

UNIVERSITY OF KWAZULU-NATAL

**THE USE OF STRATEGIC PARTNERSHIPS AS THE DRIVER OF LOCAL ECONOMIC
DEVELOPMENT (LED): A CASE STUDY OF THE ETHEKWINI MUNICIPALITY
AND SHANDUKA BLACK UMBRELLAS (SBU) PARTNERSHIP.**

By

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DECLARATION

I declare that this dissertation is my original work. All citations and references have been acknowledged. I declare that this research is being submitted in fulfilment of Master's Degree in Commerce in the faculty of Law and Management Studies, the Graduate School of Business and Leadership, University of KwaZulu-Natal, South Africa. This dissertation has not been submitted for examination or any other purpose in any other university.

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ABSTRACT

This research examines the use of strategic partnerships or public-private partnerships (PPPs) as a driver of Local Economic Development (LED). The main objective of this study was to understand the role of partnerships in SMME related LED, to understand the effectiveness of the partnership between the eThekweni municipality and Shanduka Black Umbrellas (SBU) on SMME related LED. The specific goals were to determine the role of LED partnerships in creating employment and developing skills for SMMEs and to examine the level of sustainability of LED partnerships using the case of the eThekweni Municipality and SBU partnerships. The objectives of the study were operationalized within the broad Public-Private Partnership (PPP) discourse. This framework gave currency to the study in that in South Africa PPPs are legislated and used by all the three spheres of government.

The study premises from the fact that eThekweni municipality entered into a plethora of strategic partnerships (PPPs) with a number of private sector companies with the purpose of promoting SMMEs and LED with the SBU forming part of the private sector stakeholders. The dissertation then looked at the role played by the partnership between the eThekweni Municipality and the SBU in LED. The study used qualitative research method where in depth interviews were conducted among participants consisting of senior managers drawn from the eThekweni Municipality and the SBU and six beneficiaries from the SBU.

The study found that public-private partnerships do play a key pivotal role in LED and therefore recommends more public-private partnerships. Relationships provide support to SMMEs and SMMEs gain from the programs that are derived from relationships. The study also found that partnerships grow SMME turnover and help in instilling confidence. SMMEs grow and gain strength from partnerships. Partnerships also provide job creation and provide business support. The study also found that partnerships provide capacity building, business linkages, skills development and other LED related benefits to SMMEs.

Key words: Local Economic Development, Public Private Partnerships

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LIST OF ACRONYMS AND ABBREVIATIONS

BEE	Black Economic Empowerment
BOO	Build Own and Operate
BOOT	Build, Operate, Own and Transfer
BOT	Build, Operate, and Transfer
BSTMU	Business Support Tourism and Markets Unit
COGTA	Cooperative Government and Traditional Affairs
CWCI	Conference Workshop Cultural Initiative Fund
DBF	Design, Build and Finance
DBF	Durban Business Fair
DBFM	Design, Build, Finance and Maintain
DBFO	Design, Build, Finance and Operate
DBO	Design, Build and Operate
DBOOT	Design, Build, Operate, Own and Transfer
DBOT	Design, Build, Operate and Transfer
DCOGTA	Department of Cooperative Governance and Traditional Affairs
DFBO	Design, Finance, Build and Operate
DFBOT	Design, Finance, Build, Operate and Transfer
ED	Enterprise Development
EMA	EThekweni Municipal Area
GDP	Gross Domestic Product
GNP	Gross National Product
IDP	Integrated Development Plan
ILO	International Labour Organisation
KZNDEDTEA	KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs
LED	Local Economic Development

MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MOU	Memorandum of Understanding
NDP	National Development Plan
NSW	New South Wales
NYDA	National Youth Development Agency
PFI	Private Finance Initiative
PFMA	Public Finance Management Act
PPP	Public-Private Partnership
SALGA	South African Local Government Association
SBU	Shanduka Black Umbrellas
SEDA	Small Enterprise Development Agency
SMME	Small, Medium and Micro Enterprise
TIKZN	Trade and Investment KwaZulu-Natal
UK	United Kingdom
UN	United Nations
WB	World Bank

CHAPTER ONE: INTRODUCTION TO THE RESEARCH

1.1. INTRODUCTION

The eThekweni Municipality which is based in the South Africa's province of KwaZulu-Natal has a number of strategic partnerships with private sector companies, and non- governmental organizations around Durban. The aim of these partnerships is to solicit enterprise development opportunities for Small, Medium and Micro Enterprises (SMMEs) which will contribute to Local Economic Development (LED). Public-Private Partnerships (PPPs) are entered into through the signing of Memorandums of Understanding (MOUs) between the eThekweni municipality and each corporate and the MOU encapsulates areas of collaboration which are agreed to by both partners.

SMME opportunities that are derived from these partnerships manifest themselves in the form of procurement, trainings, empowerment workshops, which focus on women empowerment programs, access to finance, the Durban Business Fair, the Fashion Fair, and informal economy development. LED strategies are significant tools for driving economic development and job creation at local level. This study will investigate the role and the significance of a PPP between the eThekweni Municipality and Shanduka Black Umbrellas (SBU) in LED.

1.2. AIMS AND OBJECTIVES OF THE STUDY

The broad aim of the study is to examine the use of a partnership between the eThekweni Municipality and SBU in LED while the specific objectives are as follows:

1. To understand the role of Public Private Partnerships in SMME related LED.
2. To understand the effectiveness of the partnership between the eThekweni Municipality and SBU on SMME related LED.
3. To determine the role of LED partnerships in creating employment and developing skills for SMMEs.
4. To examine the level of sustainability of LED partnerships using the eThekweni Municipality and SBU as a case study.

The study questions are as follows:

- a) What is the role of partnerships between the public and private sector?

- b) Why did SBU enter into this partnership with the eThekweni Municipality?
- c) How do SBU and the eThekweni Municipality measure the efficacy or impact of this relationship?
- d) How many jobs and procurement opportunities have been created by this partnership?
- e) Have the partnerships produced any skills?

1.3. JUSTIFICATION OF THE STUDY

Empirical evidence suggests that governments around the world are increasingly turning to PPPs thus replacing the traditional financing for infrastructure projects. Governments' new stance has taken different natures ranging from services being contracted out, pure privatization and usage of private sector finance (Li and Akintoye, 2003). The history of South Africa is characterized by inequality, racism and other oppressive rules. Due to racial disparities the South African democratic government recognized the significance of involving private sector so as to augment service delivery, which includes inter alia, water and sanitation, housing, schools, hospitals, clinics, and roads to mention a few.

This study is important because it provides new information about partnerships, and will therefore add to the knowledge on the subject matter as well as improve partnerships and economic conditions of SMMEs. The new information that will be unearthed will help government, non-governmental institutions, and corporates to develop their understanding of partnerships, and in designing future government policies which will shape future public-private partnerships.

In an effort to achieve the above objectives the study will look at how PPPs are defined, configured and applied. It will also look at different PPPs in South Africa and globally. In South Africa, PPPs have become a buzz word since 1994. Former Finance Minister Trevor Manuel (2004) as cited by Gqoli (n. d.: 2) noted the following "This is what PPPs are about. The public gets better, more cost-effective services; the private sector gets new business opportunities. Both are in the interest of the nation". South African law defines PPPs as "A contract between a government institution and the private sector"(Gqoli, n. d. :12). Flinders (2005) and Stoker (1999) as quoted by Houghton (2010), view PPPs as joint efforts or working together involving the public and private sectors . Both parties perceive PPPs as playing a facilitative role which could not have existed had each party worked on its own or in conflict.

1.4. BACKGROUND AND CONTEXT OF THE STUDY

1.4.1. eThekweni Municipal Area

The eThekweni Municipality is located on the east coast of South Africa in the province of KwaZulu-Natal (KZN). This municipality encompasses an area of approximately 2 297 square kilo meters and is inhabited by about 3,5 million people (Statistics SA, 2011). It is composed of a diverse society, which is challenged by various social, economic, environmental and governance factors.

The eThekweni Municipality strives to meet the challenges besieging the constant population increase (Statistics SA, 2011). The population of the eThekweni Municipality according to Census 2011, has grown by 1.08% from 2001 to 2011 as against 2.34% from 1996 to 2001. This metro is a predominantly black African (74 %) (Statistics SA, 2011). Coloureds are in the minority and they stand at 3% (Statistics, SA, 2011).

Residents of this municipality consist of individuals from different ethnic backgrounds. The youth in the area are in the majority. Concentration of the larger population is in the central and the north regions. The urban core of the municipality is central region and it accommodates approximately 1.30 million people. It is followed in size by the northern region which has approximately 1, 15 million people as its residents. The south region is the home to about 730 000 people and the outer west region has a total population of 577 500 residing in it (Statistics SA, 2011).

IsiZulu is the dominant home language followed by English at 62% and 26 % respectively. 89 % of the total population has access to electricity and lighting, whilst 70% of community members have access to flush toilets and only 2% have no access to toilets at all. Almost two thirds of the people have water in their homes within the eThekweni Metro. 11% use paraffin and only 2% still use woods for cooking mainly those households in informal and traditional dwellings. A little over 86% of households rely on electricity for cooking.

The 2011 Census recorded a 12.8% drop in the unemployment rate when juxtaposed against the 43% in 2001. However, youth unemployment rate stands at a staggering 39%. Unemployment is undoubtedly one of South Africa's socio economic challenges. The high rate of unemployment can be put squarely on the shoulders of the formal sector that is underperforming and the fact that the unemployed are unable to penetrate the informal labour market (Davies and Thurlow, 2009). There has been an increase in the piped water inside

dwelling category from 51,2% in 2001 to 60.2% in 2011. There is a 0.4% increase in the weekly refuse removal category from 85.7% in 2001 to 86.1% in 2011.

There is an overall improvement in the development of community in the eThekweni Municipality. According to the eThekweni Municipality (2014) in 2012 the eThekweni Municipality's GDP amounted to R206,9 billion (eThekweni Municipality, 2013). Its population makes up 7% of South Africa's total population and 33% of KZN. When compared to the average of KZN and South Africa literacy rates and education levels have been progressing well (Statistics SA, 2011).

The Municipal Systems Act No 32 of 2000 spells out that all municipalities should produce IDPs. IDPs are tools used by municipalities for future development planning (The eThekweni Municipality, 2014). The city of Durban's vision is that "By 2030, eThekweni Municipality will enjoy the reputation of being Africa's most caring and liveable city where all its citizens live in harmony" (The eThekweni Municipality, 2014:17). Plan 2 of the eThekweni Municipality IDP talks about "developing a prosperous, diverse economy and employment creation" (The eThekweni Municipality, 2014:13).

LED is a stated key performance area for this plan. BSTMU and the eThekweni Municipality's Economic Development Unit are tasked with ensuring that LED programs, the promotion and the development of SMMEs and LED strategies' packaging that are biased towards disadvantaged regions in the eThekweni Municipal Area (EMA) materialize (The eThekweni Municipality, 2014).

1.4.2. Introduction to Public Private Partnerships in eThekweni Municipal Area

As a consequence of the apartheid regime and the fact that Durban in South Africa is an African city, there are numerous development impediments that Durban citizens have to endure (Houghton, 2011:76). During the post- apartheid epoch, two powerful PPPs have emerged in Durban, namely the Durban Growth Coalition which was formalized in 2000, and the eThekweni Municipality-Moreland Developments Joint Venture which became more active in 2001. The two PPPs in Durban mainly address economic impediments, with the former comprised of local and provincial governments and a private sector component (Houghton, 2010). With the influence of PPPs in eThekweni, one of the crucial partnerships is between the eThekweni municipality and Shanduka Black Umbrellas (SBU). This partnership is discussed later in the study but below an overview of SBU is provided.

1.4.3. Shanduka Black Umbrellas (SBU)

SBU formerly known as Black Umbrellas is a project advanced by Charles Maisel and Mark Frankel, two Cape Town social entrepreneurs who wanted to support SMMEs. They partnered with Black Umbrellas in 2009 to spread the project nationally with R5,2 million invested to set up and operate their Gauteng offices (Shanduka, 2014). The Shanduka Foundation chairperson, Cyril Ramaphosa, had envisioned that SBU could serve as a catalyst in entrepreneur development. He has identified this sector as significant to the empowerment of South Africans who were historically marginalized (Shanduka, 2014).

Two trusts hold shareholding in the Shanduka Group and these are The Fundani Education Trust and Mabindu Business Development Trust. The Mabindu Business Development Trust provides support to SBU. It is in this context that Mark Frankel the CEO of SBU stated that he believes “that developing black entrepreneurs is essential to the future social-economic development of South Africa. It is imperative that we bring a much larger number of small black-owned businesses into the economy as it’s really through these businesses that we distribute the outcomes of the economy to the communities within which they operate” (Shanduka, 2014:1).

SBU has partners in both the private and public sector and civil society. Their work addresses the low levels of entrepreneurship and the high failure rate of 100% black-owned emerging businesses in South Africa. Developing 100% black owned enterprises until they are able to access markets, finance and synergies as well as facilitating business opportunities, is the objective of the initiative (Shanduka, 2014). It is hoped that by so doing entrepreneurship will be promoted as a career of choice and that the profile of existing entrepreneurs will be built through media, networking and public relations activities. 100 % black owned qualifying businesses are nurtured through incubators that have office infrastructure, and mentorship programs that are structured. Professional services at a highly subsidized rate by SBU are also provided. These SBU incubators are located in Johannesburg, Pretoria, Lephalele, Durban, Port Elizabeth, Cape Town, Richards Bay and Mooiooi in the North West (Shanduka, 2014).

With much knowledge and experience in the running of incubation, a pre-incubation program that assists applicants to assess the viability of their business opportunities and existing businesses to formulate a strategic development plan before full incubation commitment, is offered by SBU. Reporting requirements in all phases of the program have also been intensified by SBU to ensure its deliverables are closely monitored. During the first three

months of full incubation, businesses are developed thus enabling them to be combat ready in finance, procurement and networking (Shanduka, 2014).

The Shanduka Black-pages enterprise and supplier development portal is also used by the SBU to promote 100% black-owned businesses for procurement opportunities. Through this innovative online platform 100% black owned companies are linked to procurement managers and this “is a fast, cost effective and reliable solution for companies that want to bring black businesses into their supply chains” (Shanduka, 2014:1).

Through online trainings and accessing of many different support services, the SBU also provides opportunities for small businesses to develop themselves. As an annual printed directory of black-owned businesses, Shanduka Black-pages had been in existence for four years. Notwithstanding, it was designed with advanced functionality to be suitable to the specific needs of buyers and sellers equally this has grown into a multi-purpose online platform (Shanduka, 2014).

It is the aim of SBU to open ten incubators in South Africa that will support fifty clients per incubator on average, in the long term. The aim is for each client to remain with the program for a three year maximum period. The SBU aims to ensure that at least half of the clients joining it become sustainable within this period of three years. SBU also hopes to provide support to SMMEs that together generate R3,6 billion in turnover and create 7,300 jobs over a 10 year period with support (Shanduka,2014). In 2004 when Shanduka Foundation was launched a commitment was made by Shanduka Group to spend R100 million over a ten year period on corporate social investment. This goal is about to be attained as Shanduka has spent R87 million thus far (Shanduka, 2014).

1.4.4. The Memorandum of Understanding (MOU) between the eThekweni municipality and Shanduka Black Umbrellas

In Johannesburg on the 29th of March 2012, a MOU was signed by the eThekweni Municipality represented by City Manager Mr Sbusiso Sithole and SBU represented by its Chief Executive Officer Mister Mark Frankel. The MOU’s preamble states that, “where-as both SBU and the eThekweni Municipality recognize that they share common goals with respect to entrepreneurial development and wish to establish a co-operative arrangement towards developing the sustainability of 100 % black owned businesses by providing support in the form of infrastructure, training and mentoring and access to finance and procurement opportunities” (MOU, 2012:2).

1.4.5. The Memorandum of Understanding Rationale

The rationale for the MOU was that the, SBU has established a business incubator in Durban that is situated at the Smart Exchange building. The aim of the incubator is to support and develop 100% black owned businesses located in the eThekweni Municipal Area by providing support in the form of infrastructure, training mentoring and access to finance and procurement opportunities (MOU, 2012).

The eThekweni Municipality has developed many support programs to develop and enhance the sustainability of small black owned businesses within the municipality and a record of these businesses is kept on a database and a regular contact and communication with these businesses is maintained. SBU and the eThekweni Municipality would like to collaborate and explore how the services and benefits offered by both parties can assist in the development and sustainability of 100% black owned small businesses. According to the MOU (2012: 4) the eThekweni Municipality will endeavour, where possible, to:

- a. Refer suitable applicants to SBU for incubation;
- b. Make its training programs available to SBU incubatees ;
- c. Facilitate meetings between SBU and the eThekweni Municipality's corporate and financial institution partners;
- d. Share its small business development lessons with SBU;
- e. Participate in SBU's selection panels for the recruitment of business into SBU's full incubation program;
- f. Generally collaborate with SBU to enable the sustainable development of 100% black owned small businesses in the eThekweni Municipality.

In addition the MOU (2012: 5) states that Shanduka Black Umbrellas will endeavour to:

- a. Process all applications received from businesses referred by the eThekweni Municipality;
- b. 2. Facilitate meetings between the eThekweni Municipality and SBU's corporate and financial institution partners;
- c. Share small business development lessons with the eThekweni Municipality;
- d. Generally collaborate with the eThekweni Municipality to enable the sustainable development of 100% black owned small businesses in the eThekweni Municipality.

1.5. STRUCTURE OF THE STUDY

This study is organized as follows.

Chapter one has provided the context of this research by introducing the rationale and objectives, as well as the nature of partnerships between the eThekweni Municipality and the SBU. The Chapter further drew attention to the MOU between these two parties, and the areas of collaboration. In chapter Two a theoretical review of literature on PPPs and the role of these partnerships in LED are offered. The review establishes the gaps, challenges and opportunities that exist in PPP globally and in South Africa (Boote and Beile, 2005).The identified gaps will then be addressed by the study's primary data. Chapter three presents the research methodology and design. This relates to the methodological process followed to gather and analyse data. In chapter Four the findings of the study are presented and analysed while in chapter five recommendations and final conclusions are outlined.

CHAPTER TWO: REVIEW OF LITERATURE

2.1. INTRODUCTION

This chapter will review literature on the subject of PPPs and also part played by these partnerships with regards to LED. It is always important for a researcher to understand what has already been done in a particular field of study (Boote and Beile, 2005). This study shall focus on the function of public and private sector partnerships. Review aims at ascertaining researched information on PPP and LED as this will detect gaps which could be solved by the study's primary data. Many sources of information will be visited for a detailed literature review relating to the study. In particular, the functions of partnerships between public and private sector will be tested using the case of SBU and the eThekweni Municipality.

The purpose is to scrutinize how this partnership has evolved in the context of LED. More specifically section one will provide some discussion on the state versus the market, Keynesian theory and Smith's "laissez faire" policy, theories of development, i.e. linear stages of growth model, structural change theory, international dependence theories, and neo classical theory, comprising of free market approach, public choice theory and market friendly approach and NDP.

Section two tackles LED definitions, policy and practice in South Africa and related challenges. Section three looks at PPPs overview comprising of definition of PPPs, the uses of PPPs, international application of PPPs, PPPs in developing countries and PPPs and LED. The last section discusses PPPs in South Africa, South African legislation on PPPs, South African definition on PPPs, PPP models commonly used in South Africa, PPPs implemented in South Africa and PPP challenges in South Africa. The following section debates the state and market.

2.2. STATE AND MARKET DEBATE

According to Hans (2014) the functions and roles the State have developed gradually and naturally. For a long time in economic development discourses, market and state remain the centre of debate. The question has and continues to be whether market or state is better in achieving economic development (Hans, 2014). Globalization has made the situation even worse. It has augmented the movement of goods, capital and labour. These strides give rise to both opportunities and threats to local communities endeavouring to progress both the living

and working conditions in their area of jurisdiction (Rodriguez-Pose and Tijmstra, 2009). The argument is about significance of the market and the state in LED.

Prevailing arguments by development activists in developing countries, is for government to enact a participative role in the country's economy (Hans, 2013). It was between the 1980s and the 1990s that neoliberalism was challenged by the theory of developmental states. It was the East Asian financial crisis that revived the government versus markets debate. The economies of developing countries have become more dependent on financial assistance from developed countries from the 1970s (Hans, 2014). It is in developing countries like India and regions like Africa where government intervention was perceived as a solution to challenges. India introduced some visible economic reforms during 1991 (Hans, 2014).

State involvement still remains central even though there is a conglomeration of "state failures". This incongruity suggests the need for government and markets to work in tandem for the prosperity of economies (Hans, 2014). Markets can flourish without state intervention but at the expense of equality and poverty. However, there is also a need for state intervention as the legislations and policies are the state prerogative. Even in the developed countries the state plays a particular role.

According to Basu (2009), neoliberalism assumes that markets are free from politics, and therefore offers equal level platform for individuals and businesses. Basu's argument (2009) fails to consider the fact that individuals and businesses possess power and information asymmetrically, and by this token some are more advantaged than others. There are current recommended policy reforms which are about configuring the state and not about how to build public-private partnerships or how to gain access to world market place (Basu, 2009:2).

The state is the custodian of authority and legitimate power and therefore implements coercion that shapes how the markets perform (Basu, 2009). Markets according to Basu (2009) have been asserted by politics, and neoliberalism as an ideology appears to play the political connotations attached to development, most importantly the significance and roles of markets historically. The market as an institution does not operate alone but is part of the societal rules and regulations.

There is enough evidence to confirm the importance of the state in economic development. Regardless of the prevalent ideology and economic system, government still plays a crucial role in a country's economic development by creating a friendly environment. The role of markets also played a key pivotal role in economic development as shown by Adam Smith's

invisible hand concept. His concept tremendously contributed to economic development theory. Adam Smith's thesis is the first modern scholarly work on economics. He is considered as the father of modern and arguably the most influential economist to date. He advocated for free enterprise economies and through his "invisible hand" argument he elucidated the significance of capitalism in a society's economy (Schiller, 2011). Smith also contended that economic growth and living standards would be raised through free market economy. "Market capitalism", he asserted, would help technological advancement, reduce prices and improve products (Schiller, 2011:4). Schiller (2011) goes on to state that Adam Smith advocated for market freedom, that markets should be largely left alone by the government, and that this would result in the efficiency of markets.

