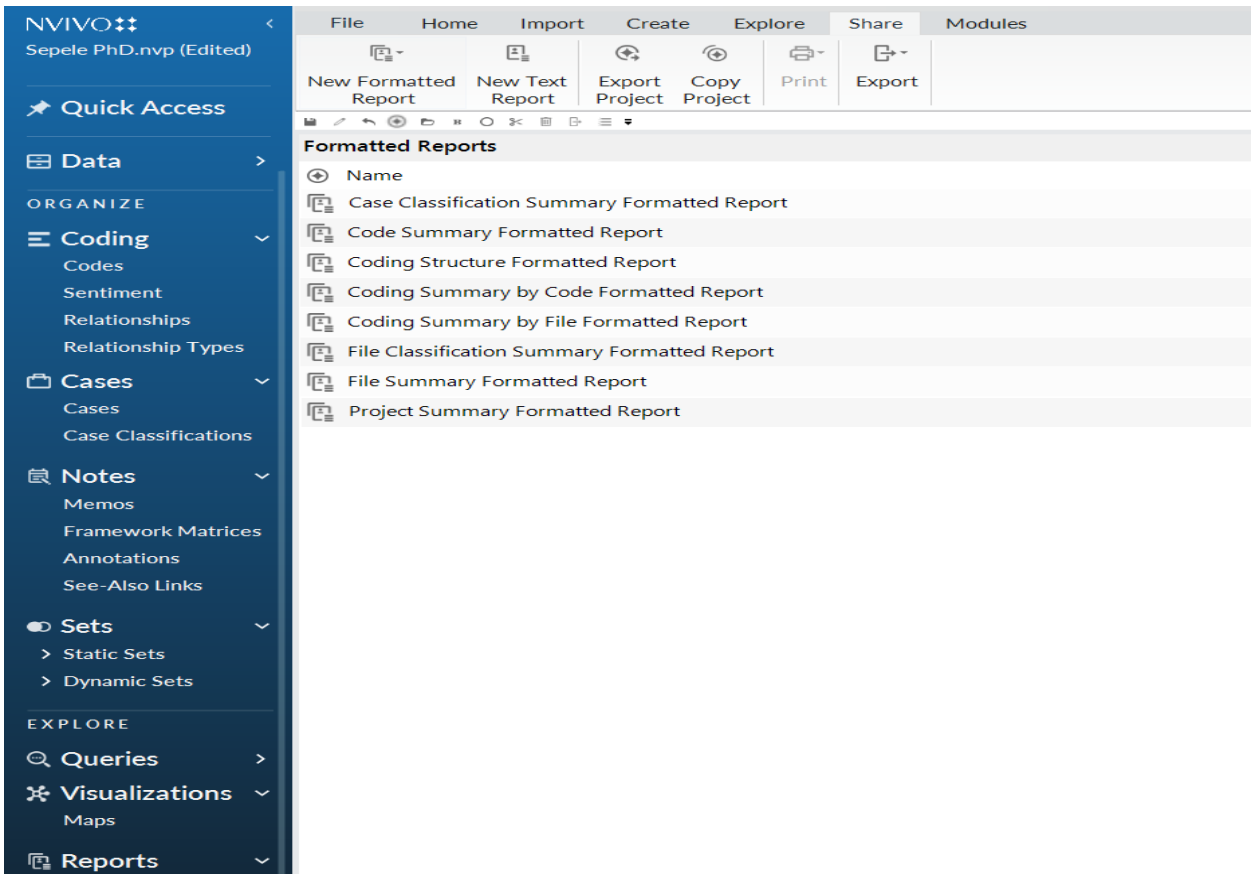
Understanding the concept aftercare 15 24 2022/01/24 16:04 BS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Maps
Reports
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Home
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Create
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Formatted Reports
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Case Classification Summary Formatted Report
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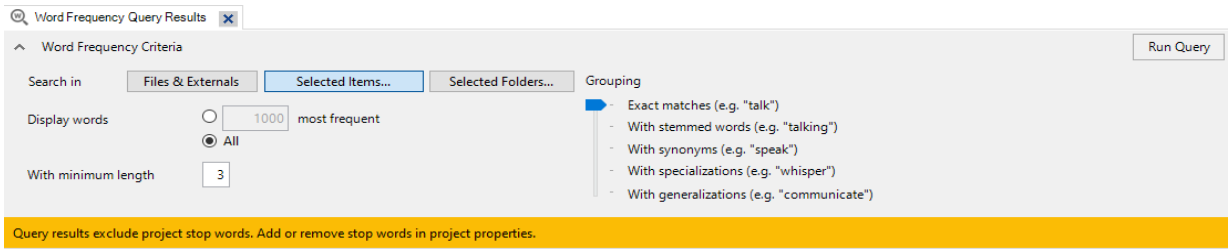
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Word Frequency Criteria
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Files & Externals
Selected Items...
Selected Folders...
Grouping
Display words
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most frequent
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With minimum length
3
Exact matches (e.g. "talk")
With stemmed words (e.g. "talking")
With synonyms (e.g. "speak")
With specializations (e.g. "whisper")
With generalizations (e.g. "communicate")
Query results exclude project stop words. Add or remove stop words in project properties.