Notwithstanding Smith was quick to point out that government could not afford to entirely leave the markets alone, but had to occasionally monitor them as they could inflate prices and impede competition. Adam Smith's theory intended to inculcate a strong view about how close to perfect markets were (Schiller, 2011). The debate still rages on.

About a century and a half later, Keynesian theorists would provide a ground-breaking antithesis, based on the factors which sustained the great depression. Named after its founder John Maynard Keynes, Keynesian Economic theory took over during post World War I, after classical economics had been declared inadequate (Yergin and Stanislaw, 1998). That supply and demand was going to bring employment could not work as economies fluctuated. Public investment had to be given way by private investment. Keynes intention was for government's bigger contribution in the economy.

Alan Blinder (2008), lists six tenets of Keynesianism, namely, (a) A large number of decisions which are both public and private and have an influence on aggregate demand, (b) Any change on aggregate demand whether anticipated or not exude great impact on both output and employment and no impact on prices, (c) Shortages and surpluses on labour are a result of wages and prices' slow response to changes in supply and demand, (d) Unemployment is not an ideal situation and depression and economic recession periods are economic sicknesses, (e) Stabilization of economy policy is doubted, (f) Focus is more on vanquishing unemployment than on defeating inflation.

Keynesian economic and political school of thought argued that the private sector needed to play a dominant role with the state regulating some aspects of the economy and by so doing expand aggregate demand . It also argued for the promotion of state interventionist approach

and was highly critical of the free market theory advanced by classical economics on the organization of economy and society (Hearne, 2009:7). Keynesianism formed the basis for economic reconstruction post World War II. Keynesian governments took over key sectors of the economy and society at all levels thereby creating a welfare state and made provision for very important services of the community and infrastructure development which includes hospitals, roads and housing (Hearne, 2009). Access to these public services was provided freely.

A transition period which took the form of 1970s oil crisis cast shadow of doubt on Keynesian economics giving way to recycling of classical economics only this time a modified version, therefore neo-classicalists. Margaret Thatcher (UK) and Ronald Reagan (US) were the political faces of the neo-liberal economics post the oil crisis. They criticized Keynesians for the woes of the 1970s and 1980s. Neoliberal theory advocates for the eradication of welfare state and trade unionism. This school of thought canvasses for privatization and deregulation as they believe in the efficiency and the productivity of the private sector (Hearne, 2009).

According to Rao (2012) neoliberalism became dominant ideology and due to that the welfare state policy had been transformed in the 1990s. Since the public sector had failed, socialism in the Soviet Union had collapsed, and China had risen along capitalist lines, US capitalism success pushed for private sector take-over of services from public entity (Rao, 2012). Policies introduced by Thatcher and Reagan resulted in the state being relegated and entrepreneurship promoted. Unemployment rate flared and so was GDP. Individualistic tendencies as opposed to socialistic prospered with a few controlling wealth. Reagan advocated for non- government interference resulting in “Washington Consensus” being produced (Rao, 2012: Hearne, 2009).

It is argued that International Monetary Fund (IMF) and World Bank (WB) no longer performed the duties they were designed for but changed to exploitative tools for developing countries (Rao, 2012). Neoliberalism positively sanctioned inequalities and poverty globally and also undermined power of trade unionism (Houghton, 2010). Economic development therefore means different things to different people. This entirely depends on perspectives held by people and economic statuses and situations of different countries. Developing countries still remain dependent on developed countries for their economic development.

According to World Bank (2000) as cited by Dang and Sui Pheng (2015), many theories, explanations, arguments and assertions came into being as a result of complex and multi-dimensional nature of economic development problems. According to Todaro (2009) as cited by Dang and Sui Pheng (2015) before 1970s swift economic development was thought to be a correct representative for some growth aspects. Economic development goals are discussed in the following section.

2.3. MEASURES OF ECONOMIC DEVELOPMENT

Growth of Gross National Product, Quality of Life, Sustainable Development and Millennium Development Goals are the four measures of economic development that are briefly discussed in this section.

2.3.1. Growth of Gross National Product (GNP)

Economic development goals according to Dang and Sui Pheng (2015) include Gross National Product (GNP) growth, quality of life, sustainable development and the millennium goals. Simply stated economic development goal is to create national wealth (Dang and Sui Pheng, 2015). Annual Gross National Product increase measures economic performance. GNP per capita is replaced with gross national income by World Bank (WB) (Dang and Sui Pheng (2015). 1950s and 1960s experiences proved that GNP did not translate into a country's population improved life. Policy makers and academics in highly developed countries recognized that growth in income was one aspect of growth (Dang and Sui Pheng, 2015). As a result of poverty in the 1970s development economists changed their doctrine from people's monies to their lives. This situation resulted led in eyebrows being raised about the relationship between per capita income increase and the corresponding rise in unemployment, poverty and inequality.

2.3.2. Quality of Life

The quality of life was recognized in the 1990s by economists that it determined whether the people are from the developed or developing countries. The relevance of Sen's work (1985) according to Dang and Sui Pheng (2015) introduced the broader perspective on development goals. One of Sen's doctrine focuses on enhancement of human capabilities as the main goal of development. Economic development goals were promoted under Sen's doctrine (Dang and Sui Pheng, 2015).

2.3.3. Sustainable development

This subject of sustainable development is arguably one of the critical policy and research issue of the twenty first century (Brandon and Lombardi, 2011). Over the past few years a large amount of monies have been committed to research on sustainable development by European Union (Brandon and Lombardi, 2011).

2.3.4. Millennium Development Goals (MDG)

Millennium Development Goals as adopted by United Nations (UN) intended to tackle most challenging issues in developing countries (Dang and Sui Pheng, 2015). Their criticisms however stems from their neglect of other important objectives of development. The next section discusses how economic development thoughts evolved.

2.4. THE EVOLUTION OF ECONOMIC DEVELOPMENT

2.4.1. Perspectives on Economic Society and Prosperity

It was only in the 1950s that development economics was firmly entrenched as an economics discipline. However, there were many economists that had earlier written comprehensively about economic society's nature and success (Dang and Sui Pheng, 2015). The two very famous thinkers Karl Marx and Adam Smith are in that category. Even though Karl Marx and Adam Smith had opposing views on nations economic systems they were however the most notable thinkers having written extensive work on the nature of economic community and development (Dang and Sui Pheng, 2015). Smith's capitalism doctrine was criticized for enriching the rich whilst the poor get poorer and so was Marx's philosophy as there was no improvement in the lives of people in socialist economies. According to Meier (2000) as cited by Dang and Sui Pheng (2015) the Soviet Union collapse in 1991 and the central planning perspective seemed to show that the philosophy was not the answer to inequality and poverty observed in community. Classical economic development theories are reviewed hereunder.

2.4.2. Classical theories of economic development

In this section classical theories of economic development are briefly discussed.

2.4.2.1. The linear stages of growth model

(a) Rostow's Stages of Growth

In the early years post the World War II, the first generation of economic development models was articulated. They concentrated on the use of big capital injections to attain swift GDP growth rates (Dang and Sui Pheng, 2015). According to Dang and Sui Pheng (2015) development process was viewed by the theorists of the 1950s and early 1960s as historical stages arrangement. Rostow's stages of growth and the Harrod –Domar model are the two most famous models. This model was made popular by John Rostow and its essence is that a country has to undergo a sequence of historical stages of development. All developed countries, it asserts, went through take-off stage to personal-supporting growth. According to Rostow five stages of development are:

(i) Traditional society in which the economy is subsistence agriculture, labour is intensive and there is low social mobility and low productivity; (ii) Preconditions for take-off where there is an increase in investment rate; (iii) Take off stage where there is vibrant economic growth and some sectors without relying on outside help generate economic growth; (iv) The drive to maturity is where there is discernible economic and technological progress and investments increase in a significant way. Economy is diversified, and (v) the age of high mass production is where most part of the population enjoy a high standard of living

(b) Harrod Domar Growth Model

This model asserts that Growth Domestic Product growth is relational investment share in GDP. This means GDP growth rate relies on savings and ratio of capital output. This model received many criticisms for failing to understand that though there is a need for capital accumulation, it is not enough condition for development. This theory was found to be very simplistic in its analysis and it had failed to factor in social, political and institutional impediments to development (Dang and Sui Pheng, 2015).

2.4.2.2. Structural- change Theory

It involves policies whose focus is about effecting change on developing countries' structures of economy from mainly being constituted by survival farming tendencies to greatly modernized, urbanized, and technically different industrial and economy of service. Structural change theory manifests itself in two major forms: Two sector surplus model by W. Lewis and patterns of development approach by Hollis Chenery.

The two-sector surplus model perceives agricultural communities as comprised of big surplus labor that could be used in encouraging urbanized industrial sector development whilst, the patterns of development approach consists of the empirical analysis of the series of processes

through which the economic, industrial and institutional structure of a developing economy is converted through time allowing the replacement of out-dated farming as the nucleus of economic progression by new industries. The two models were lambasted for emphasizing urban development over rural development as this can widen inequality gap in a country's internal regions. This model was also criticized because it assumed farming communities in the main were plagued with labour surplus. This theory further received criticism as it had no hypothetical framework (Dang and Sui Pheng, 2015).

2.4.2.3. International Dependence Theories

Dependency theory grew in prominence under the guidance of the Director of the United Nations Economic Commission for Latin America, Paul Prebisch in the late 1950s (Ferraro, 2008). The fact that economic growth in the developed countries did not necessarily result in economic growth in the developing countries concerned Prebisch and his colleagues (Ferraro, 2008). Theories of dependence internationally are different from earlier theories as they originated from developing countries and perceive development challenges to be mainly naturally external and not inward. According to Hein (1992) as cited by Dang and Sui Pheng (2015) dependence theory is viewed as an extension of Marxist theory. Developing countries are perceived to be economically and politically relying on developed powerful countries that are interested in preserving their controlling status. These theories further maintained that rich countries' economic practices trap poor countries in poverty automatically.

Poor countries, the theory maintains, exported raw materials to rich countries who manufactured these materials but the poor countries would not afford the value added materials. Import substitution was the solution to poor countries. Historical framework was emphasized in analysing underdevelopment. This theory differentiated between underdevelopment and development and made a conclusion that dependency was an important part of global capitalism. It achieved additional support within the developing countries due to the stages and structural change models' partial results (Dang and Sui Pheng, 2015). According to Ferraro (2008) motionless development was usually encountered by these nations and ultimately opted to reopen their economies like India, China and Tanzania.

Neo-colonial dependency doctrine, dualistic-dependence and false paradigm models are the three major formulations of dependence doctrine that were used by neoclassical counter-revolution economists in the 1980s (Dang and Sui Pheng, 2015).

Neo Marxist model looks at historic inequality of rich and poor countries' relationships. It talks about rich and poor countries' coexistence in a universal system that is ruled by power inequality, i.e., centre and periphery. It also talks about small influential elite groups (comprador groups) in developing countries.

False paradigm model talks about misplaced advice from good intending but ignorant, prejudiced and ethnocentric universal specialists. Their strategies are baseless. They over emphasize accumulation of capital or market freedom not considering social and institutional agenda (Dang and Sui Pheng, 2015).

The dualistic-dependence model is about coexistence of two situations, one desirable and other not that are mutually exclusive to different groups of society, e.g. extreme poverty and affluence; modern and traditional economies and sectors; growth and stagnation (Musyoka, 2014). According to Musyoka (2014) this coexistence is chronic and is not transactional. The gap between developed and developing countries is widening. Degrees of inferiority and superiority do not diminish. Interrelations between inferior and superior elements are such that the superior does little or nothing to pull up the inferior element (Musyoka, 2014).

2.4.2.4. Neoclassical Theory

This theory emerged in the 1980s and was promoted by the World Bank, IMF and US Treasury. Neoclassical theories stand for a drastic move away from international dependence theories. Their main argument is non-governments intervention in the economy. Their claim says an unimpeded free market is the finest way of persuading swift and effective development. They are for unrestricted markets, privatization, promotion of unrestricted trade and expansion of export and they welcome advanced countries' investors. They maintain that efficient unrestricted markets are the most capable in ensuring resource allocation happens efficiently resulting in the elevation of economy and stability (Dang and Sui Pheng, 2015).

Neoclassical theories argue that underdevelopment was basically as a result of poor resource allocation and too much government obstruction. One of the beliefs of Neo classical theories is that products and prices are accurate projections, competition is effective, availability of technology and information is free and costless. Government should not interfere with the economy as this may result in its distortion and counter-production and developing world's economies will remain productive regardless of their market limitations (Dang and Sui Pheng, 2015).

According to public choice doctrine government can do nothing right as they are inefficient and corrupt. Government is used to pursue own agendas and citizens of the country use authority to scheme and beat the system. There is abuse of power by both office bearers and official. Bureaucrats and public officials use their positions to get bribes from citizens. State impounds individuals' property resulting in reduction of individual freedoms.

Market friendly approach believes in the existence of deficiencies. It should be government who enacts a facilitative role for markets through non selective markets interventions e.g., social and physical infrastructure, health care, education and provide good climate for private enterprise. Market failures are acceptable and are due to imperfections of the markets. Criticisms levelled at neoclassical theories is that competitive free markets do not exist out there and consumers are rarely efficient/equipped regarding the type of goods, the amount, the clients and services. Contemporary theories of economic development are discussed briefly hereunder (Dang and Sui Pheng, 2015).

2.4.3. Contemporary Theories of Economic Development

2.4.3.1. New Growth Theory

According to Dang and Sui Pheng (2015) as a result of the failures of the less developed countries that had introduced neoclassical theories as advocated by neoclassical theorists, new growth theory also known as endogenous growth appeared in the 1990s. According to World Bank (2000) as cited by Dang and Sui Pheng (2015) this theory noted the disparities in terms of technological change in many developing countries. Advocates of this theory emphasized that economic growth emanates from returns that are increasing to the use of knowledge instead of labour and capital (Dang and Sui Pheng, 2015). This theory received criticisms for ignoring other important factors. Skott and Auerbach (1995) as cited by Dang and Sui Pheng (2015:20) criticized this theory for ignoring the significance "of social and institutional structures". Theory of coordination failure is another contemporary theory of economic development. It is discussed in the following section.

2.4.3.2. Theory of Coordination Failure

This theory moves from the premise "that the market may fail to achieve coordination among complimentary activities" (Dang and Sui Pheng, 2015:20). It gained its influence in the 1990s. Early coordination failure theorists had stressed the central role of government in solving problems. The theory received a lot of condemnation as well for its tendency to over emphasize government roles. Killick (1976), Hoff and Stiglitz (2000) as cited by Dang and

Pheng (2015) cited the inefficiency of government and as such could opt for bad policy. Coordination failure models were also deficient of proper specifics on the economic coordination route to be employed by government (Dang and Sui Pheng, 2015).

Literature review confirms the growing agreement on the multidimensional nature of economic development process that entails synergies among various development goals. Issues of development are compound and have many aspects (Dang and Sui Pheng, 2015). The Presidential Business Group convened in 2013 assisted in laying a trust foundation between business and government and fostered public private partnership and provided support to National Development Plan (NDP).

The following section discusses an economic development plan that was introduced in South Africa in 2011 as a response to three main challenges affecting South Africa which are poverty, unemployment and inequality.

2.5. NATIONAL DEVELOPMENT PLAN

The promulgation of National Development Plan (NDP), one of South Africa's detailed plans for future development was a watershed in the South African history. NDP recognizes essential SMME role for SAs vision 2030 realization. According to National Planning Commission (2011) by 2030, NDP aims at creating about 11 million jobs, about 90 percent of which is envisaged to be derived from SMMEs. Besides, one of the building blocks of the successful accomplishment of LED programming in SA is SMMEs advancement and growth (Rogerson and Rogerson, 2012). According to Rogerson and Rogerson (2012) the erection of network of business incubators is a fundamental step for making better the local business environment and augmenting spectacle for local development in South Africa's urban areas in particular.

By 2030 NDP intends to reduce unemployment and eliminate poverty. According to Anthony (2014) the success of this blueprint hinges upon the joint effort of public, private and NGOs and community at large as government alone cannot achieve much. South African government has already commenced work on the realization of NDP and so are other community sectors which have formed partnerships so as to realize NDP objectives. PPPs are very significant in the NDP. Partnership between government and business at different levels has already started shaping up (Anthony, 2014). Government and private sector engagements also aim at reaching some consensus on the meaningful role that business can play in the attainment of NDP goals.

The formation of the five following task teams augurs well for the realization of NDP goals, namely education and skills development, inclusive growth, infrastructure, regulatory impact on investment and labour relations (Anthony, 2014). The state of our economy is not in good shape and this calls for the implementation of NDP. According to Anthony (2014) NDPs Public-Private Partnership is solving the trust issue between labour, business and government. Lack of trust between government and private sector is highlighted by NDP itself as one of the inhibitory factors to attaining much bigger policy consistence in SA. An academic and a former deputy CEO of Business Unity SA Professor Raymond Parsons views NDP to be a beautiful opportune moment for SA to tackle things in a different way in the coming years. South Africa, he feels should make use of the NDP or continue to languish at the slow economic growth (Anthony, 2014).

It is evident that NDP is a very useful document provided there is purely high amount of cooperation between government and private sector and the society at large. Political parties should also work for the realization of the NDP goals. NDP however, is not a panacea to all challenges and problems that engulf South African society. Local economic development discussion follows in the next section.

2.6. LOCAL ECONOMIC DEVELOPMENT (LED)

2.6.1. Definitions of Local Economic Development

There is a lot of contestation in the LED concept (Rogerson, 2014). According to Rodriguez-Pose (2010) LED has many definitions. LED resembles a tool used for the attainment of sustainable development (Abrahams, 2003). According to ILO (2002) LED is also defined as “a participatory development process that encourages partnership arrangements between the main private and public stakeholders of a defined territory, enabling the joint design and implementation of a common development strategy, by making use of the local resources and competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity”. Sustainable LED is about relationships of many stakeholders working together in networks that are productive and beneficial to everyone (Bodhanya and Quazi, 2014).

White and Gassper (2001) as cited by Rodriguez-Pose (2001) concedes that LED definitions are many and vary, however he mentions four critical strategies for LED which are also contained in ILO definition of LED, namely, a) they feature social dialogue and participation,

b) they are territorially based, c) they involve homegrown assets mobilization plus competitive advantage, and (d) locally owned and managed.

The South African Local Government Association (SALGA) (2010) state that there is overwhelming agreement on what is not effective in LED. Globally however, there is little consensus on what is effective. Rogerson and Rogerson (2008) agree that LED has now taken a global character. The origins of LED go as far as the 1960s and there are a variety of new opportunities that are offered by globalization. These opportunities have corresponding challenges, especially at local level. There is an increase in inequalities, job losses and unskilled workforce in many countries due to globalization and liberalization. According to Rodriquez-Pose (2001), LED has therefore come forward as an alternative development need to globalization.

In many countries where LED has been implemented, it has been through various social and political factors and different approaches were used (Bodhanya and Quazi, 2014). Even though LED is not a panacea it nevertheless gives hope globally to countries where customized policies have become saturated (Rodriquez, 2010).

Bodhanya (2014) states that during the past 20 year period LED theory and practice has received a lot of significance. Notwithstanding all the efforts made to give meaning and support to LED, it remains a very poorly clarified concept. There is also no commonly shared agreement on its proper meaning (Bodhanya and Quazi, 2014). Despite differing views Rogerson (2009) enumerates some critical elements of LED as the following:

1. Local government role has shifted from that of intervening to that of creating an enabling environment
2. There is now a location improvement focus
3. A move towards supporting market-based structures
4. It has become significant for competitiveness to be supported by clusters
5. A move away from old hard infrastructure to more focus towards role of technologies playing an enabling role and “soft” infrastructure

South African local governments have been struggling to identify a tool that will help in sustainable development and have identified LED to be one such tool. Abrahams (2003) argues that it has become imperative for all local governments in South Africa to develop an Integrated Development Plan (IDP), as it is a process that involves consultation and

encapsulates Local Economic Development as its key component. IDP document has become a South African key legal requirement for LED.

Rodriquez-Pose (2001) cites the following as advantages of LED strategy, namely:

- a) It gives power to the local communities and help in creating dialogue at local level. Local people are now involved in the affairs of their lives.
- b) They instil openness and accountability in the community based institutions and help in the civic bodies“ development
- c) These strategies help in creating sustainable and stable employment at local level regardless of global challenges because they intend to develop an economy that is suitable to locals
- d) Strategies contribute to the general improvement to the quality of job as they work jointly with local stakeholders (Rodriquez-Pose, 2001:11).

Despite LED ambivalence SALGA (2010) as well still finds the following as some of the most significant international contemporary ideas,

1. The function of institutions in giving support to economic development, and the matching role of LED agencies in making these institutions strong;
2. A change in the task of government from mediation/participation to that of being an enabler;
3. More focus on “soft” infrastructure and the function of new technologies that play an enabling role, instead of the old hard infrastructure;
4. The notion of economic clustering, which mentions that economic activity that is concentrated in one area sustains competitiveness;
5. The accomplishment that there is an infrequent correspondence between spatial economic structures and spatial local government borders;
6. A shift towards market-based business support structure; and
7. A concentration on making better locational superiority.

Even though a large number of these ideas pertain to South Africa, LED practitioners rarely understand them (SALGA, 2010). It is evident that a number of the above mentioned factors fit a South African situation. Confusion about LED role and amount of attention given to it is

a true reflection of the South African LED context. It is mere coincidence in some instances that LED is even practiced. A big municipality like eThekweni does not have a dedicated LED Unit though it is involved in some LED programs. LED and some policy issues are discussed in the next section.

2.6.2. Local Economic Development in South Africa and Policy

In Africa, it is South Africa that has produced a barrage of research and practice in LED (Rogerson, 2010). South Africa has also helped in exporting its experience in LED to many African countries (Rogerson, 2010). Other African countries are still grappling with a myriad of challenges, one of which is anti-business environment and in instances where there is an iota of LED activities it is focused mainly in urban area (Rogerson, 2010).

LED is aimed at provision of support to develop and sustain using “integrated government action” support to economies at local level. It was based on the peculiar challenges and our context in South Africa and the gradual development of LED culture globally (National Framework for LED in South Africa, 2006-2011).

South African constitution especially sections 152 (c) and 153 (a) states that, social and economic development has to be promoted by local government. Administration, budgeting and planning processes must also be structured and managed by local government so as to promote community’s basic needs and promote its social and economic development (South African Constitution, 1996).

According to Rogerson (2014) the SA constitution, the White Paper on Local Government and Local Government Municipal Systems Act of 2000 put LED responsibility squarely on the shoulders of local government.

Since the demise of apartheid, South African government has played a robust role in motivating for LED activities in the global South and this has resulted in South African LED knowledge being regarded as the first to unearth that knowledge (Rogerson (2014). In the South African context, LED, according to Rogerson (2008) plays a significant role in the reduction of social problems like, inequality, poverty and unemployment even though LED is still at its infancy stage and as a discipline it is still trying to find its footing. It is characterized by conflicting paradigms (Bond, 2003). In South Africa LED was limited in scope during the pre- 1994 epoch. Available research evidence agrees with LED developments in South Africa as portrayed by Rogerson and other LED practitioners on its impact in economic development.

It was the South African constitution of 1996 that made local economic development obligatory to local municipalities. Paramount importance of LED was also elevated by local government White Paper of 1998. Two critical documents paved the way for legislative and policy framework (Rogerson, 2011). LED strategic challenges according to Rogerson (2009) include inter alia, the following:

- a) How LED could be scaled appropriately
- b) How the provincial government's role in LED could be reinvigorated
- c) How to address the needs of the informal economy appropriately
- d) The importance of elevating LED profile and how to professionalize LED
- e) Closer cooperation and integration need between sector departments involved in implementing LED and stakeholders involved in LED
- f) The importance of implementing good practice in LED
- g) The importance of concretizing LED partnership bond between public and private sector
- h) Paramount significance of constructing LED networks and sustainable expertise forums so as to enhance superlative systemic learning
- i) How to tackle LED financing impediments more in particular for under resourced municipalities falling outside major cities
- j) How to improve information on economy so as to understand economies in the local areas, for increasing the value of LED planning and recognize ability to compete

“Developmental local government” concept defined as, ”Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives” is introduced in The White Paper on Local Government (1998) (Republic of South Africa,2011:9). The same document undoubtedly states that creating jobs is not the function of local government. Instead its function is to create an enabling economic and social atmosphere for job creation at local level (Republic of South Africa, 2011).

LED is not mentioned in the Constitution (1996) schedule that lists municipalities' functions. This is despite the same constitution putting much emphasis and responsibility to municipalities to facilitate LED. Municipalities are however expected to enact a key pivotal role for investment by creating an enabling environment by providing infrastructure and

services of quality instead of program development and directly attempting to create jobs (Republic of South Africa, 2011). It is expected of municipalities to solicit LED support from Sector Enterprise Training Agencies (SETA), Department of Trade and Industry (DTI) agencies including Small Enterprise Development Agency (SEDA), non- governmental or private sector and other related departments with the intention of retaining, and growing enterprises.

Nonetheless, according to Rogerson (2002) many different pro-poor LED related interventions have been introduced in the urban South Africa in the past twenty years. The focus has been on local business support, which includes small business and business retention. All of these initiatives were locally led and driven. Post 1994 LED initiatives were policy driven and mainly intended to alleviate poverty. In urban South Africa three critical policy areas revolved around making better the regulatory framework, the greater expansion of municipal services and infrastructure delivery and employment creation issues (livelihood support) using reconciliatory approaches towards informal economy and city wide home based economic activities. In the main the pro poor LED policy document essentially challenges popular LED programming (Rogerson, 2002).

A number of key challenges still remain impediments to fluid implementation of LED programs by local governments in South Africa. Without doubt there is an important role for LED in South Africa. South African government is also endeavouring to play its part in the development of LED through legislation and other government agencies charged with promoting LED. Some challenges are discussed hereunder.

2.6.3. Challenges to Local Economic Development in South Africa

Government has tended to give more attention to Small Business Enterprises (SBE) than before (Deo, 2013). This is due to the realization that they play a significant role in economic development and a significant role is played by small firms in the economic development of nations (Deo, 2013:1). Cassim, Soni and Karodia (2014) believe that entrepreneurs contribute to local economic development, as by creating new businesses which in turn create employment they lower the level of unemployment and poverty. In South Africa, it is the lack of linkage between LED and business development that serves as a hindrance to LED success (Rogerson and Rogerson, 2012). Rogerson and Rogerson (2012) list the four strategies as contained in the National Framework as critical for LED rehabilitation in South Africa, namely;

a) Confidence of markets in municipalities to be improved

The improvement of service delivery and governance by municipalities is very important. This undoubtedly will attract investment and shall help in bringing back loyalty to local areas. Department of Cooperative Governance and Traditional Affairs (DCOGTA), (2010) cited by Rogerson and Rogerson (2012) makes a pronouncement to the effect that the objective of attaining an embodying South African economy can be accomplished using a duty-bound, amenable, competent and efficient system of local government that is a component or distinct portion of a developmental state. Coordination and relationship among the three tiers of government is not conducive and harmonious. There is a lot of commotion and as expected it is more felt in the rural than urban areas (Rogerson and Rogerson, 2012).

b) Recognize local competitive advantage

This involves identification and manipulating 52 municipal regions' comparative and competitive advantage in the country and also local municipalities. This involves local economies development with all relevant stakeholders participating by improving the competitiveness of the country's 52 municipal regions. Lawson (2009) cited by Rogerson and Rogerson (2012) believes that the essence of LED in South Africa is for the local business environment's competitive advantage to be improved so as to allow more businesses to succeed and in so doing contribute towards poverty reduction. Many local municipalities cannot deliver on their constitutional mandate due to absence of financial and human resources. Investment promotion and formulation of LED strategies according to Rogerson (2008) serve as a competitive advantage when developing LED profiles for localities. Accurate economic data collection also enhances a better comprehension of local economies. Cohen (2010) as cited by Rogerson and Rogerson (2012) indicate that the absence from many local authorities of updated and or pertinent economic information of their areas of operation militates against their capacity to gradually acquire LED strategies that are sound. Clearly certain impediments need to be ironed out with regards to local economies data so as to improve local LED planning.

c) Constructing an enabling business environment for private sector investment

The main challenge in LED planning has been the non-involvement of non-government actors those outside South Africa's major cities in particular, in local government driven LED (Rogerson and Rogerson, 2012). The deliberate omission of private sector by government in dialogues due to mistrust and animosity involving government and business has been cited as

LED drawback in South Africa. Government and business hold different perspectives respectively about each other's attitude towards business (Rogerson and Rogerson, 2012). Private sector has its unsavory experiences about local government-led LED.

According to Rogerson and Rogerson (2012) intrinsic strains involving government and business are made worse by the desire to surpass apartheid inheritance of a business sector that was predominantly owned and controlled by whites and government sector that was largely black. The main reason for involving private sector "is to improve the local business environment in order to allow private enterprises-large and SMMEs, formal and even informal enterprises-to engage with or drive LED" (Rogerson and Rogerson, 2012:56). According to Rogerson and Rogerson (2012) it is critical at national level to create a business friendly environment so as to create partnerships between private sector and government that will tackle local regulatory reform.

d) Strengthening of enterprise support in local areas.

Post 1994 there was a range of enterprise support that was rolled out by South African government. This intensification of enterprise support included business development services and business infrastructure and was considered to be the important requirement for successful LED. Notwithstanding that, access to finance remains a barrier for SMMEs (Rogerson and Rogerson, 2012).

South African Local Government Association (2010) highlights other challenges and issues that besiege LED in South Africa as follows:

1. There is an absence of general comprehension of the role of LED and its processes.

Based on the perusal of recently publicized IDPs one is able to clearly detect that there is not a single general approach towards an LED strategy progress. Local authority role in LED strategy and what forms the real and sustainable LED strategy are the areas where there is main discord. The presence of an LED plan is not a guarantee for LED occurrence. Humungous LED policy and legislative documents also enhances the confusion of LED practitioners in the local authorities. The absence of a central point that evaluates the quality of IDPs is also a challenge. There is a priority planning challenge clearly manifesting itself in the focus on disaster management at the expense of LED. The ambiguity around a clear delegation of roles between province, district and local municipality also contributes negatively to LED results.

2. The increase in the urban and rural divide

The inequality levels are disturbingly increasing in South Africa with a few owning of the largest share of economic assets and benefits. According to Statistics South Africa, the Gini coefficient based on the income data was 0.69 as last measured in 2009. This figure was slightly better than in 2006. This shows the inequality gap between the rich and the poor despite poverty levels going down as a result of government intervention programs (Statistics South Africa, 2011).

International Labour Organisation (2002) as cited by Triegaardt (2007) recognizes the adverse effect of unemployment to local people in most municipalities in South Africa. Due to global competition, textile industry had to shed many workers. There is an inexplicable decrease in formal sector employment. Trigaart (2007) cites the inefficacy of Extended Public Works Program (EPWP) which was launched in 2004, with an intention to create labor intensive employment opportunities for the unemployed workers, but whose duration is only four months. The demand for work is also surpassed by the supply of unemployed low and unskilled workers (Triegaardt, 2007). McCord (2006) as cited by Triegaardt (2007) observes that EPWP is not thought of as a plausible response to unemployment exigency, because of its inability to procure long-term and sustainable employment.

There is an uneven development and implementation of LED across the urban system in South Africa. With regards to LED institutionalization, policy development and applied practice, there are bigger disparities when one compares the biggest, highly equipped/enabled local cities and tiny urban centres. How LED is defined and comprehended shows significant difference, exhibits national LED guidelines absence, and the short time with which LED approaches have been actively engaged by municipalities. There has been a sturdy improvement on what LED is about (CWCI, August 2006). LED policy in most municipalities has not yet been developed and does not always get the support it deserves at council level. Partnerships between private and public sectors are very important, but there is not enough interaction with the business and other pertinent stakeholders and this militates against LED.

Also the evaluation and monitoring systems are not up to scratch (CWCI, August 2006). SMME/informal sector and livelihoods support, skills and sector development, research and information supply, special employment schemes and development zones, investment in industrial/commercial sites ,economic development strategy, local business climate improvement, non-financial support for inward investment, grants/rebates to attract inward investment, and investment in infrastructure and infrastructure related services, are all some

of the pro poor LED interventions that can be applied (CWCI, August 2006)). Some relevant PPP issues will follow this LED discussion.

2.7. PUBLIC-PRIVATE PARTNERSHIPS OVERVIEW

There has been a concerted effort by the governments globally to increase the participation of government in service delivery. All of government endeavors have taken a large amount of external appearances (Li and Akintoye, 2003). “It is generally recognized that a public-private partnerships (PPP) program offers a long term, sustainable approach to improving social infrastructure, enhancing the value of public assets and making better use of taxpayer’s money” (Li and Akintoye, 2003:3). Various types of PPPs exist and this makes the definition of PPP to take many different forms as well (Chou, Tserng, Lin and Huang, 2015: van den Hurk and Verhoest, 2015: Cabrera, Suarez-Aleman and Trujillo, 2015: Solana, 2014: Li and Akintoye, 2003).

Some academics regard the concept as unclear, and some in their debates regard PPPs as inclusive of pulling together between private sector and public sector. Li and Akintoye (2003) cited Bennet and Krebbs (1991) and Collin (1998) who noted that PPPs constitute LED and are believed to be attached to municipal development respectively. Britain and Germany are some of the countries who are believed to have initiated the inclusion of Public-private partnerships programs in the LED and they focused on certain sectors or specific groups. (Li and Akintoye , 2003). PPPs were mostly established in the 1990 and have been noticed to be useful. They have been used internationally in countries like United Kingdom, Hungary and other European countries as well. According to Osborne (2000) ideology and resources are often some factors that strongly advocate for partnerships. PPPs are defined differently. Some of their definitions are given in the next section.

2.7.1. Definitions of Public Private Partnerships

PPPs are defined as consented, collaborative risk-involving undertakings that contain government and business partnering (Carroll and Steane, 2000:4). Simply stated, PPPs are the coming together of public and private sectors for mutual benefit. “Public –Private Partnerships are a way of delivering and funding public services using a capital asset where project risks are shared between the public and private sector. Is long term agreement between the government and a private sector where the service delivery objectives of the government are aligned with the profit objectives of the private sector” (OECD, 2011: 3).

PPPs are also defined “as a long-term contract between a private party and a government agency, for providing a public asset or service, in which the private party bears significant risk and management responsibility” (World Bank Institute, 2012:11).

According to UN/ECE (2000) PPPs are long term agreements with an aim of developing the public sector, with government authority delegation. PPPs are defined as public-private arrangement of any form where government undertakings are partly executed by business (Savas, 2000). PPPs are also defined as services or ventures which are funded and operated through collaboration between governmental and private sector partners and which contain risk sharing of considerable amount between these two partners (Van den Hurk and Verhoest, 2014). PPPs are the measures made in accordance with rules involving government and business with an intention to make better services that are presented to the public (Ntshangase,2002).

According to Leccis (2015) government and business cooperation has different names which include PPPs, PFIs and P3s (Leccis, 2015:22). Involved are wide scope of organizational provisions and in many instances a sequence of definite contracts are contained (Leccis, 2015). Partnerships can be categorized and conceptualized in many various ways (Buse and Walt, 2000). According to Rahardjo, Suryani and Trikariastoto (2014) PPPs are different from one another and come in many different settings. They challenge theories of control that are based on tradition.

According to Li and Akintoye (2003) partnerships are known to feature at least two parties one of which is public and the other is private. This however is not always the case. Each of those who partake in PPPs comes with authority and can therefore conclude any deal on their own. Partnerships also have an element of creating a sound and lasting relationship. A partner always comes with something to the partnership and implicit in all partnerships is an element of joint commitment for all repercussions. The following section discusses the benefits of using PPPs.

2.7.2. Uses of Public-Private Partnerships

PPPs are known for their paramount importance in infrastructure projects as they provide finance. In Australia, and UK, PPP projects contribute about 10% annually of the infrastructure investment in its totality on average (Chou, Tserng, Lin and Huang, 2014). There are many objectives behind getting into a partnership. Some of the reasons include benefitting extra resources for a project, organization of area, thereby increasing

efficiency and effectiveness of the project. Partnerships could also be entered into for strategic reasons (McQuaid, 2000). Osborne (2000) highlights the following opportunities to be derived from PPPs:

- Help by uniting public and private sector components, including local governments and politicians
- Provide reform to local public services, ensuring that they are accessible to local community and also talk to their needs
- Utilization of public and private sector resources to meet community social needs in a more cost-effective mechanism
- Linkages resulting from public and private sector PPPS improve the quality of public policy
- Conduit for the reformation of government and “civil society”

PPPs facilitate the provision of private finance that allows for the infrastructure and other public services to be made available. They also have the potential to impart innovation and cutting edge management skills that are typically business oriented, thereby helping in service delivery with much velocity and value-for money (Hearne, 2009). PPPs have the potential to tremendously curtail project implementation costs; facilitate creative and innovative approaches; improve government’s ability to grow combined solutions; curtail project implementation time; handover some risks to business; entice bigger, possibly more refined, dealers to the project and gain know-how, knowledge and expertise (Li and Akintoye, 2003).

The term PPPs includes various government and business collaborations (Leccis, 2015). Ronald McQuaid (2000) believes that there is tremendous support of partnerships from across all sectors and shall remain so at all spheres. Li and Akintoye (2003) maintain that there is a glaring increase in the use of private companies to perform public duties by governments worldwide. These partnerships manifest themselves in different formats and complexions and differ from country to country. PPP is not a new concept in Europe and United States of America. PPPs have been proved to be invaluable in the “use of taxpayers’ money” Li and Akintoye (2003:3).

Through the acknowledgement that old government tools are not the solution to current challenges, partnerships come into existence. Public, private and civil society suitably arranged and doing work jointly can be a form of a partnership (Houghton, 2010). It takes a

financial contribution by a private party towards concretizing the partnership for the partnership to be considered authentic (Houghton, 2010 citing Koppenjan, 2005). In public administration, partnership is not a new phenomenon as they have always been used as a public service delivery tool by governments worldwide. Metcalfe and Lapenta (2012) maintain that involvement in partnerships involves a joint acceptance of reciprocal allocation of roles.

PPPs are based on a contract as it is presumed that through contracts performance is guaranteed (Metcalfe and Lapenta, 2012). PPPs remove projects financial aspect from government to business under an arrangement that is structured and mainly for the delivery of public services. Usually a long term contract is entered into where a private company agrees to control and manage an entity on government's behalf. Upon contract expiry entity control concerned reverts to the government.

Due to a number of factors like urbanization, increase in population, etc., it became evident that government resources were no longer coping. This recognition by governments throughout the world led to the acknowledgement of a critical role that a private sector company could play through public private partnerships (Sharma and Bindal, 2014).

PPPs are conspicuous by their challenge to the primitive ways of doing government business and manifest themselves in different circumstances and diverse characters (Rahardjo, Suryani, Trikariastoto, 2014). In the financing of Infrastructure projects, PPPs play a very critical and crucial role (Yuan, Skibniewski, Li and Jin, 2010).

Available evidence from different scholars and researchers overwhelmingly do agree on the efficacy of public-private partnerships but they tend to use different perspectives when dealing with this phenomenon and as a result they highlight various vantage points to it. It is evident that public-private partnerships are crucial in many ways and their contributions differ from country to country depending on the kind of project, political factors and many other prevalent factors. Various international PPPs are discussed in the next section.

2.7.3. Types of Public Private Partnerships Internationally

PPPs have been the critical instrument of public policy globally since they were established in the 1990s. In addition to being seen as saving and effective for the rolling out of "public policy", they have also been lauded for yielding beneficial results. PPPs came as a result of neoliberalism process (Osborne, 2000). Empirical evidence suggests that in the developed countries like USA and the UK, public-private partnerships play a key significant role in

economic development. There is an uneven implementation of PPPs in Europe generally and ownership of business ventures by governments could either be direct or indirect (Li and Akintoye, 2003).

Manifestation of PPPs comes in many varying forms. Cullina(2010) and Hearn (2009) state the following as some of PPP types: Design, Build, Finance and Maintain (DBFM), Design, Build Finance (DBF), Design Build and Operate (DBO).According to KZN PPP Benchmarking Study conducted in 2005, the following are other forms of PPPs: Build Operate Own and Transfer (BOOT) Build Own Operate (BOO) and Build, Operate and Transfer (BOT),Design Build Operate Own and Transfer (DBOOT), Design Finance Build Operate and Transfer(DFBOT), Lease Own and Operate, GFCE, Municipal Infrastructure Investment Unit (MIIU),Private Finance Initiative (PFI),Public Finance Management Act,PFM,P3s,Schedule 3 public entities, SLA- Service Level Agreement, Special Purpose Vehicle (SPV) or a Special Purpose Company (SPC), TA I,II, and III.

UK is known to be the main initiator of PPPs. It is famous for having been forward in agitating for participation of private sector in public projects using its Private finance initiative (PFI) (Iossa and Martimort,2013; Credit Libanais Economic Research Unit, 2011: KZN PPP Benchmarking Study,2005). PPPs were first introduced by the Conservative government in the UK (Hearne, 2009; Osborne, 2000). PPPs in UK cover a wide area of partnerships and business ventures. These include inter alia, outsourcing, joint ventures, PFI and the sale of equity financial interests in public business (Li and Akintoye, 2003).

It seems that there has never been any opposing evidence to the fact that UK started using PPPs earlier than other European countries. It is argued that USA is without doubt the world's economic giant. This is the country whose economy is so huge that its output far surpasses and transcends all the African countries and South America's combined production (Schiller, 2011). There has been a discernible increase in the sale of services that are produced by government to private sector in US.

Examples include solid waste disposal, provision of ambulance services and roads construction. Simultaneously, in USA some private companies have involved themselves in social sector (Li and Akintoye, 2003). US government has a very long history of public-private partnerships manifesting itself in the form of cooperation involving non-profit sector (Moulton and Anheier, 2001).

KZN PPP Benchmarking Study (2005) maintains that PPPs history in Australia dates back to the 1990s spearheaded by different states before the central government even produced a Federal central policy. Australian PPP projects are characterized by prospering funds for infrastructure, very big road projects and state Victoria has a 90% PPP projects, thereby dominating the whole PPP market in the country. In the state of New South Wales (NSW) in Australia, PPPs have mitigated an overwhelming number of infrastructure demands, even though there were challenges to the budget. BOO, BOT or BOOT is the most conspicuous PPPs project models in NSW (Li and Akintoye, 2003).

There was a very efficient and beneficial public-private partnership program dealing with water treatment in Australia. In 2000 a 25 year BOOT public-private partnership was signed to the tune of 50 million dollars (Credit Libanais Economic Research Unit, 2011).

PPPs are at an infancy stage in Ireland though they were established in 1999. In Ireland PPPs are mainly in roads construction, community housing, education, etc. (Hearn, 2009). Examples of PPP projects in Ireland include education, waste management, water supply and public transport (KZN PPP Benchmarking Study, 2005). Tattered infrastructure had actually compelled the Irish government to adopt public-private partnership (PPP) program in 1998. This was an intervention to provide finance to new projects. PPP were therefore couched and encapsulated in the National Development Plan program that was adopted in 1999. Ireland further accentuated the significance of PPP in the 2000-2006 National Development Plan which highlighted the importance of PPPs in infrastructure development (Credit Libanais Economic Research Unit, 2011). There was a decline in investment in PPPs in 2008. This was due to financial and economic crisis of 2008-2009 which had an adverse impact on PPPs in the global world (Delmon, 2011:189). A discussion on PPPs in developing countries follows this section.

2.7.4. Public Private Partnerships in Developing Countries

It is argued that India leads in the use of PPPs amongst the developing countries (Iossa and Martimont, 2013). There is an absence of policy or guidelines from the central government of India on how PPPs should be conducted, consequently there are different types of PPPs and different states still traverse this path on their own. The recent central government involvement augurs well for the trajectory of PPPs in India. The central government has focused on infrastructure projects, which involve power and water supply and support has

been derived from “viability gap funding” (Sharma and Bindal, 2014; KZN PPP Benchmarking Study, 2005).

India is characterized by inadequate infrastructure due to lack of funding which has led to commercialization of infrastructure in that country. There is some sturdy progress in the country which has resulted on Build Operate and Transfer and Build Operate Own and Transfer public private partnerships dominating in India (Thomas, Kalidindi and Ananthanarayanan, 2001).

According to Sharma and Bindal (2014:1271) the “Scheme and Guidelines for the India Infrastructure Development Fund” produced by Indian government Ministry of Finance, PPPs are defined as “Partnerships between a public sector entity (Sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system”.