organisation supported
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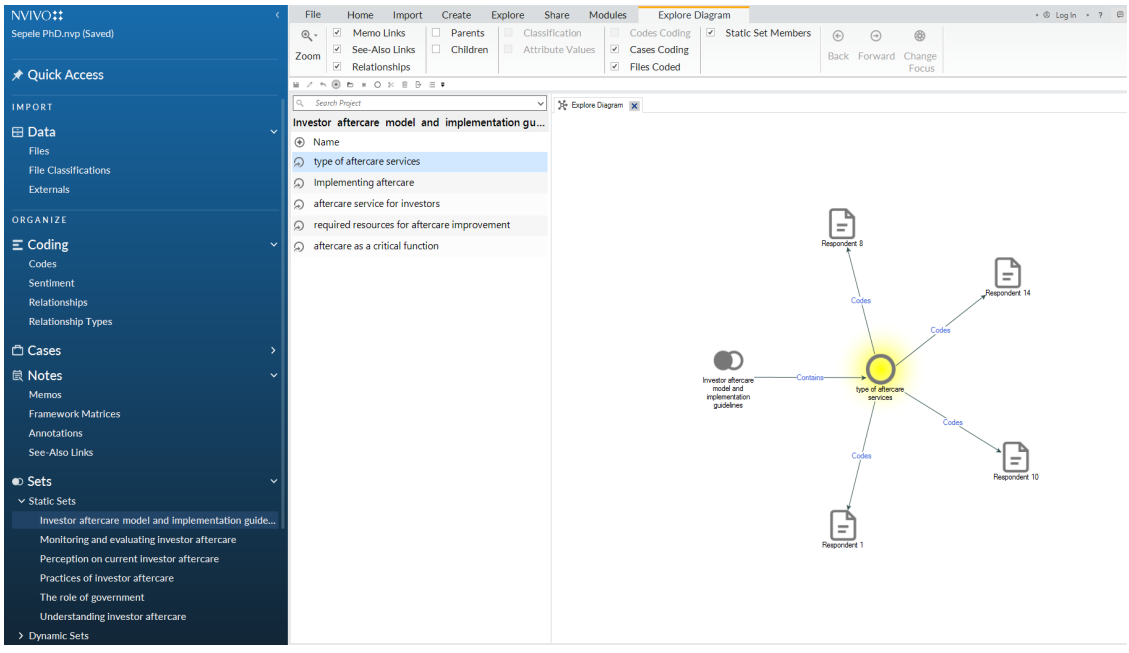
ensure
think government businesses builds clear provide
funding critical programme enough driven strong
human based relationship creates building play
driving working build funds
run local business create services role expensive
financial need help aftercare creating levels house
public climate atmosphere good external investor solid
depend led across makes
sectors expand environment grow coupled result
thrive depends investors support functional expansion
whole helps vital
advocate sector investors'
plays resources
economy economic structured
comprehensive
private model
implement
stakeholders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Perception on current investor aftercare
Practices of investor aftercare
The role of government
Understanding investor aftercare
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Change Focus
Search Project
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Name
type of aftercare services
Implementing aftercare
aftercare service for investors
required resources for aftercare improvement
aftercare as a critical function
Respondent 8
Respondent 14
Respondent 10
Respondent 1
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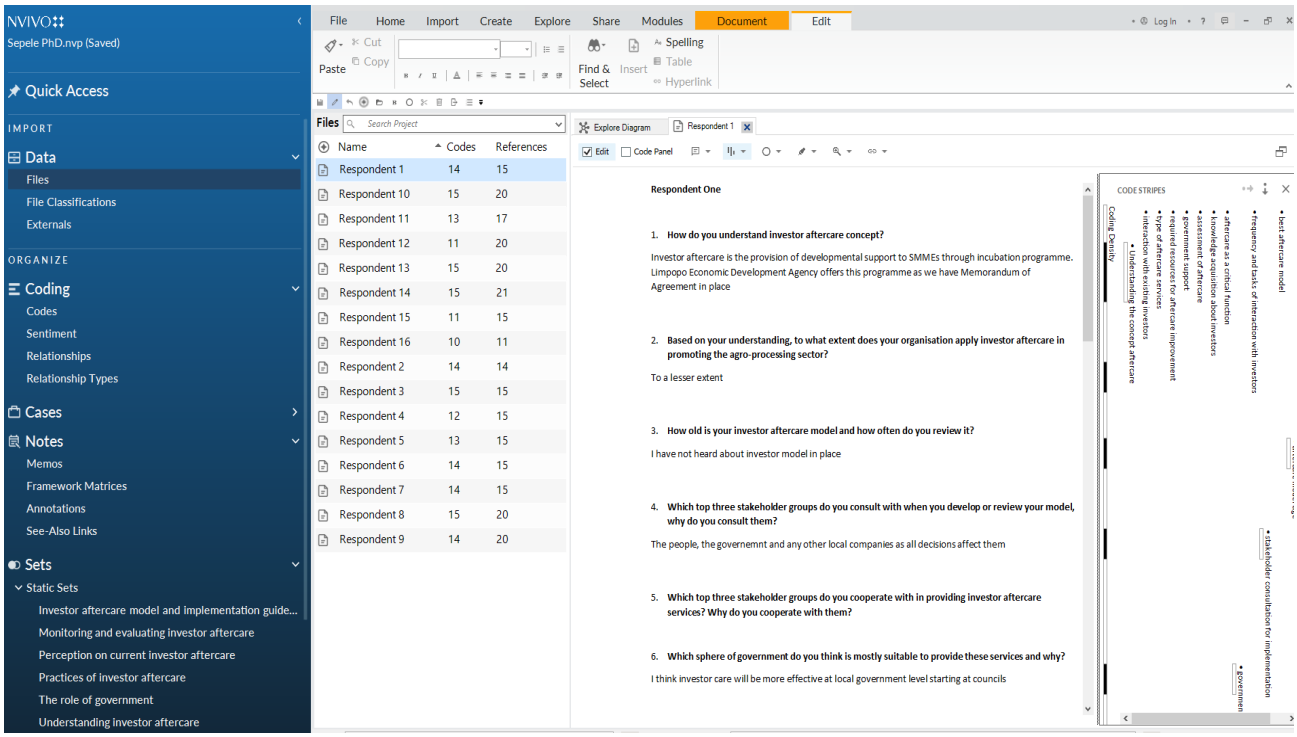
Investor aftercare model and implementation guidelines
type of aftercare services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Paste Cut Copy
Find & Select
Insert
Spelling
Table
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Files
Search Project
Name Codes References
Respondent 1 14 15
Respondent 10 15 20
Respondent 11 13 17
Respondent 12 11 20
Respondent 13 15 20
Respondent 14 15 21
Respondent 15 11 15
Respondent 16 10 11
Respondent 2 14 14
Respondent 3 15 15
Respondent 4 12 15
Respondent 5 13 15
Respondent 6 14 15
Respondent 7 14 15
Respondent 8 15 20
Respondent 9 14 20
Explore Diagram
Respondent 1
Edit
Code Panel
Respondent One
1. How do you understand investor aftercare concept?
Investor aftercare is the provision of developmental support to SMMEs through incubation programme. Limpopo Economic Development Agency offers this programme as we have Memorandum of Agreement in place