According to the Guidelines for Formulation, Appraisal and Approval of Public-Private Partnership Projects preface, different from business projects where government resources play no role and prices are generally determined competitively, “PPP infrastructure projects typically involve transfer of public assets, delegation of governmental authority for recovery of user charges, private control of monopolistic services and sharing of risks and contingent liabilities by the Government” (Sharma and Bindal, 2014:1271). It is believed that there is “unanimity” in India that PPPs is the proper route for infrastructure development (Sharma and Bindal, 2014).

In Russia economic development is hindered by “depreciation in infrastructure funds”. This is mostly visible in the public utilities which include transport and social sectors (Yarmalchuk, 2013). According to Yarmalchuk (2013) there is humungous need for PPPs based on their successful ability to find private funding for infrastructure investment and country’s financial challenges. Excluding social aspect, in the next 10 years in Russia about 753 billion US dollars will go to infrastructure development, according to a study conducted. Type of infrastructure includes railroads, motorways, ports, airports, energy, and other related projects (Yarmalchuk, 2013).

It is through PPPs and other new instruments that the Russian government is incentivized to address the need to develop infrastructure. Business Monitor International through its

assessment reported that, “infrastructure sector, which includes energy, housing and transport, will grow from 39 billion US dollar in 2011 to 110 billion US dollar in 2020 in Russia” (Yarmalchuk, 2013:2).

Investment climate in Russia has improved and this has resulted in the increase on reliance on PPP projects and international investment as the essence of the country’s policy on investment. It was after the Federal PPP law promulgated, which was followed by Investment Fund of Russian Federation establishment and regional PPP legislation development that public private partnerships in the main were launched in 2005 in Russia. State guarantees on investment fund as the mechanism of investment support were also launched. St Petersburg region has the biggest number of transport and social sectors projects. St Petersburg is the first place in Russia where PPP projects were implemented. Its PPP laws were passed in 2006 (Yarmalchuk, 2013).

Main instruments used in Russia are concessions based on Build Transfer and Operate model. Federal, regional and local levels use concessions in the main. Concessions hinge upon financing and risk taking amount. Investment Fund is another type of instrument used in PPPs in Russia. According to Yarmalchuk (2013:6) law 1 March 2008 No. 134 regulates this “On principles of Investment Fund of Russian Federation budget financing”. Federal budget finances The Fund every year. The Fund partakes in national concession projects implementation. It invests in the following way:

- a. Where objects constructed will finally be handed over to government ownership
- b. Subsidy provision for Russian region budgets
- c. Participating in capital co-funding of public corporations
- d. For road construction and building purposes subsidy is provided to the government company called “Russian roads”.

According to Yarmalchuk (2013) through Russian Federation Investment Fund (regulated by law 1 March 2008 No. 134) a total of forty three projects had been approved in Russia as at 2013 and these include 18 national and 25 regional projects. Western High Speed Diameter (WHSD) is a classic example of a nationwide strategic investment project. It serves to promote the city of St Petersburg “as a major world class transport hub” (Yarmalchuk, 2013:6).

Notwithstanding PPP role in Russia there is still a number of challenges in their implementation at national and regional levels. Conflict in regulations at regional level, absence of legislation for budget allocation at government local level, the need to amend some regulations with regard to tariffs, absence of a standardized PPP model at regional level, are some of the challenges that the Ministry of Economic Development will tackle in moving forward (Yarmalchuk, 2013).

Other challenges in Russia on PPP implementation are about insufficient number of specialists at regional level, lack of expertise at locally, business sector mistrust, high consultancy fees, no proper PPP documented model, etc. In view of the legal and legislative impediments, two bills have been produced by Ministry of Economic Development namely, “On public-private partnerships” and “On amendments to legislation in connection with the „On public-private partnerships bill” (Yarmalchuk, 2013:7). Li and Akintoye (2003) assert that there is a recent recognition by the states in Africa that partnerships (PPPs and PFIs) are an effective route to take.

Botswana, Ethiopia, Zimbabwe, Uganda, Guinea, Cameroon and South Africa are some African countries that have implemented some public-private partnerships programs. Dutch Ministry of Foreign Affairs uses public private partnerships to provide aid programs in developing countries in Africa and Asia. African countries that benefit in the aid programs from Dutch government include Mozambique, Rwanda and Burundi whilst Asian countries who benefit are Indonesia and Mongolia (IOB Study, 2013). Public private partnerships projects that the Dutch government is currently involved in in these developing areas according to IOB Study (2013) include Global Alliance for Vaccines and Immunization (GAVI) and product development partnerships.

Fifty four (54) Public-private partnerships projects amounting to 48.3 million euros were carried out by Dutch government on food security, healthcare, water sanitation and hygiene, climate and energy (IOB Study, 2013:15). According to IOB Study (2013) most of the partnerships used are developmental Public-private partnerships and these include the following types: service contracts, management contract, afterimage and lease agreement, concessions, Build-Operate-Transfer (BOT) and similar arrangements (including BTO, BOO, DBO, DFBO) and joint venture. A few are discussed hereunder.

Service contract- A private company or entity is hired by public authority or government to perform one or more specified duties for a stipulated period, usually 1-3 years. The private

sector is paid by government an agreed upon fee for the service, which may be conducted on a one-time fee, unit cost, or other basis.

Management contract- Management contract widens the services to be contracted out to include some or all of the management and operation of the public service (i.e., utility, hospital, port authority, etc.). Service obligation provision remains, while every day management control and management is allocated to the private partner or contractor .Any other anticipated operating costs and a pre agreed upon labor rate are paid to the private contractor. A share of profits can be paid to the management contractor or the contractor is paid more amount for attaining targets that were agreed upon before- hand. For labour and other projected operating costs an already agreed upon rate is paid to the private contractor. The obligation for bigger capital investment is retained by the public sector.

Afterimage or lease contracts- In this type of agreement the whole service is the responsibility of the partner and they agree to perform obligations that relate to class and labour principles. Period for leasing contract usually takes about 10 years renewable. Whole operation and maintenance financial risk is borne by business under a lease contract. Contracting authority is paid a lease payment specified and revenue collected from customers by private sector is retained (IOB Study, 2013).Empirical evidence available show the paramount significance and pivotal role played by PPPs in developing nations.

As a result of globalization and need to trade with developed countries, the researcher feels that there has been a strong need to improve infrastructure in developing countries. Funding however, has been the main impediment hence the need to partake in public private partnerships so as to meet with the prevailing economic standards. In most developing countries the introduction of PPPs has been very positive to the development of their respective economies. It seems that there has also been a cordial reception of PPPs by governments in these countries and this is reflected in the promulgation of legislations that are cordial to PPPs. The following section discusses the role played by PPPs in Local Economic Development.

2.7.5. Public- Private Partnership and Local Economic Development

In LED, PPP can be defined as plans involving the private and public sectors for making available local services and promotion of local economic development (Xie and Stough, 2002). In the US the PPP concept has its roots seated in LED which is used interchangeably with urban economic development. PPP concept has also grown in developing and other

developed countries and has become a global phenomenon in LED for the past decades (Xie and Stough, 2002).

Walzer and Young (1998) as cited by Xie and Stough (2002) discovered that since 1980s PPPs have proliferated in the US urban regions. 344 urban regions is their base sample that made a report on economic development public-private partnerships through mail surveys that were done in 1944 by the International City and County Management Association. According to Xie and Stough (2002) public-private partnerships are used by both bigger and poorer urban regions in economic development. In fact in LED policy, PPPs have a very long history, particularly as an institutional approach (Xie and Stough, 2002).

Competitive markets, according to neoclassical economic theory and theory of state failure, are fundamental for effective allocation of resources and service production and for the favourable response of urban services to consumers. It is therefore argued that an environment that is not competitive results in both ineffectiveness of allocation of resources and production and less favourable response of urban services to consumers (Xie and Stough, 2002). Absence of competition also leads into a failure to foster new technology timely.

Thus according to Xie and Stough (2002) privatization or private sector involvement in production of urban services is likely to happen so as to augment the quality and effectiveness of urban services. Basic reasons for both private sector participation and public sector intervention in urban services provision are provided by these theoretical arguments and therefore make available public private partnership reason as provision of urban services is not an exclusive right of either the public or private sector (Xie and Stough, 2002).

According to Hussain, Farooq and Akhtar (2012) in developing countries including Pakistan it is through public-private partnerships that SMEs' sustainable growth could be achieved as here the government will deliver the lowest standard of quality for services and products, skills and essential competencies, while government, sponsors and businesses together bring finance and other resources. Collaborations of this nature will be effective in poverty alleviation promotion using micro finance, thus augmenting SMEs growth using partnerships.

PPP is a modus operandi to co-operation that helps to bring about SME development and economic prosperity of developing countries using energy of SME sector (Hussain, Farooq and Akhtar, 2012). PPP is needed for the attainment of competitiveness objective as PPPs help in providing support for development of SME capacity in developing countries and

competitiveness help aiming at economic growth that is beneficial not only to the business fraternity but the whole developing country society (Hussain *et al*, 2012).

According to Kumar and Prasad (2004) as cited by Metaxas (2010) it is by using PPPs that the private sector advantages like access to funding, innovation, technological knowledge, managerial competence, and business acumen, are blended with community social responsibility, environment awareness, plus local public sector expertise in an attempt to solve problems.

These arguments might imply that PPPs and LED go hand in hand not only in developed countries like US but also in developing countries. Not only are PPP intertwined with LED but there have been tremendous economic development and other related economic spin offs in countries where PPPs are in operation. South Africa is one of the developing countries that have implemented PPPs. A South African perspective on the PPPs will be discussed in the next section.

2.8. PUBLIC PRIVATE PARTNERSHIPS IN SOUTH AFRICA

South African government with its vigour to transform the country's society and expedite the provision of services to South Africans adopted PPPs a vehicle to augment service delivery. This South African government, in line with its transformation agenda, took a lead in implementing PPPs (Mthembu, 2009:22). Like most developing countries, South Africa is in the first stage of the PPP maturity phase and is leading in the sub-Saharan African countries (Fombad, 2014).

National Treasury of South Africa PPP Unit attaches the "better value for money", the ability to serve as a facilitator for swift infrastructure delivery as well as the ability to progress or develop Black Economic Empowerment (BEE) as the significant reasons for the utilization of PPPs. This Unit farther cites the following as some reasons for opting for PPPs in South Africa, namely:

- a. Stakeholder finance for infrastructure funding is leveraged
- b. Business expertise are leveraged
- c. They prove to be suitable for task planning
- d. Lifecycle of the project's financial risk is taken over by the private sector
- e. A risk is accordingly allocated to a party best able to manage it

- f. Confidence on budgets is delivered by PPPs
- g. Only on delivery of services that the public sector pays
- h. From the outset the public sector is forced to focus on outputs and benefits
- i. As long as there is a PPP, the quality of service has to be maintained
- j. It is through PPPs that there is a development and transfer of skills to the public sector
- k. The injection of private sector capital is encouraged through PPPs

(South African National Treasury, 2007: 10-13)

2.8.1. South African Legislation on Public Private Partnerships

According to South African National Treasury (2004), PFMA of 1999 and Treasury Regulation Sixteen is the chief regulation that governs PPPs both nationally and provincially. This act is there to regulate financial management of national and provincial governments. It is under Municipal Systems Act (2003) and Municipal Finance Management Act (MFMA) (2003) that PPPs for municipalities are governed.

The South African National Treasury's PPP manual contains PPP project cycle and PPP modules which cover a lot of relevant sections (South African National Treasury, 2004). According to South African National Treasury (2007) the main objective of Public-Private partnerships is to make sure that a delivery of properly maintained, public infrastructure or services that produces useful results in relation to its cost, by handing over risks to the private sector and by influencing their skill or knowledge.

2.8.2. South African Definition of a Public Private Partnership

According to South African National Treasury (2004: 4) South African law defines PPP as, "a commercial transaction between an institution and a private party in terms of which the private party-

- a) Performs an institutional function on behalf of the institution; and /or
- b) Acquires the use of state property for its own commercial purposes; and
- c) Assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- d) Receives a benefit for performing the institutional function or from utilizing the state property, either by way of:

- (i) consideration to be paid by the institution which derives from a revenue fund or, where the institution is a national government business enterprise or a provincial government business enterprise, from the revenues of such institution; or
- (ii) Charges or fees to be collected by the private party from users or customers of a service provided to them; or
- (iii) A combination of such consideration and such charges or fees”.

Risk, Affordability and Value for Money are standard tests that are applied internationally to determine the appropriateness of a PPP as a vehicle for procuring service or public asset. PPP should be amenable to the transferring of a risk from the public to the private sector. Construction should be finished timely and within budget. Services as well should meet the standards. Procuring institutions should be able to afford the task at hand. Value for money should always be factored in (South African National Treasury, 2007: 6).

According to South African National Treasury Unit (2004) two types of PPPs defined by Treasury Regulation Sixteen are:

- a) An institutional function is performed by the private party
- b) The use of state property is acquired by the private party for its own commercial purpose

There may also be a hybrid of the two mentioned types .Payment can be made as follows:

1. Private paid by the institution for services delivered
2. Fees or charges are collected by the private party from the users of the service or
3. A combination of the above.

According to the South African National Treasury (2004) it is clear from the above definition that a PPP is not:

1. A feeble outsourcing of tasks where considerable amount of financial, technical and operational risk is not lost by the institution
2. A gift of money by a private party for a public good
3. The process of assigning to a private enterprise or deprivation of state assets/or goods
4. The alteration to make profits of a public task by bringing into existence of a state owned business activity

5. A form of borrowing by the state.

PPPs are found in many different sectors of the economy. Different characteristics may feature in PPPs as allowed by Treasury Regulation Sixteen. In all these partnerships risks are transferred to the private sector for “designing, financing, building and operating infrastructure and service” (South African National Treasury, 2007: 8).

According to South African National Treasury (2007) in South Africa the three spheres of government, national, provincial and municipal may procure PPPs. Government head office accommodation and prisons are usually PPPs procured at national level, whilst provincial level procures PPPs in health, tourism, and education, and municipal services and infrastructure PPPs are procured at municipal level.

National and Provincial departments’ reasons for procuring PPPs are the same for municipal level generally. Since municipalities have an obligation to provide certain significant service delivery levels which include inter alia clean drinking water, electrification, social and low cost housing and solid waste disposal, it can hardly be disputed that PPPs can be more of value to the municipalities (South African National Treasury , 2007:15).

PPPs in the following areas have been investigated by South African municipalities to date, (a) Provision of water services, (b) Provision of sanitation, (c) Development of property, (d) Management of solid waste,(e) Provision of head office accommodation, (f) PPPs on land fill gas, and (g) Social housing provision (South African National Treasury ,2007:14).

PPPs are perceived as a good vehicle for promoting and developing BEE and BEE is a national policy objective in South Africa. It is evident that there has been a noticeable increase in the use of public-private partnerships in South Africa, Africa and developing countries generally. This is as a result of the important role PPPs have played in the elevation and development of these countries’ social and economic lives. However, as empirical evidence out there shows, this has not been without any challenges. The following figure 2.1 depicts a typical PPP structure.

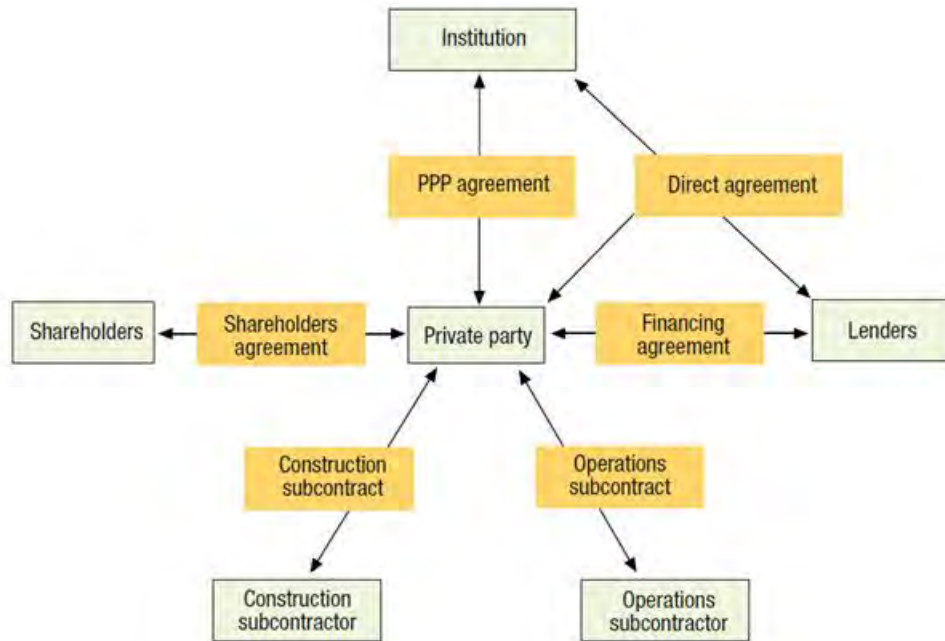


Figure 2.1: Typical PPP Structure

(Source: Adapted from National Treasury PPP Practice, 2004:6)

According to Treasury Regulation sixteen, the main legislation responsible for the governance of PPPs at national and provincial levels there is no prescribed rule about a PPP financing structure. There is an assumption that they may differ greatly depending on the nature and sector and this depends on the available sources of funding. For the capitalization of the project it is typical of the private party to raise both the debt and equity. It is on the basis of this PPP funding structure and sources of finance character that National Treasury's Standardized PPP Provisions have been produced (South African National Treasury, 2004: 5). Essentially, according to Treasury Regulation Sixteen a PPP project's funding structure and financing sources should resolve value for money considerations, affordability limits and the project's risk profile.

According to Credit Libanais Economic Research Unit (2011) PPP can come in many different structures and arrangements. It is the view of the researcher that there are many different forms and types of PPPs. The actual format of the structure entirely depends on the government involved, the funding sources and a variety of other factors. Some PPP models used in SA are discussed in the next section.

2.8.3. Public Private Partnerships Models Commonly Used in South Africa

According to KZN PPP Benchmarking study (2005) the following are some of the public-private partnerships models that are commonly used in South Africa:

1. Build Operate Own and Transfer to government (BOOT)

This is the most commonly used model in South Africa. It is the private company here that provides finance, builds and operates the public entity's project. During this period the private sector claims ownership of that entity for a specific period of time. After a specific period the private sector transfers the project to the government. This model is also common in other developing countries.

It is evident that in this type of model in some instances, the facility is efficiently administered during the reign of the private sector, however, once the ownership is transferred to the public sector, standards of service provided usually drop. It is also common that when this model is applied, government inherits a super facility.

2. Build Own Operate (BOO)

This is another commonly used model in South Africa. The public entity's project is in the hands of the private sector. It is the private company that is in charge of providing finance, and is involved in designing, building and operating the public entity project. The private sector claims ownership. The project is therefore owned by private company and all the commercial risks of operating the facility are borne by the private party. The ownership of the entity remains with the private sector and is not transferred to the public sector.

It seems that in such models is that it is only in name that the facility is a public-private partnership product as in most instances such facility operates as a private company and tariffs and fees are usually unaffordable to the members of public out there. Usually the standards and service provided is superb but expensive and sometimes unaffordable to the public.

3. Build Operate and Transfer (BOT)

This is another commonly used model in South Africa. In this partnership the private company is the one which assumes all the responsibilities, with regards to financing, designing, building and operating the public entity's project. This is done for a fixed period of time without any ownership, and the project is then transferred back to the public sector.

Commercial risks of operating the facility are therefore borne by the private entity. At a predetermined or prevailing market price, the transfer of ownership takes place.

In this model the facility is usually in outstanding condition and standard and the government benefits as all the risks are borne by the private sector partner. However, when the facility is sold back to the public sector, it is usually at a very exorbitant rate as the price tag is determined by the prevailing market price

4. Design Build Finance and Operate (DBFO)

DBFO is also one of the models that are used in South Africa. The private sector partner in this model designs, builds, finances and operates the facility. This model is also called Design, Construct, Manage and Finance (DCMF) and is used in other countries as well. Here the public entity's project is under the management of the private sector for a fixed period. It is important to mention that during the management period ownership is not in the hands of the private company. Subsequently the project is handed over to the public partner.

It seems that this model is good to the public sector as all the risks are borne by the private sector and all the expenses associated with designing, building, management and financing of the project.

5. Design Build Operate and Transfer (DBOT)

These are also prevalent forms of public private partnerships in South Africa. In this model the private company designs, builds, operates and transfers the project to the public sector. All the financing and operating of the project is borne by the private partner. However, the private partner in this instance claims ownership of the project and bears all the risks associated with the project. Notwithstanding that after an agreed period has expired, the ownership of the project is then transferred to the public partner.

Evidently this model is more beneficial to the public sector and the public sector inherits in most cases immaculate facility from the private sector. Financial, building, operating and designing risks are never the problem of the public sector at any stage of the tenure of the project. Sometimes the reputation of the project deteriorates after being handed over to the public partner.

6. Design Build and Operate (DBO)

This model is also used in South Africa. It is the private company that deals with financing, designing, building and operating of the public entity's project. The private company simultaneously claims ownership of the entity. The commercial risk of operating the facility is borne by the private sector and the private sector therefore owns the project. For a pre agreed price government may buy back the project from the service provider (KZN PPP Benchmarking Study, 2005:25). It is evident that this model may suit the public sector.

However, it is the price tag that may serve as a drawback as in some models the state simply receives the project on a platter, through courtesy of the private sector. The actual PPP projects that have been implemented in South Africa are discussed in the next section.

2.8.4. Implemented Public Private Partnerships in South Africa

According to the South African National Treasury PPP Unit (2007), all the below mentioned public private partnerships were successfully implemented in South Africa, that is:

2.8.4.1. Inkosi Albert Luthuli Hospital

This was a DFBOT model type of a public-private partnership.(KZN PPP Benchmarking Study, 2005).The private sector here, is involved in providing and regularly provide" state of the art medical equipment", IT system and management of the system. IT system is integrated and can be accessed by any medical staff anywhere in the hospital and anytime for treatment and diagnosis purposes of patients electronically. This is one of the paperless hospitals in the world and the first in South Africa to enter into a PPP for the delivery of all its non-clinical services (USAID, 2008).

It is evident that this is one of the best products of a PPP in South Africa. The hospital has a good administration. However, one of the drawbacks of this facility is that it is not easily accessible to the community as admission is only on referral by another hospital.

2.8.4.2. Free State social grants

This project uses the best one of the technology in the country to make provision for pensions and social grants to the poor people in the rural areas. This is a very efficient distribution method which uses electronic system that recognizes fingerprints and has helped government in massively reducing fraud in the social grants. Queuing elderly pensioners also receive emergency medical attention.

It seems that this project is yielding desired results as rural pensioners no longer have to travel longer distances to access their grants. Empirical evidence shows that in other rural areas pensioners are obligated to travel long distances and sleep at pension points so as to access their grants.

2.8.4.3. Information Technology for the Department of Labour

In this PPP project Department of labour is provided with complete IT services and very sophisticated equipment that includes LAN, WAN and other relevant industry software. A website for registering domestic workers for social services such as pensions and unemployment benefits has been set up by the department of labour through the assistance of this project.

This is another good and efficient project in the view of the researcher. It needs to be replicated in other areas of the country.

2.8.4.4. The Department of Trade and Industry Campus

This Public private partnership project houses Department of Trade and Industry (DTI) and all its entities. It was the pioneer of head office PPP projects in the country. Its IT system is integrated in the campus fully and its building is innovatively designed for space and light. The private party is responsible for every infrastructure management and operation. This is a DFBOT public private partnership model (KZN PPP Benchmarking Study, 2005).

Evidently DFBOT as a pioneer is a prolific project and is still well managed since the private sector remains attached to it. It is also advantageous to the public and other government departments as everything relating to DTI is under one roof.

2.8.4.5. San Park concession

San Park concessions for tourism have played a significant role in the establishment of SMMEs These SMMEs created sustainable and important job opportunities in the tourism sector.

2.8.4.6. Gautrain Rapid Rail Link

This is the largest PPP infrastructure project in the African continent. In this PPP project, a large amount of financial amount of financial, construction and operational risk was transferred to the private party. It is valued at more than R25 billion. Gautrain is a classic example of public and private capital successfully coming together and attain a strategic infrastructure goal. It forms part of an “integrated strategy” for upgrading transport infrastructure in the whole of South Africa and played a key pivotal role that led to the

successful of 2010 World cup in the country by transporting large volumes of people to key nodes.

It is clear that this project yielded results and was used for what it was built for as it helped a lot in easing traffic congestion during 2010 FIFA World Cup. However, it was besieged with a litany of corruption allegations as according to Flanagan and Serrao (2011) as cited by Fombad (2014) when it was built the cost was estimated at R3,5 billion to R4 billion on completion in 2000, but the costs escalated to R30.462 billion in 2011. Venter (2011) cites an example of Kimberley Prison which was estimated at R300 million at the commencement of the project but ended up costing R1,5 billion after 15 years. This is due to lack of accountability and many discernible irregularities in PPPs.

2.8.4.7. Fleet Management

This partnership involves the fleet management of seven national departments including that of the Office of the President. All seven national departments' fleet requirements are managed by the private party.

It is evident that this partnership is working well thus far. The private sector has been doing very well in the management of the fleet and other related functions as there have been no reported voices of dissatisfaction.

2.8.4.8. Western Cape Rehabilitation of Centre and Lentegeur Hospital

The Western Cape Rehabilitation Centre is a physical rehabilitation facility and the Lentegeur Hospital is a psychiatric facility. Both hard and soft facilities management are provided to both hospitals by the private party. The provincial health department knows upfront the financial implications of the potential vacancy rates at the facilities. This creates an enabling environment to improved value for money and it is a feature of the public private partnership agreement. BEE targets include sourcing a certain percentage of the labour from the local Mitchell's Plain communities and this is another PPP feature. This project started in 2007.

It seems that this is one of the best run institutions in the country's PPP projects. Its location in the country also adds to its embellished stature. The private sector role in the whole project is satisfactory.

2.8.4.9. Polokwane Hospital renal dialysis service

The private party provides 100 per cent of the clinical services, and this is the first health PPP in South Africa where this has happened. All services related to renal dialysis, including the provision of specialists and pathologists are delivered by the private party. This function was

taken over from the provincial health department and it is now phasing in the service. Patients are now having access to medical care at standards that have been benchmarked with the private sector, whereas they had to go to Garankuwa for renal dialysis before this project existed. This is a good PPP to be replicated as a model elsewhere.

It is evident that this partnership project should be replicated in many parts of the country. This is a marvellous project with cutting edge administration, clinical services and medical care. In public hospitals like in Durban's Addington hospital, there is a lot of dissatisfaction from members of the public about the absence of dialysis machines and other related facilities.

2.8.4.10. Port Alfred and Settlers Hospital

In this Eastern Cape project where the hospital has separate facilities for public and for private patients, but also some shared facilities, the private party is responsible for running the entire hospital and for ensuring high quality service to all patients. It is also the private party that is responsible for the provision of infrastructure and facilities management. The private sector provides some clinical services to the public sector and the public sector staff provides some clinical services in the private facilities. This is part of the arrangement. In Grahamstown, where the Settlers Hospital is situated, a number of retired medical professionals under the tutelage of the private party provide some specialist care at the hospital.

It seems that this project as one of the best PPPs in the country from its administration to the expertise provide to the patients. The fact that infrastructure and facilities management duties are handled by private sector implies sound and superlative management. This is also true for clinical services provided to the public. Implementation of PPPs in South Africa was not without some challenges. These challenges are discussed hereunder.

2.8.5. Public Private Partnerships Challenges in South Africa

On the question of legislation and policies, Fombad (2014) observes that PPPs have been found to be very unwieldy and complicated resulting in corrupt activities to evade these policies. The genuine interests of all participants in sustaining partnerships are not protected by the policies and legislation. There are no clearly stated steps that make sure that the ability to afford, money value together with considerable procedural operative and monetary hazard criteria are met by the PPPs (Fombad, 2014). Accountability, transparency and ethical

standards, according to Fombad (2014) are some of the challenges that are faced by PPP and need to be addressed in South Africa.

Deloitte (2012) lists a myriad of challenges for PPPs which include inter alia, inconsistent government support for PPPs, poor deal flow, government lack of depth, it is not dependent on Treasury but on the capacity of relevant government department or branch to implement accommodation PPPs, cost structures in the construction market are increased due to absence of competition, tender processes are very complex and lengthy and resources for competent delivery are very thin.

Support Program for Accelerated Infrastructure Development (SPAID) (2007) cite the following as some PPP challenges in South Africa, namely, the absence of leadership at the highest level of government, the absence of consistent political leadership commitment to PPPs, absence of trust of private sector participation in infrastructure, officials' deficient ability to put into effect or initiate PPPs, deficient dedication of resources to promote PPPs, severity of PPP problems at municipal than nationally and provincially, as well as a shortage of communal revenue obligation that will make use of PPPs. Evidently many different factors affect PPPs in South Africa.

Challenges affecting PPPs vary and are perceived differently by implementing agencies, government and private sector, even though there are areas where problems are jointly agreed upon by all parties and there are solutions that are unanimously agreed upon. According to Nuwagaba (2013) PPPs in developing countries can thrive if there is always transparency and there is not even a modicum of political interference during contract negotiations and execution.

With that having been said, there are however a lot of PPP opportunities, benefits, and advantages as well. Deloitte (2012) mention the fact that there is a sharing of project risks between the two parties. This comes in the form of costs or expert ability ensuring the most competent method of project delivery. The provision of political and policy support to projects is the government area of expertise in the period when more technical aspects of the project are tackled by private sector competence (Deloitte, 2012).

2.9. CONCLUSION

Evidently developing countries have taken infrastructure investment route due to fast economic growth. Since governments in these countries cannot afford to fund these

infrastructure developments it was necessary to turn to private sector and international companies for funding purposes. PPP models used in these countries do work but they also have risks challenges (McCowan and Mohamed, n. d.).

It is evident that PPPs contribution to development locally has been of paramount importance and they continue to play developmental role in both developed and developing countries. PPPs do have challenges and risks but they are in most instances taken care of by private sector component. This chapter has demonstrated the role and uses of LED and the significant role played by PPPs globally. The following chapter will focus on research methodology and design.

CHAPTER THREE: RESEARCH METHODOLOGY AND DESIGN

3.1. INTRODUCTION

This chapter looks at the research methodology that was used by the researcher in conducting this study. It discusses research design, qualitative research method, sampling, data collection method, interviews, and interview procedure, profile of respondents, data analysis, ethical considerations and other relevant topics

3.2. RESEARCH DESIGN

The study used qualitative research methodology. The main aim of using this type of method is to understand the social reality of individuals, groups and their cultures and to assess the effectiveness of partnerships in LED. This design helped the study in gaining insight into the role of strategic partnerships between the eThekweni Municipality and SBU in LED.

3.3. SAMPLING

3.3.1. Population and Sampling Methods

“Population refers to all the elements (individuals, objects or substances) that meet certain criteria for inclusion in a given purpose”(Burns and Grove, 2005:40). Sampling is the process of selecting a small set from a population that the researcher is interested in with the purpose of drawing inferences from (Bhattacharjee, 2012). This concept plays a significant role in research (De Vos, 2002).

This study relied on a purposive sampling technique. The study by using purposive sampling was deliberately looking for participants that would share the type of information that the research looks for. In total, eight in-depth interviews were conducted. One with the senior official from the eThekweni Municipality and one Senior Official from SBU and six SBU SMMEs were interviewed. The two official who participated in the study were directly involved in the administration of the partnership between the two parties.

3.3.2. Data Collection Method

Throughout a period of five months a total of eight in-depth semi structured interviews were conducted. Both officials from SBU and the eThekweni Municipality had been approached respectively for the study interviews. They were both keen to take part and respectively cordially granted the permission for the interview to be conducted. Upon granting of the

permission for the interview, a date of the interview was secured with each official. The six SMMEs are those that had benefitted from the Shanduka incubate program as a result of SBU and the eThekwini Municipality partnership. The researcher had discussed the study need to interview six SMMEs from SBU with the SBU official during his first visit to SBU where the request to conduct the study was unveiled. SBU official had acceded to the request for the six SMMEs to be interviewed and the letter was issued to confirm the interview.

One SMME was interviewed after an appointment was set up by the SBU Manager with the SMME for the study. Using single stage sampling defined by Creswell (2009) as, when there is an access to names and sampling of the population directly, and purposive sampling, one SMME from SBU was interviewed. Due to non-availability of other SMMEs reference was made to five more participants by SMME one. Participants in this study were eligible to participate as they met the study requirements. With regards to the research design, the two officials were selected as they were crucial to their respective organizations and would provide thorough and authentic view of small business related LED.

The eThekwini Municipality official was chosen for possessing knowledge on partnerships between the eThekwini Municipality and private businesses in general and partnership between the eThekwini Municipality and SBU in particular. SBU official had directly taken part in the signing of the partnership agreement between SBU and the eThekwini Municipality. This manager is also responsible for the day to day running of SBU incubation offices in EMA. Both offices where officials and one SMME were interviewed are situated within the eThekwini Municipality boundaries, in the CBD of the city of Durban.

Other participants were interviewed in their respective areas of operation, but within the parameters of the EMA. Gender, age and other related issues were not considered for participation in the study. With regards to the SMMEs who participate in the study, the key and mandatory prerequisite was to be an SMME that has been incubated and benefitted from SBU program.

3.3.2.1. Interviews

Research tools that were used in this study were semi structured questionnaires. The interviews were conducted by the researcher on a one-on-one basis. Briefing sessions were conducted with the interviewees about every aspect of the questionnaire and interview. The interviews were conducted mainly in the afternoon because most SMMEs were at work and busy during the mornings. If the interviewees did not understand the question, the researcher

explained the questions simply and without bias. The confidential nature of the study was always emphasised so that respondents would not be reluctant to answer questions honestly and sincerely. Respondents were encouraged to respond truthfully and assured that their responses would remain confidential.

3.3.2.2. Procedure for the Interviews

The interview schedule basically examined the degree in which the officials understood the effectiveness of partnerships in LED. It also tested the extent in which SMMEs comprehended partnerships and LED. Before the interviews, interview guides were formulated with the study objectives in mind. The interview questions had been structured such that they could answer objectives of the study. Interview questions had to be paired with each objective to see if they answered the objective. The audio recorder and the memo pad were used to capture everything that was discussed with the participants. The audio recorder was used because the researcher could not write all the responses from the participants.

Same questions from the interview schedule were posed to all participants individually and they individually responded. Memos were also used to jot down answers or responses to questions. Semi structured interviews helped the researcher to seek clarity where it was necessary and further allowed the researcher to probe when the need arose.

The interviews were conducted within a six month period from May 2015 to October 2015. Only one participant was interviewed in May as she had secured a good employment in another province and was going to leave the KZN province on the 31st May 2015. This respondent's interview also served as pilot as it informed the researcher that all the questions contained in the interview schedule actually extracted the necessary information, and would therefore be relevant for the study. Six other participants, that is, one official from SBU and five SMMEs were interviewed in September 2015 on different dates and SBU SMME six was interviewed in October 2015. Topics that formed interview questions were:

- a) Partnership role
- b) Reason for partnership
- c) SBU'S reason for entering into partnership
- d) Benchmark or yardstick for the partnership
- e) Number of Jobs and procurement opportunities
- f) Skills development

g) Challenges involved

h) LED partnerships and challenges

The following steps were followed by the researcher before conducting each interview:

1. Secured an appointment with each interviewee at the convenient time for them
2. Secured a peaceful and quiet environment suitable for an interview
3. Ensured that the environment suited a face to face setting
4. Had a pre pretested tape recorder

Before the interview commenced the researcher:

- a) Read, signed and availed informed consent letter to the participants
- b) Requested participants to sign part of consent form that allowed the researcher to record the interview

There were two sets of questionnaires one for the officials and one for the SMMEs. SBU and BSTMU officials' questions were the same and comprised of seven questions from Section A, which focused on demographics and eleven from section B, which was the main section. SBU SMME questions comprised of eight questions from the first section which focused on demographics and ten questions from the main section. All the participants could understand questions which were all in English. The duration of each interview was 30-45 minutes. All the questions were designed with the objectives and the aim of the project in mind. The main aim of the study was to "examine the use of partnership between the eThekweni Municipality and SBU in LED".

One challenge that was encountered during the interview was when SBU official wanted one SBU SMME to be interviewed in her (SBU official's) office in her presence. Despite this dynamic this respondent confidently answered all the questions undeterred. However, when it came to a question on challenges faced by SMMEs in the SBU partnership, the respondent said he could not answer the question in the presence of this official. The official personally pronounced one challenge faced by SMMEs in the partnership. This eased the tension and the participant went on to mention other challenges.

One other challenge that was eliminated is that the SBU official created the impression that interviewees could only be organized by her even though she had signed the gatekeeper's letter and had acceded to the study. Only one respondent (the one interviewed in her office)

was organized by her, though the appointment had been set up with the interviewee concerned. All the subsequent interviews were conducted through direct interaction between the researcher and the respondent after the researcher had been referred to by SBU SMME two.

3.3.2.3. Interview with the eThekwini Municipality official

According to eThekwini Municipality (2014) the purpose statement of Business Support Tourism and Markets Unit, formerly known as Business Support Unit (BSU) is, “to provide integrated business support services to existing and potential businesses in the eThekwini Municipal Area enabling them to undertake income- generating activities resulting in job creation and economic growth”. In citing the eThekwini Municipality (2007) Musyoka (2010) says Business Support Unit, newly called Business Support Tourism and Markets Unit is an institution for government that is given a task of providing support to small businesses using promotion of health business environment, infrastructure support in form of business linkages and rentals. The mission of Durban Tourism is “to market Durban as a “must visit” destination to the Domestic and International tourism markets, and in so doing achieve Economic development and facilitate job creation for the benefit of all the people of the Metropolitan region” (eThekwini Municipality, 2014).

The author had selected officials that could provide insight on the subject one from SBU and one from the eThekwini Municipality. This was in anticipation that they would provide inclusive and organizational perspective of small business related LED. Interview schedules for officials tested the extent in which they understood the partnership between the eThekwini Municipality and SBU. The official had been approached in May 2015 where the purpose of the study and the request for the interview were explained.

The official acceded to the interview and date and time was set. Senior official, from the eThekwini Municipality was interviewed by the researcher on 22 May 2015. The interview took place at Rennie's House, Victoria Embankment offices in Economic Development offices where the respondent was based. She was employed as a Senior Manager at BSTMU when PPPs were formalized between the eThekwini Municipality and private sector. She was the strategic partnership program leader and had therefore been a key player in the identification of private sector partners on behalf of the eThekwini Municipality. She was instrumental in the identification and the negotiations that took place between the eThekwini Municipality and all corporates including Shanduka Black Umbrellas.

The respondent was the key person in the PPPs program for the city. She therefore fully cooperated and took part in the interview sharing a lot of insight into critical areas of the partnership. Demographic information was filled in, in the presence of the interviewee. During the interview the researcher used the audio recorder and a memo pad to take all the necessary information. There was probing for more information or clarity during the interview. This interview lasted for between 30 and 45 minutes.

3.3.2.4. Interview with Shanduka Black Umbrellas Official

One other primary data source was a SBU official. SBU formerly known as Black Umbrellas is a project advanced by Charles Maisel and Mark Frankel, Cape Town social entrepreneurs to support SMMEs. It partnered with Black Umbrellas in 2009 to spread the project nationally with R 5,2million investment to set up and operate Gauteng offices. Shanduka Foundation chairperson, Cyril Ramaphosa, has envisioned that SBU could serve as a catalyst in entrepreneur development. Ramaphosa has identified this sector as significant to the empowerment of South Africans who were historically marginalized (Shanduka,2014).

This respondent was interviewed at SBU offices located at Smart Exchange building in the city of Durban's Commercial Street. This official had been met through an appointment where she was informed of the purpose of the study and the researcher's intention to interview her. This meeting had taken place prior to the commencement of the study. This meeting also served as a platform to request a permission to interview six SMMEs that had benefitted from SBU. This SBU official was responsible for the whole running of SBU corporate and also the recruitment, selection and the procurement and other opportunities for SMMEs housed at SBU in Durban, Smart Exchange offices. The interview of this SBU official took place on 22 September 2015.

Before the commencement of the interview the author filled in demographic information in the presence of the interviewee. During the interview the author probed for more information. This participant was found to be more passionate about her work at Shanduka and was always prepared to go an extra mile in discharging her duties. Her insight into SBU objectives and the affairs of all SMMEs at Shanduka was very pertinent to the study. One challenge however was her unpreparedness to give more information opting to be short and precise. The interview process of this official lasted for about 30 minutes.

3.3.2.5. Interview of six Shanduka Black Umbrellas beneficiaries

The permission to meet and interview the six SMMEs was granted by the senior official of SBU and the issued gate keeper's letter serves as a testimony to that. With regard to SMMEs snowballing technique was used where other SMMEs were recommended by their colleagues in the process of interviews. Different dates, times and venues for the interview were secured with each participant depending on their availability and convenience. These six SMMEs had been incubatees at SBU. All the interviewed SMMEs were very helpful to the study and very informative.

BSU SMME one was interviewed on 22 September 2015. This interview took place at Smart Exchange offices where SBU offices are located. This is also where this SMME plies his trade. The interview took place in the presence of the SBU official in her office. The author had come for a scheduled interview with the official which was scheduled for 10h00. At 11h00 the official informed the researcher that she was calling one SMME (SMME one) for the interview as "he was available". Thinking the official would recuse herself, the researcher continued with the interview in the presence of the official as she did not excuse herself. It is worth noting that the interview went well with the researcher probing when there was a need and also jotting down notes, until question seven (which deals with challenges faced by SMMEs in the partnership) in the research question was reached. At this juncture, the respondent said he was not going to answer this question in the presence of the official. Instead of recusing herself the official gave one example of challenges herself. The interview continued uninterrupted until the end. This interview lasted for more than 30 minutes.

BSU SMME two was interviewed on 25 September. She was interviewed at number 357, Che Guevara Road. This respondent had been phoned on 24 September requesting an appointment for the interview. The respondent confirmed her availability for 25 September. This respondent was interviewed at her business premises. A tape recorder was used for recording the data and also a note pad to help in taking down notes. There was a lot of probing made by the researcher during this interview as the interviewee respondent to the questions. The interview lasted for more than 35 minutes.

At the end of the interview the researcher thanked the respondent and asked the respondent about her other colleagues who could be interviewed. This respondent gave the researcher a list with contact details of other potential respondents which comprised of SBU SMME three, SBU SMME four, SBU SMME five and SBU SMME six. All of the four SMMEs were informed during the telephonic discussion requesting an interview appointment that their

names had been given by SMME two who had already been interviewed .This information that was relayed to these SMMEs seemed to have opened the doors for the interviews.

SBU SMME three was interviewed on the 28 September 2015.The researcher phoned this respondent on the 28th of September to request for an interview appointment. This respondent was game for the interview and confirmed his availability on the same day. The research was conducted at Gardner Street, Corporate Place Building, 3rd floor where this respondent had just moved in. A tape recorder to record all the data and a note pad to write down all the information were used. There was probing for more information and clarity was sought during the interview when there was a need. The interview lasted for forty five minutes.

SBU SMME four was interviewed on 28 September 2015 at Holiday Inn Hotel, Marine Parade. This respondent was phoned on this day in the morning for a date of an appointment and had confirmed his availability at this venue as he was going to meet somebody there. Though the respondent understood English and all the questions, both Zulu and English were used to answer questions as this respondent responded in both languages. A recorder was used to record the interview and also a note pad to take down all the notes. There was a lot of probing done and follow up questions were made as well. The interview lasted about thirty minutes.

SBU SMME five was interviewed at SBU Boardroom on 28 September 2015.The appointment with this respondent was secured through SBU receptionist. This was done as per the instruction of this respondent. This SMME had been phoned for an interview appointment and she issued SBU receptionist contact details. A tape recorder to record the information and the note pad to jot down some notes were used during the interview. There was a lot of probing as the interview progressed. The interviewee also wanted to know the role of BSTMU in the relationship. The interview lasted for more than forty five minutes.

SBU SMME six was the last respondent to be interviewed. This respondent was interviewed on 1st October 2015 at his business premises at Umlazi Business Hive, V Section. The request for an appointment was requested at this entrepreneur's business premises on 30 September 2015.The respondent had granted the interview appointment for 1st October 2015.The respondent was asked all the questions as they appear in the interview schedule. All the data was recorded in the tape recorder and the note pad was also used to take down notes.

There was probing for more clarity in most areas of the interview. The interview lasted for forty five minutes.