2. Based on your understanding, to what extent does your organisation apply investor aftercare in promoting the agro-processing sector?
To a lesser extent
3. How old is your investor aftercare model and how often do you review it?
I have not heard about investor model in place
4. Which top three stakeholder groups do you consult with when you develop or review your model, why do you consult them?
The people, the governemnt and any other local companies as all decisions affect them
5. Which top three stakeholder groups do you cooperate with in providing investor aftercare services? Why do you cooperate with them?
6. Which sphere of government do you think is mostly suitable to provide these services and why?
I think investor care will be more effective at local government level starting at councils
CODE STRIPES
Coding Density
Understanding the concept aftercare
Interaction with existing investors
Type of aftercare services
required resources for aftercare improvement
government support
assessment of aftercare
knowledge-acquisition about investors
aftercare as a critical function
frequency and tasks of interaction with investors
best aftercare model
stakeholder consultation for implementation

APPENDIX FOUR: ETHICAL CLEARANCE LETTER

UNIVERSITY OF KWAZULU•NATAL
INYUVESI
YAKWAZULU-NATALI

10 April 2019

Mr Sepele Johannes Matlala
(202526928) Graduate
School of Business &
Leadership Westville
Campus

Dear Mr Matlala,

Protocol reference number: HSS/0255/019D
Project title: Developing investor aftercare model for promotion of agro-processing sector: The case of Limpopo Province

Approval Notification — Expedited Application In response to your application received on 04 April 2019, 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 discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 1 year from the date of issue. Thereafter Recertification must be applied for on an annual basis.

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

Dr Rosemary Sibanda (Chair) /Ms

Cc Supervisor: Dr Pfano Mashau cc Academic Leader Research: Professor Muhammad Hoque cc School Administrator: Ms Zarina Bullyraj

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