3.3.3. The Profile of Respondents

Overall, interviews were closed and eight participants were interviewed. They are one official from the eThekweni Municipality's BSTMU, one official from SBU and six SMMEs from SBU. Study participants are coded as follows:

BSTMU official- BSTMU official based in Rennies House, Victoria Embankment

SBU official- SBU official based in Smart Exchange Building, Commercial Street

SBU SMME one- SBU SMME one based in SBU offices, Smart Exchange Building, Commercial Street

SBU SMME two- SBU SMME two based at 357 Che Guevara Road, Durban

SBU SMME three- SBU SMME three based at 3rd Floor, Corporate Place, Gardner Street, Durban

SBU SMME four- SBU SMME four based at SBU offices, Smart Exchange Building, Commercial Street

SBU SMME five- SBU SMME five based at SBU offices, Smart Exchange Building, Commercial Street

SBU SMME six- SBU SMME six based at Umlazi Business Hive, V Section Umlazi

Interviewed eThekweni Municipality official was an Indian female who had worked for BSTMU for about ten years. SBU official had been employed by SBU for two and a half years. The researcher selected officials in senior positions in the two organizations in the hope that they would provide intensive perspective on partnerships and small business related LED. SMMEs interviewed had different number of years in business. SBU SMME one interviewed had been in business for three years, whilst SBU SMME two had been in business for eight years. There was one other SMME (SBU SMME three) who had been in business for ten years, whilst SBU SMME four had been in business for about five years followed by another one (SBU SMME five) who had been in business for six years. The last SMME (SBU SMME six) that was interviewed had been in business for fifteen years.

In view of the qualitative nature of the study and that officials and SMMEs chose to engage freely regarding positions that they hold in their companies, participants were sometimes free

to digress from the interview questions. Their digression still belonged within the domain of the effectiveness of partnerships within LED.

3.4. DATA ANALYSIS AND INTERPRETATION

Qualitative methods of data analysis were used to analyze the data. Data analysis and interpretation for this study was done using content thematic approach which categorizes data into meaningful themes (Neumann, 2008). According to Creswell (2007), Stake (1995) as cited in Leedy and Ormrod (2014: 143-144) data analysis in a qualitative study figuratively involves five steps:

Organisation of case details. The particular facts about the case were logically/chronologically arranged to follow a certain order. Questionnaires were arranged according to the dates interviews were conducted. The data was organized according responses that were generic and then moved on to the ones that were specific.

Data categorization. Categories were identified to assist in clustering the data into groups that have meanings. The researcher followed this by coding the data thereby farther categorizing it into similarities.

Interpretation of single instances. All the information, happenings, notes and all pieces of data are relevant to the data analysis and were therefore examined.

Identification of patterns. Data is further scrutinized for the basis or explanation of themes and other patterns that form the case in a broader manner than a piece of information can show.

Synthesis and generalizations. Conclusions and recommendations about the case study were formed and the whole comprehensive picture of the case was discerned. Drawn conclusions may have implications beyond the current case that was being studied.

Interpretation involves the synthesis of data into larger connected wholes (Mouton, 2001:109). All the questions which had been raised when the interview was conducted equipped the researcher with necessary data to answer the research question.

After all the interviews were conducted the researcher transcribed the interviews into themes that were identified. The researcher had to write and re write all the notes first from the note pads that he was using to record information. This process had to be repeated as the researcher's own handwriting sometimes could not be read by the researcher. Notes had to be

transcribed from the tape recorder as well. The researcher had to listen to the tape recorder rewinding and forwarding to get the exact words as articulated by the respondents.

3.5. ETHICAL CONSIDERATIONS

Ethics for social researchers encompasses expected researchers' moral liabilities towards research participants including sponsors and other likely research beneficiaries (Monette, Sullivan and DeJong, 2008). Since this is a qualitative study, the researcher was expected to dig deeply from the interviewees. The researcher's deep digging therefore raised ethical questions.

Creswell (2003) mentions that the researcher is obligated to respect the rights, needs, values and wishes of the participants. Informed consent, deception, privacy (confidentiality and anonymity, physical or mental distress, problems in sponsored research, scientific misconduct or fraud, and scientific advocacy are six basic social science research ethical issues (Monette, et al, 2008:52).

The manner in which the ethical issues were dealt with is discussed hereunder:

3.5.1. Informed consent

The essence of the informed consent is the "inviolable right" to withdraw from a study at any given time and for any personal reason by the participant (Dunn, 2010:157). Informed consent is about informing potential research participants about every feature of the research that could have an influence to the conclusion to partake (Monette, *et al*, 2008). The researcher complied with the UKZN Research Ethics Committee and signed the undertaking to comply with the University's "Code of Conduct for Research".

Participants were taken through the format of the research, its purpose, employed data collection methods and duration of the research. All of this was performed by the researcher before the actual commencement of the research (Copy of informed consent is attached as an appendix). Informed consent letter was signed by interviewees before the interview. All participants were informed of their expected roles in the study. Therefore all participants had full knowledge of what was entailed.

3.5.2. Risk and Harm

All the participants in this research study were given the assurance that none of them would be subjected to any situation that would harm or hurt them as a result of them taking part in the research study.

3.5.3. Honesty and Trust

In this research study, the researcher steadfastly adhered to all the ethical guidelines and standards which include honesty and trustworthiness. Even during data collection and analysis the principle of honesty and trust was invoked.

3.5.4. Privacy, confidentiality and anonymity

Anonymity and confidentiality of the participants was maintained throughout this study by the researcher. The researcher had made it clear to the participants that their identity was protected and that no information would be divulged that disclosed their names under any circumstances. Participants will remain anonymous. All respondents' responses were treated with confidentiality. No respondent's privacy or group behaviours were intruded by the study.

3.5.5. Voluntary Participation

In addition to all the afore mentioned precautionary measures that were undertaken in this study, the researcher had made it clear to the participants that this research work was purely for academic reasons and that participants took part on their own volition. No participant therefore was coerced nor was put under any duress to take part in the study

3.5.6. Storage and Disposal of Research Data

The research data will be kept for a minimum period of at least five years in a secure location by arrangement with my supervisor. This was communicated to the respondents.

Data Security and Storage: Hard copies will be stored in the University archives for five years and soft copies will be stored and secured electronically.

Disposal of Data: Hard copies will be shredded and soft copies will be deleted.

3.5.7. Feedback to Research Participants

In terms of dissemination of research findings, the dissertation copy will be available in the UKZN library and is accessible by the public from that location. The researcher did inform respondents especially those who enquired about the feedback process.

3.5.8. Ethical clearance

The researcher for the purposes of this research work had obtained ethical clearance form (Appendix 3) Informed consent letter was signed by interviewees before the interview. All participants were informed of their expected roles in the study and that they could refuse to participate or withdraw from the project at any time with no negative consequence if they felt uncomfortable or if they did not want to continue with the interview for whatever reason. Therefore all participants had full knowledge of what was entailed.

3.6. STUDY LIMITATIONS

Interviewees in this study had only about an hour to spend with the researcher as they already own businesses and had to attend to them at the same time. There was therefore limited time given by interviewees to the study. The study should not be considered as the representative of all PPPs.

3.7. CONCLUSION

This chapter's main purpose was to appreciate the methods that were used by the researcher in undertaking this qualitative study. Qualitative approach was chosen because of its many benefits and advantages.

Participants of the study and location of the study were also discussed in this chapter. Both secondary and primary sources of data and data collection tools also appear in this chapter. Sampling and interview procedure were discussed and followed by the actual interview of the eThekweni Municipality official, interview of SBU official, and interview of SBU incubates. Data analysis and ethical considerations were discussed and followed by the discussion on limitations of the study. The following chapter however, will provide findings and analysis of the study.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.1. INTRODUCTION

This chapter presents the findings and analysis of the findings. It is therefore comprised of two main sections namely Section A, which deals with data presentation and Section B which deals with data analysis. Findings were divided into two sub sections, sub section one dealt with both the eThekweni Municipality and SBU officials. Sub section Two dealt with the presentation of SBU SMMEs findings. In presenting research findings themes/objectives of the study were paired with interview guide schedules“ questions for both officials and SMMEs to check if the questions spoke to the objectives. The following chapter will deal with the conclusions and recommendations of the study.

A few themes emerged from the findings however, due to their relevance to this study, four themes were selected. The analysis focused on the role of partnerships in SMME related LED. The analysis also looked at the effectiveness of the partnership between the eThekweni Municipality and SBU. Thirdly the role of LED partnerships in creating employment and developing skills for SMMEs was explored. Lastly the chapter looked at the level of sustainability of LED partnerships. The contents of this chapter are the presentation of the findings which were derived from the primary data that was collected during the study and analysis of these findings.

The data was collected through interviews. Primary and secondary sources were used to gather data. All the data collected was used to analyse and interpret the role of PPPs in LED. The objective was to answer the research questions and the objectives of the study.

4.2. RESPONSE RATE

All the interviews were conducted by the researcher and information was recorded using a tape recorder. The first step that was undertaken in processing the data was to convert the raw data collected into meaningful information. This was done through editing and cleaning the data. This includes data that was audio recorded which had to be first transcribed before being edited. All the edited data was subsequently coded and put into different categories.

There was one hundred per cent response rate as data were planned to be obtained from eight interviews and all the eight interviews were conducted with all participants. No participant had refused to take part in the study and all questions were answered by participants.

There were two sets of interviews with different questions. One set targeted officials from the eThekweni Municipality and SBU and the other set of questions was for SMMEs that have benefitted from SBU. The interviews for officials from the eThekweni Municipality and SBU comprised of two sections and data that was produced will be presented as follows:

1. The first section consisted of demographic data for example gender, name of company, position in the company, experience in the company and role of company in the LED partnerships
2. The second section includes history of SBU and the eThekweni Municipality SMME development partnership, nature of the partnership, main stakeholders in the partnership, duration of the partnership, changes to the partnership, role of the partnership in SMME development, meeting of objectives by this partnership, role of the LED partnership in employment creation, role of the LED partnership in SMME skills development, effective way of LED partnership between SBU and the eThekweni Municipality and suggestions to improve the partnership.

Interviews for SMMEs that have benefitted from SBU partnership with the eThekweni Municipality comprised of two sections and data that was generated will be presented as follows:

- a) The first section (section A) comprises of demographic data such as gender, position in the company, number of years in the business, location of the business, number of employees in the business and approximate annual turnover in the business
- b) The second section included of SBU history, its support to SMMEs, SBU partnerships and its benefits, duration of partnerships, areas of partnership, challenges faced in SBU partnerships, and lessons learnt from SBU partnerships. This following part of this chapter is subdivided into Section one and section two. Section one will present the findings for both eThekweni Municipality and SBU officials and Section two will present the findings for SBU SMMEs.

4.3. SECTION A: PRESENTATION OF FINDINGS

Sub Section One: Findings for Shanduka Black Umbrellas and the eThekweni Municipality Officials

4.3.1. Introduction

Both interviewed officials were females. The interview for official one took place on 22 May 2015 at the eThekweni Municipality's Economic Development offices at Rennie's House at Victoria Embankment whilst official two's interview took place on 22 September 2015 at SBU, Durban offices at Smart Exchange offices at Commercial Street. Officials were employed by the eThekweni Municipality and SBU respectively, and official one held a senior management position, whilst official two also occupied a senior management position. Official one had been employed for about ten years whilst official two had been employed for two and half years.

This section will present various themes which the study undertook to find out. These themes were reflected in the interview guide.

4.3.2.1. Theme One: To Understand the Role of Partnerships in SMME Related LED.

This is one of the themes that came out of the study and it forms the quintessence of the study. Participants were asked the following questions:

- a) What role does your department play in LED partnerships?
- b) The eThekweni Municipality and SBU entered into a partnership to develop SMMEs. Please tell me the history of this partnership.
- c) What is the nature of this partnership?
- (d) Who are the main stakeholders in this partnership?
- (e) What is the duration of this partnership?

On the question what role does your department play in LED partnerships, official one mentioned that,

"My department is responsible for forging corporate relationships for purposes of supporting SMMEs. New component of enterprise development helped a lot in SMME turnover and growth we are able to piggyback on corporate programs"(22/05/2015). Official two said, "it develops SMMEs in turn develop their outlook"(22/09/2015).

Responding to the question about the history of the eThekweni Municipality and SBU, official one mentioned that,

"It is a new incubator set up. This is Shanduka Group first time in eThekweni. Partnership dates back to 2012 and SBU was given support by the eThekweni to set up their offices in the city of Durban. This initiative was supported as SBU and the eThekweni have the same target audience and the initiative was going to avoid duplication of services. The eThekweni

Municipality also helped in securing space for SBU at Smart Exchange building as SBU was going to add value to government. Shanduka was going to help in pulling resources together to achieve better impact”(22/05/2015).

Official two said, “Partnership has been there for some time now and is good. Partnership exists because of synergies and it is important to talk to each other as partners” (22/09/2015).

When official one responded to the question on the nature of the partnership between SBU and the eThekweni Municipality she said,

“It originally identified key areas, what we had in common collaboration in key identified areas, formation of different task teams and achievement of objectives together. It is about assisting Shanduka to set up for SMMEs (no restriction on the type) in facilitating access to skills, trainings, markets and finance and compliment SBU” (22/05/2015). Official two said, “Collaborate on the initiatives and we feed on each other. We do things jointly as partners to reach a wide audience combined as this would not be achieved if we worked alone” (22/09/2015). Both officials spoke about collaboration.

Responding to the question on who are the main stakeholders in the existing partnership, official one mentioned, “Business Support, Shanduka and Smart Exchange as the main stakeholders in this partnership”(22/05/2015). Official two said, “Shanduka and the eThekweni Municipality” (22/09/2015).

The two officials“ response on the question about the duration of the partnership was that it is one year and is reviewed and evaluated on an annual basis to check if something could be done differently.

4.3.2.2. Theme Two: To Understand the Effectiveness of the Partnership between the eThekweni Municipality and SBU on SMME Related LED.

In view of the existence of the partnerships, this theme intended to gauge and comprehend the efficiency of these partnerships. Participants were asked the following questions:

- a) What is the role of this partnership on SMME related development?
- b) Would you say this partnership has succeeded in meeting its objectives? If so please explain.

Responding to the question on the role of the partnership on SMME related development official one mentioned that,

“It is to strengthen SMMEs entering market for the first time, instil confidence in their businesses and also offer them safe space to trade from and time. The fact that government partners with Shanduka will further increase the confidence of emerging SMMEs”. Official two simply said, “In one word it is business support eThekweni is involve in business support and Shanduka as well”(22/05/2015).

On whether this partnership has succeeded in meeting its objectives Official one confidently said,

“Yes, but there is poor management on the side of municipality, people managing the partnership are not giving it enough time. This partnership is now developing cracks due to insouciant attitude of municipality officials”(22/05/2015). Official two said, “The partnership has yielded successful initiatives and it is not doing badly at all” (22/09/2015).

4.3.2.3. Theme Three: To Determine the Role of LED Partnerships in Creating Employment and Developing Skills for SMMEs.

Partnership between the eThekweni municipality and SBU is not in dispute. However, this theme intended to establish the efficiency of these partnerships in employment creation and skills development for SMMEs. Participants were asked the following questions:

- a) What is the role of LED partnerships in creating employment?
- b) What is the role of LED partnerships in SMME skills development?

When answering the question on what is the role of LED partnerships in creating employment official one said,

“Improving the resources, have more money to achieve same objectives, avoid duplication, economic development is about helping a company to grow, to employ more people. It is about employment creations and growth. Increase turnover, increase market access and increase growth. Employing more people is important for both partners. Strong economy increases business confidence, productivity and is good for both public and private sectors” (22/05/2015).

Official two responded by saying that, “small businesses have a chance of creating jobs, and the more they create these jobs the more we stand a chance of creating more jobs. Big businesses shed jobs”(22/09/2015).

Official one responded to the question on what is the role of LED partnerships in SMME skills development by saying that,

“Private sector has been running well and is productive. Private sector can share lessons and expertise and avoid pitfalls. SMMEs can therefore learn and benefit a lot from skills level as private sector has been there for a long time. Valuable lessons can be shared. Mentorship can help avoid pitfalls. LED partnership, can be used for market access and leverage”(22/05/2015). Official two’s response was that, “there are different categories of skills and different categories of entrepreneurs, for example fat cook makers. We give them business skills so that they would able to run their businesses profitably” (22/09/2015).

4.3.2.4. Theme Four: To Examine the Level of Sustainability of LED Partnerships Using the Case of the eThekweni Municipality and SBU Partnerships.

The intention of this theme was to help in exploring the endurance of LED partnerships between the two parties that are being studied. Participants had to answer the following questions:

- a) What do you think is the most effective way of ensuring the LED partnership between the eThekweni municipality and SBU is sustained?
- b) Do you have any suggestions on how to improve the existing partnership?

On the question what do you think is the most effective way of ensuring the LED partnership between the eThekweni Municipality and SBU is sustained official one said,

“Resources are important and the availability of right people is crucial. Partnership is about relationship than work. Partnership is about development of common vision. Partnership is about meeting identified deliverables and they are built on strong relationship. Partnerships need consistent people doing their best and putting more effort”(22/05/2015).

Official two responding to this question said,

“Stick to the basics. Communication is important. Set up quarterly meetings to evaluate what has been done and what needs to be done in the future. Develop strategies for SMMEs so that we can align to that”(22/09/2015). Responding to the question on whether she had suggestions on how to improve the existing partnerships official one suggested that,

“A dedicated person is needed to run with the partnership. This person should identify collaborative areas and turn them into sub projects. Good management systems should be in place to regulate monthly meetings and provide minutes without failure. A good secretary is also needed to report on progress and manage and monitor outcomes. Systems need to be tightened and reporting is very important as without it, there is no progress. Private sector has

no time to waste and discuss nothing. Private sector does not want to discuss one and the same thing after four months with no progress. There should be no gaps but feedback and progress. Government officials tend to be slack. Private sector is willing to work with government but government need to fine tune their turnaround time and private sector will be game to be on board. Government officials need to show efficiency and private sector are willing to buy into the programs of government. Private sector has got much potential and can bring much value, more budget and successful programs. During one Innovation summit hosted by Municipality in Durban, to show their support, private sector (IBM) brought their top executives from abroad to support the project. This project was going to benefit the City of Durban and not IBM”(22/05/2015).

Official two said, “the existing partnership is not bad, but more can be done out of it. There is a need for municipality to come with their own strategy and SBU to bring theirs as well and the two strategies can be discussed and collaboration can also be discussed. There is a need to diversify activities and provide real on-going mentorship. Since we have an incubator, relationship should be like an assembly line where municipality hands over SMMEs to Shanduka for further training. The two partners have same mandates but different proportions” (22/09/2015).

The following section presents the findings of the SMMEs that benefitted from partnership between SBU and the eThekweni Municipality. It is ordered in the following manner:

4.4. SUB SECTION TWO: SHANDUKA BLACK UMBRELLAS SMALL MEDIUM AND MICRO ENTERPRISES FINDINGS

4.4.1. Introduction

SBU SMMEs interviewed comprised of four males and two females. Interviews for all the SMMEs took place in Durban at their business premises except for SMME four whose interview was held at Holiday Inn, Marine parade as he had a meeting there. This meeting was held on 28 September 2015. SMME one and SMME five had their interviews at SBU offices as they ply their businesses from that office. These interviews were held on 22 September and 28 September 2015 respectively. Other interviews were held at 357 Che Guevara Road on 25 September 2015 (SMME 2), 28 September 2015 at Gardner Street, Corporate Place (SMME three) and at Umlazi V Section on 1 October 2015 for SMME six. All the SMMEs interviewed were owners of the businesses. Participants had been in business for different number of years ranging from 3 to 15. Four businesses had between 1 and 5

employees in their respective businesses, whilst one business had between 5 and 10 with the last business having more than 10 employees. One business had an annual turnover of between R100, 001 and R250, 000 whilst two businesses had an annual turnover of between R200, 001, and R500,000. There were two businesses that had an approximate annual turnover of over R1 million whilst one business had an approximate turnover of between R 500,001 and R1 million.

4.4.2. Presentation of Themes

This section is going to be ordered in the following manner:

1. Presentation of theme one of the study and its respective research questions and the response of SBU SMMEs,
2. Presentation of theme two and its questions and the responses of all SBU SMMEs,
3. Presentation of theme three and its questions and the response of all SBU SMMEs, and
4. Presentation of theme four and its questions and the response of all SBU SMMEs

4.4.2.1. Theme One: To Understand the Role of Partnerships in SMME Related LED.

This theme aimed at getting information from the SMMEs about how they comprehended the function of partnerships in SMME related LED. The following questions were asked:

- a) In which areas has your company partnered with SBU?
- b) Would you say that this partnership has benefited your business? If yes, in what way?
- c) What are the important lessons your business has learnt from this partnership?

On the question that deals with areas of partnership between his company and SBU, SMME one had this to say, “SBU partnered with my company on access to finance, access to markets and trainings” (22/09/2015).

SMME two said, “Trainer foundation phase and finance 2014. I signed a contract to train SMMEs and managers on financials and non-financials”(25/09/2015. SMME three said,

“I specialize in Human Resources, Performance Management and disciplinary hearing. I train SMMEs on HR matters. SBU contracted me to train fellow entrepreneurs on HR matters and IR and employment contracts and review of agreements”(28/09/15).

SMME five said,

“I have partnered with SBU nationally to provide interior decoration to their incubator office. I have also partnered on providing interior decoration services to Cape Town and Pretoria SBU offices. I have also worked with Transnet through my partnership with SBU”(28/09/2015).

SMME six said, “I supply detergents to Shanduka offices in Durban” (1/10/2015). On the question on whether the partnership has benefitted their businesses, four SMMEs answered in the affirmative saying this partnership has benefitted their businesses. SMME three said yes but not to the expected extent.

SMME one answered the, what way part, by saying, “the partnership changed my business understanding as a whole. I now know why I am in business. It opened opportunities to expand business going into the future. I now understand strategy. I am able to get clients through partnerships, which otherwise would not have happened if there were no partnerships”(22/09/2015).

SMME two said, “Yes, I could see that I could do this. I had a dream of capacitating SMMEs on finance. SBU partnership gave me a chance to impart practical financial literacy program. SBU manager gave me a chance to train. This gave me confidence to train”(25/09/2015).

SMME three said, “my answer is yes, but not to the wanted extent. The partnership has benefitted my company but there was huge potential. I can give them forty per cent” (28/09/2015).

SMME five said, “Yes the partnership helped me. I was looking for a job when I came here but now I am a manager, a managing director. I have employees including a Public Relations officer. I network with people in the same business opportunity and talk to like- minded people. Partnership provided linkages. I am now linked to Anglo American and I now supply them and National Youth Development Agency (NYDA)”(28/09/2015) .

SMME six said, “I have won Media 24 competition and this gave me exposure. I was given advert space in Bona magazine and billboards. I was also linked with BSTMU. I was taken to Nigeria to a Business Fair and went to trade fairs in Botswana, Zimbabwe, Kenya and Tanzania, and this gave my business exposure. My business was also linked with Trade and Investment KwaZulu-Natal (TIKZN) department”(1/10/2015).

When responding to the question on what are the important lessons his business has learnt from the partnership SMME one said,

“I learnt to plan for the future as a business person. I also learnt business strategy and to review the business all the time. This SMME also said that he learnt to own assets as they determine the value of the business. I also learnt to have assets as they determine the value of the business. I also learnt to develop relations with people and build networks with suppliers, colleagues and partners”(22/09/2015).

SMME two said, “I learnt about perseverance and not to give up. Their trainings are too intense. You need to know why you are in business. Your vision must be clear. Need to have short term and long term goals”(25/09/2015).

SMME three spoke about, “clear processes and systems so that you do not leave things to speculation. Relationships, continuous update about development. Right should know what the left is doing. There is room for improvement. There is a need to employ staff with capacity to understand the level of what the businesses are talking about. Capacity and level of maturity is critical”(28/09/2015) .

SMME four said, “I learnt financial management, and cash flow. It is a good thing” (28/09/2015).

SMME five said, “I learnt about producing a proper business plan. I am able to focus on marketing plan. It changes. I learnt about restructuring, public liability cover. I have a pool of knowledge. I have a basic support structure and a spiritual mentor. I also learnt to understand the effects of being in the limelight and the importance of tailor making a business not to be a one size fits all. Business to business networking is also important” (28/09/2015).

SMME six said, “I learnt about business growth, handling of finances. I learnt to dream big. Trainings were good as well. I am able to apply them to the business. I learnt about work book. They are designed for every business. It showed creditors and debtors and clarified direction of the business” (1/10/2015).

4.4.2.2. Theme Two: To Understand the Effectiveness of the Partnership between the eThekweni Municipality and SBU on SMME Related LED.

This theme helped in finding out from the SMMEs if the partnership between the two parties yielded the results it was formed for. Questions below were asked:

- a) How did you know about SBU?
- b) What are some of the things that you could change in the partnership, if you were given an opportunity to do so?

c) In general, how satisfied are you with the performance of your business under the partnership?

- a. Very satisfied
- b. Somewhat satisfied
- c. Somewhat dissatisfied
- d. Very dissatisfied

On the question about how did they know about SBU three respondents said they got to know about SBU through Durban Business Fair (DBF) an event that is annually held by the eThekweni Municipality, whilst one respondent said she got to know through website. Two other respondents said they respectively got to know through an associate who was already in the SBU program and through Small Enterprise Development Agency (SEDA).

On the question about what are some of the things that each SMME could change in the partnership if they were given an opportunity to do so the majority of the respondents said they would change the structure of the exorbitant rent. Most SMMEs also said they could change the structure of the program to be suitable for different stages, not same programs for first years, second years and third years.

SMME two said, “I would fire all the management as management does not understand what Enterprise Development (ED) is. Management should be opening doors for us but they are there for themselves. We do not know what is happening, MOUs do not help us. They should say to municipality we have ten businesses, test them if they are good” (25/09/2015).

SMME three said, “There is a need for a resident mentor who understands business broadly and who would be able to coordinate partnerships with the eThekweni Municipality. Enterprise Development (ED) manager is not best placed to understand our challenges. We need organized business review process on a quarterly basis to understand if the business is making any progress. A resident business mentor should be hired. I would introduce a commercial lawyer, a person that businesses could talk to when encountering problems as there are a lot of gaps. There should be procurement discussions with companies like Transnet. SBU should also market our businesses well, as right now corporates do not know us due to poor marketing of our businesses. Given a chance I would also improve communication”(28/09/2015).

SMME four felt that, “We should not be left with mentors as they cannot help them but experts should be brought on board to have one on ones with us” (28/09/2015).

SMME five said, “I would change their approach to SMMEs. We need training in terms of implementing change. I would introduce a legal person to help businesses as they deal more with business contracts and HR issues. I would also change the attitude of management who are obsessed with rent payments they have become landlords. We are here as businesses for business first then rent. They should come forward and listen to us and not say, rent, rent, rent. We talk back and this is like being personal, we never came here for rent. We should have constant monthly meetings with corporates. We are available. Shanduka are strong to say they are for Black oriented. MOUs should be tangible in terms of rands and cents. We need complete change of management approach to SMMEs with a focus on marketing our businesses. Shanduka should be prepared to listen to us. Overall they did a good job”(28/09/2015).

SMME six said, “If given a chance I would improve on communication with SMMEs. SBU should also respect us and stick to time management. They called us for a 10h00 meeting and the meeting started at 12h00. SBU should also provide our businesses with qualified mentors who are business specific not general. I was given a mentor who knew nothing about my business” (1/10/2015).

Responding to a general question on how satisfied are the SMMEs with the performance of their respective businesses under the partnership having to choose from the following categories:

- a) Very satisfied
- b) Somewhat satisfied
- c) Somewhat dissatisfied
- d) Very dissatisfied,

The majority of respondents were satisfied with the performance of their businesses under the partnership, except for SMME three and SMME four who were somewhat satisfied. SMME two clearly said she was very dissatisfied.

4.4.2.3. Theme Three: To Determine the Role of LED Partnerships in Creating Employment and Developing Skills for SMMEs.

This theme solicited SMMEs’ perception of the task played by LED partnerships in skills development and employment creation for SMMEs. Questions below were asked:

- a) Please tell me about SBU support of SMMEs?
- b) In which areas has your company partnered with SBU?

c) Would you say that this partnership has benefited your business? If yes, in what way?

On the question SBU support of SMMEs all the SMMEs said SBU provided them with relevant business trainings, mentorship and the following support which is common to all of them:

Subsidized rent; Boardroom for meetings; Reception for receiving calls on their behalf; Printer; Telkom line; Internet; Table and desks and Computer.

The majority of businesses also mentioned business linkages and business to business network. Trainings provided to the SMMEs, according to them include business plan, business management, financial management, HR, marketing, etc. Some SMMEs spoke about business linkages. With regards to the question about areas in which their respective companies partnered with SBU most SMMEs said their businesses have partnered with SBU on provision of trainings to their fellow businesses. SMME 3 said he was providing Human Resources and Industrial Relations trainings to fellow entrepreneurs. SMME five said,

“I am supplying Shanduka national incubator office, Johannesburg, Cape Town and Pretoria with internal decoration. I also work with Transnet through SBU partnership”(28/09/2015). SMME six said he supplies SBU with detergents.

When responding to the question if they would say the partnership has benefitted their respective businesses, if yes, in what way, the majority of SMMEs said yes, they have benefitted from this partnership. They went on to say trainings have been their companies’ areas of partnership. SMME one said,

“The partnership changed my understanding of business as a whole, and it opened opportunities for me to expand my business. I am now able to get clients through partnerships which would not have happened outside partnerships”. SMME two said, “I am now able to capacitate SMMEs through practical financial literacy program. SBU manager gave me a chance”(22/09/2015).

SMME three said, “I give SBU 40% and there is huge potential but the benefits are not to the wanted extent” (28/09/2015).

4.4.2.4 Theme Four: To Examine the Level of Sustainability of LED Partnerships Using the Case of the eThekweni Municipality and SBU.

This theme investigated the endurance ability of the LED partnerships between the two parties under study. The following questions were asked:

- a) How long has your business worked with SBU?
- b) How long will your partnership with SBU continue?
- c) What kinds of challenges do you face in the partnership with SBU?

All SMMEs when responding to the question on how long has their respective businesses worked with SBU said they have worked with SBU for a period of three years now, which is the duration of the incubation program.

All the SMMEs when responding to the question on how long will their partnerships with SBU continue said they are all graduating in November 2015 and are therefore supposed to move out. However, SMME one said,

“Partnership will end at the end of November 2015 after the graduation ceremony. I can continue because partnership does not say anything about that. I will still get support and can come back anytime I need help”(22/09/2015).

SMME three said, “I am not sure. I am yet to get a correspondence with them about the way forward”(28/09/2015).

SMME five said, “As long as I have a business, I can still enjoy partnership with SBU” (28/09/2015).

When SMMEs were asked about the kinds of challenges they face in the partnership with SBU, the majority of them cited rent as the first one. SMME two said;

“Model is good. There is a gap. MOUs are not benefitting us. Trainings and mentorship are provided. Thereafter you work on your own”(25/09/2015).

SMME three cited, “the inability of SBU to take advantage of the agreements that they have with eThekweni Municipality and other corporates. They (SBU) did badly .They limited us in terms of opportunities that would have accrued. For example, SBU had to hold stakeholder forums and invite corporates and say to them these are our SMMEs and they are good. There was under- utilization of agreement which would have brought us great business. There is lack of commitment to customer service by SBU staff. SBU management feels that when SMMEs highlight issues with them, they are actually attacking them and SMMEs are labelled as big mouth” (28/09/2015).

SMME four said, “SBU program should continue until graduation, but they forget about you on your second and third years. The program should be continuous until graduation”(28/09/2015).

When responding to this question SMME five said, “there is no communication, no meetings and the program is only good during the first two years. There is a scarcity of procurement workshops and there is no consistency no forum/opportunity to market one’s business. At one stage we were visited by Tongaat Hullett group but after that nobody came. We would like to see more corporates visiting us to make presentations” (28/09/2015).

Responding to this question, SMME six said, “There is no proper communication. This was proved when my rent accumulated even though I was not utilizing SBU premises, as I work from my business premises in Umlazi. I had to pay rent at SBU and for my business premises at Umlazi. This problem was finally resolved”(1/10/2015).

The following section will present the analysis of the findings of the study.

4.5. SECTION B: ANALYSIS OF RESEARCH FINDINGS

This section serves to present the results of the data analysis. Findings that were presented in Section A of this chapter will be analysed and related to the literature review.

4.5.1. Analysis of Primary Fieldwork Material

This section presents the analysis of the findings presented in section one of this chapter. It is divided into two sub sections. The first part is going to analyse the significant themes that have been discussed dealing with officials. The second part will provide an analysis of important themes dealing with SMMEs as outlined in section A of this chapter.

4.5.1.1. The Role of Partnerships in SMME Related Local Economic Development

Whilst both officials displayed broad understanding, it was official one who demonstrated more understanding. Both officials made reference to SMME development and collaboration. This finding augurs well for partnership role in SMME related development. The role of partnerships in SMME related LED is clearly demonstrated in the following extract, as stated by official one:

“It is to forge relationships with corporates for purposes of supporting SMMEs. New component of enterprise development has helped a lot. This will help in pulling resources

together for better impact. This will help SBU to set up for SMMEs in facilitating access to skills, trainings, markets and finance” (22/05/2015).

Implicit in this response is the significance and high esteem that the partnerships are held by this respondent. In developing countries SMMEs’ sustainable growth can be achieved through public-private partnerships, where the government brings the minimum standard of quality for products and services, the private sector delivers skills and core capacities, while government ,sponsors and corporates together deliver funding and other resources. Collaborations of this nature will be especially prolific in promoting poverty mitigation through micro finance, augmenting SMEs growth using partnerships (Hussain, Farooq and Akhtar, 2012).

According to Hussain, Si and Wang (2010) in developing countries, PPPs are popularly known for developing business sector. Hussain, et al, (2010) assert that it is through the PPPs that private sector advantages like dynamism, managerial efficiency and technological knowledge are inculcated into the SMMEs.

Partnerships’ role in SMME related development is mainly to provide support to SMMEs. Enterprise development component has made it possible for corporates and public sector to pull together so as to elevate the SMME economic status. The joint effort put by the two parties result in the provision of trainings, business linkages and access to funding.

4.5.1.2. The Effectiveness of the Partnership between the eThekweni Municipality and SBU

Both officials gave similar responses when answering this question. They both showed understanding the use of the partnership between the two organizations. In one voice they both said the partnerships are about providing support to entrepreneurs. However, when official two was parsimonious with the words, official one had this to say:

“The role of this partnership on SMME related development is to strengthen emerging SMMEs entering for the first time in business and to provide them with time and safe space. The involvement of government in this partnership has helped to give confidence to the SMMEs” (22/05/2015).

Empirical evidence available shows that emerging businesses fail at their infancy stages. However, partnerships help in addressing that problem as new SMMEs become robust by participating in partnerships programs. SMMEs appreciate governments’ involvement in partnerships as they gain confidence as a result. On whether this partnership has succeeded in

meeting its objectives both officials agreed on the “goodness” of the partnership. Official one castigated government officials saying,

“Their management of partnerships is poor. The people managing it are not giving it enough time. The partnership fell through the cracks” (22/05/2015).

The above extract paints a bleak picture of government management of partnerships. In some instances where projects are managed by government officials, there is a certain amount of carefree attitude as literature has shown.

4.5.1.3. The Role of LED Partnerships in Creating Employment and Developing Skills for SMMEs.

Overall both officials agree on the role of LED partnerships in creating employment. When responding to this question official one said:

“LED partnerships build a stronger economy which improves productivity. LED partnerships increase turnover, increase market access and increase growth. Economic growth is important to both public and private sectors” (22/05/2015).

SMMEs who took part in this study clearly demonstrate the positive contribution of LED partnerships. Most participants had their annual generated revenue increased as a result of partnerships. Participants’ businesses had grown and partnerships had helped in markets accessed by participants. Official two said:

“Big businesses shed jobs and this gives small businesses a chance of creating jobs. The more small businesses we support, the more we stand a chance of creating more jobs” (22/09/2015).

The above extract confirms the role of partnerships in SMME related LED. Empirical evidence confirms that some economic sectors shed a lot of jobs as such South Africa experiences a high rate of unemployment. However, most SMMEs in the study have created jobs in their businesses. This partnership has helped SMMEs to grow and create employment opportunities.

With regards to SMMEs skills development both officials agree on the key pivotal role played by LED partnerships. Official two says;

“We give them business skills so that they will be able to run their businesses profitably” (22/09/2015).

Participants mentioned a lot of skills that they have acquired as a result of this partnership. It is those skills that participants said had helped them to run their businesses efficiently. Some of the skills acquired included business plans formulation, financial management, and business strategy. Official one responding to skill development for SMMEs says:

“This will help SMMEs in running their businesses well. This will augment their skill level and expertise. Corporates have been running their businesses well for many years and can share their lessons to SMMEs so as to avoid pitfalls. SMMEs can learn and benefit, leverage expertise and use partnerships for market access” (22/05/2015).

This extract confirms the significance of partnerships in LED. Partnerships support provides SMMEs with capacity development and competitiveness, resulting in economic growth with spin offs not only confined to entrepreneurs but the entire country. This extract further confirms the vast entrepreneurship knowledge possessed by corporates that can strengthen SMMEs business acumen. Also implicit in this extract is the ability of partnerships to pave way for SMMEs to access markets.

4.5.1.4. Level of Sustainability of LED Partnerships Using the Case of the eThekweni Municipality and Shanduka Black Umbrellas

Even though the responses of official one and two are not inimical to each other, but they each have different ways of responding on this one. Overall the essence of their respective responses talks to sustenance of partnership. Official one responded by saying,

“Resources and the right people are very important”. She further said partnership is about relationships. Partnership is more about relationships than work. Partnerships fail because of neglect of relationships. Partnership is about development of common vision and common understanding. Partnerships are built on strong relationships. It is about consistent people doing their best and putting more effort. Partnerships are about all the efforts to meet deliverables”(22/05/2015).

This official was more emphatic in her responses and she tended to accentuate the significance of sustaining partnerships. She hardly pronounced a sentence without mentioning the word partnerships. Partnerships will always strive and help in development if they are conducted with more effort and vigor with the aim of attaining desired objectives.

Official two emphasized communication and even the setting up of quarterly meetings. She also felt that reviews and taking stock are also important. Effectively partnerships are about good and well lubricated communication. The absence of dedicated officials and the attitude

of government officials corrode the partnerships. Both officials on the other hand suggested identification of collaborative areas to improve the existing relationship. They both believed in the relationship. To improve relationships official one suggested:

“A dedicated person, good management systems, regular monthly meetings with minutes, a good secretariat to report on progress and management and monitoring outcomes. There will be no progress if there are no meetings. Regulating is more important. Private sector is willing to work with us (government) but we (government) need to fine tune our turnaround time and they (private sector) will come on board. Government officials tend to be slack whereas private sector has no time to discuss nothing” (22/05/2015).

Official one went on to say:

“There is so much potential for growing LED. Private sector is willing to help us in developing our skills and access to finance. We need to create an enabling environment. Amount of resources government put in is so little. Project has so many benefits. We need to be different and come to the party as government”(22/05/2015).

The above extract confirms the inclination of the business to augment LED by sharing skills and making funding available to SMMEs. It further confirms the benefits that can be accrued from the partnership. Official two said:

”we can sit down like last year and collaborate on for example Global Entrepreneur Week, Mandela Day and Women Empowerment .We can diversify activities. We have an incubator. If government takes SMMEs up to “c” we can take them up to “z”. We can jointly work like an assembly line. Government can help SMMEs and hand them over to us. SMMEs need on going mentorship”(22/09/2015).

Official one is frank in her approach. She is not happy about the attitude displayed by government at all. She feels government is not very serious about sustaining partnerships as they do not show respect but only a condescending attitude to the partnerships.

As rightly put by official one, there is a tendency by politicians and senior management to trivialize the impact of the public-private partnerships. This is discernible in the resources that are made available to the partnerships program and the lack of political support. Business on the other hand is always available as the above extract confirms, their readiness to partake in SMME development programs, like Global Entrepreneur Week, Mandela Day and Women Empowerment. These programs are run by BSTMU and SBU plays a discernible role yearly whenever there is need.

4.5.2. Small Medium and Micro Enterprise Analysis

4.5.2.1. The Role of Partnerships in SMME Related Local Economic Development

SMME one said, “Access to finance, access to training and access to markets are areas of partnership with SBU” (22/09/2015).

SMME one partnered with SBU (22/09/2015), SMME two partnered on training with SBU (25/09/2015). SMME three partnered on trainings with SBU (28/09/2015). SMME five partnered on supplies with Shanduka Black Umbrellas (28/09/2015). SMME six partnered on supplies with SBU (1/10/2015). The majority of SMMEs are in partnership with SBU. The partnership has benefitted businesses of most respondents. SMME six said, “My business has benefitted a lot through partnerships (1/10/2015). On what way has the partnership benefitted their businesses, SMME five had this to say;

“Yes I came here looking for a job but now I am a Manager. I have employees. I now network with people in the same business. I have an opportunity to talk to like-minded people. There are business linkages” (28/09/2015).

The above extract confirms a number of opportunities that have been made available to SMMEs as a result of LED related partnerships. Besides created job opportunities and business linkages this SMMEs commends the synergies and networking opportunity accorded as a result of partnerships. Partnerships have not only created opportunities for SMMEs in the corporate world out there, but opportunities have also been created with SBU. This is how SMME two responded on the same question:

“Yes, I could see that I could do this. I had a dream of capacitating SMMEs and SBU gave me a chance” (25/09/2015).

The above extract confirms business opportunity with SBU. SMME one learnt:

“To plan for the future as a business person. To have a business strategy to review the business all the time. Have assets as they determine the value of the business. Develop relations with people like suppliers, colleagues, and partners. Build networks”(22/09/2015).

As a result of partnerships SMME one acquired many business related information and skills. He also learnt to understand the importance of other stakeholders in the business world. This is what SMME two had to say:

“Perseverance and do not give up. Need to know why you are in business. Your vision must be clear. Need to have short term and long term goals” (25/09/2015).

The above quotation shows that not only business related knowledge is important in business but other human skills like endurance do play a key pivotal role. SMME 3 responded as follows:

“Processes and systems, Relationships, clear processes and systems so that you do not leave things to perceptions. There needs to be a continuous update about developments right side to know what the left side is doing” (28/09/2015).

SMME 3’s response indicates an absence of clear communication channels in the partnership with SBU. Many participants shared this sentiment. Though SMMEs were housed at SBU, but there were no rules and regulations that were clearly stipulated which served as a frame of reference. SMME 4 said the following:

“I have learnt financial management and cash flow management. It is a good thing” (28/09/2015).

These extracts show that there were many benefits that were acquired. There are common benefits but there are also diverse benefits depending on each SMME’s perspective. SMME 5 responded as follows:

“I learnt about building a proper business plan. I am able to focus on marketing plan framework and reviews, it changes. I also learnt about public liability cover and how to restructure your business, I now have a pool of knowledge. I learnt about the importance of basic support structure and spiritual mentorship. I also learnt how to tailor make your products. Sometimes it is not one size fits all. I speak to my colleague who is in another line of business, but we share information” (28/09/2015).

This above quotation spells out many areas of benefits by one SMME from the partnerships. This SMME amongst many benefits speaks about the significance of insuring a business. She also speaks about vast business knowledge that she has acquired. The researcher hears about the significance of support structure in running a business. The element of discussions amongst SMMEs themselves is also created by the partnership. One of the objectives of BSTMU’s Durban Business Fair is to accord a platform for SMMEs to network amongst themselves and share business related ideas and information. SMME six stated:

“My important lessons are business growth, handling of finances, dream big. Their trainings are good as well as I am able to apply them to the business. I now have a work book which SBU designed for every business, It shows creditors and debtors and it clarifies the direction of the business” (01/10/15).

The above extract comes with a conglomeration of benefits as well. This is the SMME that has a big number of employees and has a big annual turnover. All the responses of the SMMEs directly talk to the theme. All SMMEs spoke about the significant role of SMME related LED. They responded differently to the question in most instances but all their answers are positive about partnership role in SMME related LED. Without any shred of doubt the objective was answered.

4.5.2.2. The Effectiveness of the Partnership between the eThekweni Municipality and SBU

SMMEs one, three, and five got to know about SBU through an event organized by the eThekweni Municipality. The event that SMMEs referred to is the Durban Business Fair which is BSTMU program that amongst many other things aims at providing a platform for SMMEs to showcase their products. Other SMMEs got to know through other sources which are directly related to the two parties. SEDA eThekweni receives its funding from BSTMU. Overall there is enough evidence that shows how efficient the partnership between the two parties, the eThekweni Municipality and SBU is.

Notwithstanding that, there are different perceptions with regards to the satisfaction of the respondents about the partnerships. This assertion is confirmed by the following conglomeration of evidence about what respondents would do if given a chance to introduce changes in the partnership:

SMMEs one, five, six, would change “exorbitant funds” (2015), Respondents one and five would not allow SMMEs to be left alone after second year, Respondent 6 would change communication and time keeping (1/10/2015), SMMEs three, four, six would introduce expert mentors, SMMEs three and five “want a legal person to be introduced in the program” (28/09/2015). SMME two responded as follows:

“Fire all the management. They do not understand enterprise development. We do not know what is happening. MOUs do not benefit us. They should say to Municipality, we have 10 businesses, test them if they are good. They should open the doors for us, but that is not there. They do not worry about us. They worry about themselves and not us” (25/09/2015).

The study has showed that there are enormous benefits derived out of this partnership. According to this SMME management of SBU is not doing anything to develop SMMEs. This is the same SMME who showered SBU with accolades for providing her with an opportunity to train fellow SMMEs on financial management. Overall the partnership is

good. However, there are other disturbing factors as portrayed by the above citation. It is also true that most respondents have things that they would like to be changed in the partnership. Respondents appreciate the effectiveness of the partnership but have concerns in certain areas. Only one respondent was dissatisfied with the performance of her business under the partnership. One therefore can confidently confirm the effectiveness of the partnership between SBU and the eThekweni Municipality. The objective has been met.

4.5.2.3. The Role of Local Economic Development Partnerships in Creating Employment and Developing Skills for Small Medium and Micro Enterprises

About five SMMEs had received skills from the partnership with SBU (SMME one, two, three, four, and five, 2015). SMME six had also developed his business skills as a result of partnership with SBU (1/10/15).

1. Skills Received

The high proportion of SMMEs, 83% (N=5) received skills from the partnerships with Shanduka Black Umbrellas (SBU) and only 7% (N=1) developed skills as a result of partnership with SBU.

2. Employment Creation

Four SMMEs have employees between one and five in their businesses (SMME, one, two, four, and five, 2015).

SMME three has employed between five and ten employees in his business (28/09/15).

SMME six has more than ten employees in his business (1/10/15).

In as far as the employment creation is concern, high proportion of SMMEs 66% (N=4) have employees between one and five in their businesses, followed by 17% (N=1) employed between five to ten employees and more than ten employees respectively.

All SMMEs have created employment opportunities as a result of the partnership with SBU. They all have employees in their business. These responses show the success of LED partnerships in creating employment. One can conclude by saying that all the SMMEs have developed their skills due to their partnership with SBU. The above mentioned objective has been met. According to Hussain, Si and Ahmed (2010) SMMEs play a key pivotal role in the elimination of poverty. SMEs play a key pivotal role in economic growth, since they come in handy in the creation of employment opportunities (Hussain, et al, 2010).

4.5.2.4. The Level of Sustainability of Local Economic Development Partnership

Five SMMEs have worked with SBU for three years (SMME one, two, three, four, and five, 2015). SMME six had been in partnership with SBU for three years (1/10/15). All SMMEs who took part in the study have spent three years with SBU without their businesses failing and without SMMEs deserting their relationship with SBU. SMME one and five were confident that even post- graduation they would still enjoy partnership with SBU (SMME one and five, 2015). SMME four will move out after the graduation ceremony (28/09/15). SMME six said, “I know that the relationship will go until November 2015 graduation ceremony” (1/10/15).

SMME one lamented the expensive rent (22/09/15). SMME six complained about unaffordable rent (1/10/15). Three SMMEs mentioned, “Lack of consistent support in the program” (SMME two, four, and five (2015). SMME two said, “There is a gap. MOU is not benefitting us”(25/09/15). SMME three said, “There is underutilization of MOU” (28/09/15). SMME three and five castigated the absence of stakeholder seminars for procurement opportunities (SMME three and five, 2015). SMME five was not at all happy with bad communication (28/09/15). SMME six rebuked lack of proper communication channels (1/10/15). When SMMEs were asked about the kinds of challenges do they face in the partnership with SBU, the majority of them cited rent as the first one.

SMME two said,

“The signed MOU between SBU and eThekweni municipality is not helping us as there is a gap, after having been provided with trainings and mentorship, we are left on our own” (25/09/2015).

SMME three cited, “the inability of SBU to take advantage of the agreements that they have with eThekweni Municipality and other corporates. SBU did badly as it did not link us to opportunities that would have accrued. I had expected SBU to hold stakeholder forums and invite corporates and say to them these are our SMMEs and they are good. I feel there is under- utilization of agreement which would have brought us big business. There is lack of commitment to customer service by SBU staff. SBU management also feels that when SMMEs highlight issues with them, they are actually attacking them and SMMEs are labeled as big mouth”(28/09/2015).

SMME four said, “SBU program forgets about us once we reach second year whereas the program is supposed to continue until graduation” (28/09/2015).

When responding to this question SMME five said, “there is no communication, no meetings and the program is only good during the first two years. There is a scarcity of procurement workshops and there is no consistency. There is no forum/opportunity to market one’s business. At one stage we were visited by Tongaat Hullett group but after that nobody came. We would like to see more corporates visiting us to make presentations” (28/09/2015).

Responding to this question, SMME six said,

“There is no proper communication. This was proved when my rent accumulated even though I was not utilizing SBU premises, as I worked from my business premises in Umlazi. I had to pay rent at SBU and for my business premises at Umlazi, this problem was finally resolved” (1/10/2015).

4.6. CONCLUSION

This chapter presented the findings and analysed them. . A few themes emerged from the findings. However, due to their relevance to this study, four themes were selected. The analysis focused on the role of partnerships in SMME related LED. The analysis also looked at the effectiveness of the partnership between the eThekweni Municipality and SBU. Thirdly the role of LED partnerships in creating employment and developing skills for SMMEs was explored. Lastly the chapter looked at the level of sustainability of LED partnerships. It was evident from the findings and analysis that SMMEs understood enterprise development and they felt strongly about the need of a legal person to guide their businesses. Rent, communication and monthly meetings came out strongly. The absence of qualified mentors and business linkages was another concern. The following chapter presents the recommendations and final conclusion.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1. RECOMMENDATIONS

This section will present policy recommendations to the two partners, namely, the eThekweni Municipality and SBU. The recommendations are also essentially appropriate to institutions that enact similar roles as the above agencies.

5.1.1. Introduction of Monitoring and Evaluation

Introducing Monitoring and Evaluation as a tool in the eThekweni Municipality's small business development initiative is a necessity as it augments the prospects of accountability (Musyoka, 2010). According to Musyoka (2010) the objective is to ensure enough accountability as well as improved performance indicators regarding small business development. Introduction of a dedicated M&E portfolio armed with a sharp participation and accountability focus in all agencies could be one considered option. The long term objective is to ensure that M&E becomes the constituent part of BSTMU (Musyoka, 2010). Depending on the extent of participation as well as the economic success these programs record, this initiative is likely to entice sponsorship of programs (Musyoka, 2010).

M&E should be introduced as it is non-existent in BSTMU. MOUs at the eThekweni Municipality are signed at City Manager's level and management is expected to implement but they do not show much enthusiasm as M&E does not exist. MOUs and partnerships should be reviewed to ascertain if they yield results that they were designed for. Municipality Manager's office and BSTMU only take part in the MOU or partnership activities once the MOU is signed. There is no follow up post the signing of the MOU event.

5.1.2. Government and Business Forum

In addition to M&E a forum comprising of both government and business (including SMMEs) representatives should be formed. It is clear from the interviews that were conducted that some government officials are not happy about the attitude displayed by some officials with regards to partnerships. However there seems to be no platform where these issues are discussed and thrashed out. By the same token SMMEs or incubates that are benefitting or ought to be benefitting from existing partnerships do not have a platform or a forum to share their perspectives. Instead SMMEs are labelled as deviants if they dare to raise pertinent issues affecting them. EThekweni Municipality on the other hand does have a forum called the eThekweni Municipality Informal Economy Forum (EMIEF). The aim of this

forum is to provide a dialogue platform to engage around issues of informal economy like the Informal Economy Policy adopted in 2001 and its application around the eThekweni Municipality jurisdiction. Involved stakeholders are eThekweni Metro Police, Legal Department, Economic Development Committee (ECOD) Chairperson, ECOD Councillors, Regional trader representatives, Trader Organizations, City Hall Secretariat and BSTMU. External stakeholders include Durban Chamber of Commerce and Industry and Provincial Department of Economic Development (eThekweni Municipality, 2014).

5.1.3. Right Partnership Attitude by Government Officials

The study found that some officials do not have the right attitude for the partnerships. This is evident in the time that they give to the existing partnerships. Officials also do not prepare timely for the partnerships meetings. They have a tendency to “slack” when it comes to partnerships. Partnerships according to one participant are about relationships, implying that they should be nurtured, lubricated and taken care of by dedicated people with correct attitude.

5.1.4. Dedicated and Trained Personnel to Preside over Partnerships

The lack of dedicated and trained personnel to man the partnerships was mentioned in the study. Some SMMEs mentioned the need to have relevant mentors for relevant SMMEs. It was also mentioned that the manager in charge of SBU does not seem to fully comprehend what is expected of her. There was also a cry about the absence of knowledgeable and dedicated staff manning partnerships from government. There is no dedicated secretariat and buy in from senior officials.

5.1.5. Affordable Incubation Tariffs

The issue of exorbitant fees paid at SBU was raised sharply during the study. There is therefore a need for SBU to review their fees and come up with affordable rates, especially when their mandate is to assist previously disadvantaged SMMEs and address high failure rate of 100% black owned businesses.

5.1.6. Future Areas for Research

Available research proved that though there is some research conducted on public private partnerships in the eThekweni Municipality there is not much research between the

eThekwini Municipality and private sector. This is despite the fact that the eThekwini Municipality has entered into a litany of MOUs with many private sector companies.

Future research should also look at whether there is a need for these MOUs to be signed or only a tacit agreement will suffice. This is based on the research finding that some SMMEs remain oblivious about the presence of the MOUs.

5.2. CONCLUSION

According to Jokozela (2012) South Africa is one of the leading countries in the world on systems, policies and laws that deal with PPPs. South African government views PPPs as the key to South African Development (National Treasury, 2007). Former Finance Minister, Trevor Manuel in August 2004 as cited by Sikhumbuzo Gqoli (n. d.) had this to say about PPPs, “This is what PPPs are about. The public gets better, more cost effective services; the private sector gets new business opportunities. Both are in the interests of the nation”.

All of the above citations confirm the ubiquity and the high esteem that partnerships are held in South Africa. They also confirm the economic development contribution that partnerships have made in South Africa and the reciprocal impact that they have in business, government and the community at large. All participants (officials and SMMEs) agreed on the role played by partnerships in SMME related LED. Generally most participants agreed on the effectiveness of the partnership between eThekwini Municipality and SBU. All participants agreed on the role of LED partnerships in creating employment and creating skills for SMMEs. Most participants agreed on the level of sustainability of LED partnerships in the case of the eThekwini Municipality and SBU.

LED and PPPs remain one of the highly contested and highly researched terrains in research. The role of PPPs and LED features strongly globally and in developing countries. The noble question is whether those partnerships genuinely do contribute to LED and development. In South Africa the use of PPPs has also gained prominence but has also been haunted by many negative elements which include inter alia, corruption, political encroachment and the general attitude of government officials partaking in PPPs. However, there are good stories to tell. This study has demonstrated in Chapter two that PPPs do contribute positively to LED. However, there are challenges that could be squarely put on shoulders of both parties.

It is evident that all development theories played a key pivotal role in economic development. They can be applied to most economies and they do help to explain and analyse economies.

Africa as a whole is still economically dependent on super economic countries like Japan, US and others. South Africa and other African countries still export raw materials to foreign countries and buy it back at exorbitant prices. The role of government in the delivery of social services like health, housing, education, transport, and other services is still very pertinent. Government and business do need each other. Government's role is to provide an enabling atmosphere where businesses will prosper and also formulate and implement policy. One of private sector's roles is to maximize profits and augment shareholder value.

Chapter two presented a broad picture of the gains of LED through partnerships and also highlighted challenges that emanate from the role of government of the day. Chapter four gave the findings and analysis of the findings. Findings were based on the themes that the study intended to address through the interview schedule. The main themes were the role of partnership in SMME related LED, the effectiveness of the partnership between the eThekweni and SBU, the role of LED partnerships in creating employment and developing skills for SMMEs and the level of sustainability of LED partnerships using the case of the eThekweni Municipality and SBU partnerships.

The analysis section raised a number of relevant issues that relate to PPP and LED. The following are some of the issues raised:

The inclination of government officials to adopt carefree attitude to relationships resulting in strained relationships between business and government and also low service delivery and economic development. Business officials are also portrayed as incompetent by entrepreneurs in the case of SBU. One of the most dominant challenges was the absence of proper communication between SMMEs and SBU officials. Entrepreneurs by their very nature prosper where there are business opportunities to generate revenue and profits. In the case of the partnerships between SBU and the eThekweni Municipality SMMEs were not happy about properly coordinated enterprise development and business linkages opportunities. The study also made recommendations that could be used to redress a lot of challenges in the partnership between SBU and the eThekweni Municipality.

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APPENDICES

APPENDIX ONE: INTERVIEW GUIDE

NAME : NHLANHLA FLOYD NGCOBO

STUDENT NUMBER : 214579863

TITLE :

THE USE OF STRATEGIC PARTNERSHIPS AS THE DRIVER OF SMME RELATED LOCAL ECONOMIC DEVELOPMENT.A CASE STUDY OF ETHEKWINI MUNICIPALITY AND SHANDUKA BLACK UMBRELLAS PARTNERSHIP

Good Day/Afternoon,

My name is Nhlanhla Floyd Ngcobo. I am a Master of Commerce candidate registered with the University of KwaZulu- Natal. As part of my Masters research, I shall be conducting interviews on the above mentioned topic. The study seeks to interview eight (8) participants in all, one senior official from EThekwini municipality and one senior official from Shanduka Black Umbrellas, and six (6) SMMEs that have benefitted from Shanduka Black Umbrellas which is why you are included in it. The interviews are expected to last the maximum of 45 minutes.

As already indicated in the informed consent letter please note that this survey is voluntary, and therefore if you feel uncomfortable, or you do not want to continue with the interview for whatever reason please feel free to withdraw at any stage. I would like to request for a permission to record this interview, exclusively for the purposes of accurate capturing of all information you will provide. The recording will be treated with confidentiality and will not be transferred to any third party, whatsoever.

Would you like me to record the interview?

YES Continue with the interview and record

NO Continue with interview without recording but make notes

SECTION A: DEMOGRAPHICS

GENDER.....

LOCATION OF INTERVIEW.....

DATE/TIME OF INTERVIEW.....

Name of company?

What is your position in the company?

.....

How long have you worked in this company?

.....

What role does your department play in LED partnerships?

.....

.....

.....

.....

.....

SECTION B: MAIN SECTION

1. EThekwini municipality and Shanduka Black Umbrellas entered into a partnership to develop SMMEs. Please tell me the history of this partnership.

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.....
.....

2. What is the nature of this partnership?

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.....
.....

3. Who are the main stakeholders in this partnership?

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.....
.....

4. Has this partnership changed overtime? If so please tell me how.

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.....
.....

5. What is the role of this partnership on SMME related development?

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.....
.....

6. Would you say this partnership has succeeded in meeting its objectives? If so please explain

.....
.....
.....

7. What is the role of LED partnerships in creating employment?

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.....
.....

8. What is the role of LED partnerships in SMME skills development?

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.....
.....

9. What do you think is the most effective way of ensuring the Local Economic Development partnership between EThekwini municipality and Shanduka Black Umbrellas is sustained?

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.....
.....

10. Do you have any suggestions on how to improve the existing partnership?

.....
.....
.....

THE USE OF STRATEGIC PARTNERSHIPS AS THE DRIVER OF SMME RELATED LOCAL ECONOMIC DEVELOPMENT.A CASE STUDY OF ETHEKWINI MUNICIPALITY AND SHANDUKA BLACK UMBRELLAS

INTERVIEW SCHEDULE FOR SMMES THAT HAVE BENEFITTED FROM THE PARTNERSHIP BETWEEN ETHEKWINI MUNICIPALITY AND SHANDUKA BLACK UMBRELLAS

GENDER.....

LOCATION OF INTERVIEW.....

DATE/TIME OF INTERVIEW.....

Position in the company

Owner

Manager

Employee

Number of years in the business.....

Location of the business.....

Number of employees in the business

1

Between 1 and 5

Between 5 and 10

More than 10

Approximate annual turnover of the business

Less than R30, 000

- R 30,001 - R 50,000
- R 50,001 - R 70,000
- R 70,001 –R 100,000
- R 100,001 -R 250,000
- R 250,001 -R 500,000
- R 500,001 –R 1million
- Over R 1 million

MAIN SECTION

1. How did you know about Shanduka Black Umbrellas?
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.....
.....
2. Please tell me about Shanduka Black Umbrellas support of SMMEs?
.....
.....
.....
3. How long has your business worked with Shanduka Black Umbrellas?
.....
.....
4. In which areas has your company partnered with Shanduka Black Umbrellas?
.....
.....
5. Would you say that this partnership has benefited your business? If yes, in what way?
.....
.....
6. How long will your partnership with Shanduka Black Umbrellas continue?
.....
.....
7. What kinds of challenges do you face in the partnership with Shanduka Black Umbrellas?
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.....
8. What are the important lessons your business has learnt from this partnership?

.....
.....

9. What are some of the things that you could change in the partnership, if you were given an opportunity to do so?

.....
.....

10. In general, how satisfied are you with the performance of your business under the partnership?

Very satisfied

Somewhat satisfied

Somewhat dissatisfied

Very dissatisfied

THANK YOU FOR YOUR TIME

APPENDIX TWO: INFORMED CONSENT

2.1. Informed Consent Letter

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

MCOMM Research Project
Researcher: Floyd Ngcobo-0833102213
Supervisor: Dr. Jennifer Houghton 031-2607429
Dr. Jason Musyoka 031-2608887
Research Office: Ms. P Ximba 031-2603587

I am NGCOBO, NHLANHLA FLOYD a MCOMM student, at the Graduate School of Business and Leadership, of the University of KwaZulu- Natal. You are invited to participate in a research project entitled “The use of strategic partnership as the driver of SMME related Local Economic Development (LED).A case study of eThekwini Municipality and Shanduka Black Umbrellas.” The aim of this study is to: Examine the impact of a partnership between eThekwini Municipality and Shanduka Black Umbrellas.

Through your participation I hope to understand how the partnership and memorandum of understanding works. The results of 6 participants are intended to contribute to Public-Private Partnership theory and knowledge.

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

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

The interview should take you about one hour to complete. I hope you will take the time to participate in this interview.

Six (6) SMMEs who were selected for having benefitted from Shanduka Black Umbrellas programs will participate.

All the data will be kept confidential and disposed after the research.

Sincerely

Investigator's

Date _____

signature _____

2.2. Informed Consent

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MCOMM Research Project

Researcher: Floyd Ngcobo-083 310 2213

Supervisor: Dr. Jennifer Houghton 031-260 7429

Dr. Jason Musyoka 031-260 8887

Research Office: Ms. P Ximba 031-2603587

CONSENT

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

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

I hereby consent to allowing this interview to be audio recorded. YES NO

SIGNATURE OF PARTICIPANT

DATE

.....
.....

APPENDIX THREE: ETHICAL CLEARANCE



27 May 2015

Mr Nhlanhla Floyd Ngcobo (214579863)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Ngcobo,

Protocol reference number: HSS/0506/015M

Project title: The use of strategic partnerships as the driver of Local Economic Development (LED): A case study of eThekwin Municipality and Shanduka Black Umbrellas

Full Approval – Expedited Application

With regards to your application received on 20 May 2015. The documents submitted have been accepted by the Humanities & Social Sciences Research Ethics Committee and **FULL APPROVAL** for the protocol has been granted.

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

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

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

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

Yours faithfully

.....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Xoli Majola and Dr Jennifer Houghton
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

APPENDIX FOUR: TURNITIN REPORT

Research Dissertation Leadership...	CHAPTERS FINAL - DUE 29-Jan-2016				
Originality	GradeMark	PeerMark	The use of BY FLOYD NGCOBO	turnitin	9% SIMILAR

Match Overview	
1	Submitted to University... Student paper 1%
2	www.ppp.gov.za Internet source 1%
3	Submitted to University... Student paper <1%
4	Infrastructure Investme... Publication <1%
5	www.shanduka.co.za Internet source <1%
6	pppinindia.com Internet source <1%
7	www.durban.gov.za Internet source <1%
8	shandukablackumbrell... Internet source <1%
9	Submitted to University... Student paper <1%

CHAPTER ONE: INTRODUCTION

1.1. INTRODUCTION

The eThekweni Municipality which is based in the South Africa's prov has a number of strategic partnerships with private sector companie governmental organizations around Durban. The aim of these partn enterprise development opportunities for Small, Medium and Micro which will contribute to Local Economic Development (LED). Public- (PPPs) are entered into through the signing of Memorandums of Und between the eThekweni municipality and each corporate and the M of collaboration which are agreed to by both partners.

SMME opportunities that are derived from these partnerships manil form of procurement, trainings, empowerment workshops, which fo empowerment programs, access to finance, the Durban Business Fai informal economy development. LED strategies are significant tools development and job creation at local level. This study will investiga significance of a PPP between the eThekweni Municipality and SBU Ir

1.2. AIMS AND OBJECTIVES OF THE STUDY

The broad aim of the study is to examine the use of a partnership be Municipality and SBU in LED while the specific objectives are as follo

1. To understand the role of Public Private Partnerships in SMME rel
2. To understand the effectiveness of the partnership between the e and SBU on SMME related LED.
3. To determine the role of LED partnerships in creating employmen for SMMEs.
4. To examine the level of sustainability of LED partnerships using th Municipality and SBU as a case study.

The study questions are as follows:

- a) What is the role of partnerships between the public and priv
- b) Why did SBU enter into this partnership with the eThekweni
- c) How do SBU and the eThekweni Municipality measure the ef relationship?
- d) How many jobs and procurement opportunities have been c partnership?
- e) Have the partnerships produced any skills?

1.3. JUSTIFICATION OF THE STUDY