

**Indirect economic impact of Special Economic Zones: an exploration of Dube
TradePort, KZN, in relation to its Local Stakeholders**

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Abstract

This article looks at Special Economic Zones (SEZs) as a developmental tool. It is of the premise that while lots of work has been done to augment knowledge and understanding of the concept, SEZs have too seldom been assessed explicitly as tools for development. Furthermore, so often, SEZ impact has been assessed through direct economic impact as opposed to indirect economic impact. By this, the article means that focus of what SEZs can or cannot do has been on mainstream economic aspects such as attracting Foreign Direct Investment, increasing international trade flows and advancing industrialization. In this vein, this article therefore seeks to explore the potential for SEZs to make contribution that goes far and beyond their mandated policy goals and objectives within the Local Economic Development context of KwaZulu-Natal, South Africa. This will be done through an exploration of the Dube TradePort in relation to its local stakeholders and probing into what the role of the Dube TradePort is in the development of communities surrounding its area operation. In addressing these key questions, a number of areas will be highlighted. These include what role the Dube TradePort plays in community development, job creation and poverty alleviate. Furthermore, the paper will address Corporate Social Responsibility and Investment (CSR&I), human capital and small business support. The findings herein argue for and testify to an existence of industrial and economic development tools that go beyond their mandate. The Dube TradePort is a 'responsible developer' and has indeed played a role in the development of areas surrounding its area of operation. The consideration of these zone developmental effects is especially important in light of the continuing drive to implement SEZ policies in each of the nine provinces in South Africa.

Introduction

The concept of SEZs is new for Africa, more especially South Africa, since its first SEZ programme was initiated in 2000. The general understanding thus far has been that SEZs are instruments for attracting foreign direct investment (FDI), creating large numbers of jobs, developing and diversifying exports and experimenting with new policies in industrial development (Bernstein, 2012). The successes and failures of SEZs, in Africa and in the other countries around the world have been highlighted by previous studies (Akinci, & Crittle, 2008; Aggarwal, Hoppe & Walkenhorst, 2008; Chessman, 2012). However, it seems that the focus of SEZs and what they can and cannot do focuses on the mainstream economic aspects such as increasing international trade flows and advancing industrialization and not so much on indirect economic aspects and impact thereof (Aggarwal, Hoppe & Walkenhorst, 2008).

SEZs are typically understood as mainstream economic and industrial development tools. Although this article does not aim to downplay the importance of the first and mainstream economy, there is recognition that a gap exists in terms of research done on SEZs and their role in the development of the local communities surrounding their area of operation. This gap is addressed in this paper through an exploration of the Dube TradePort in relation to its local stakeholder. This exploration will subsequently serve as basis from which we can better understand the indirect economic impact of SEZs. By indirect economic impact, this study is referring to changes in economic activity that results from SEZs having attracted foreign direct investment (FDI), alleviated large scale unemployment, developed and diversified exports.

According to Bernstein (2012), in order to be able to gauge the benefits that can be derived from SEZs, it is important to consider what specific problems they are meant to address and what distinguishes them from the economy in which they are located. The South African economy is one characterized by inequalities between the first and second economy, furthermore by unemployment, poverty and a lack of skilled labour (Harmse, 2014). Given these problems, the SEZs in the country should (in addition to their main policy goals) target issues such as bridging the gap between the first and second economy, creating employment, reducing poverty and offering skills development programmes that link with the key economic sectors found in the SEZ.

Given all the above, this article therefore addresses the role of Special Economic Zones (SEZs) in development. More specifically, it delves into the indirect economic impact of SEZs in the

South African context, through an exploration of the Dube TradePort in relation to its local stakeholders. This article has been written during the period following the new SEZ bill and policy passed by the country and tabled by the Department of Trade and Industry (DTI). In South Africa however, what is of central interest herein is how an industrial and economic development tool like SEZs addresses post-apartheid redress, how it impacts on the quality of life of the marginalized, how it synchronizes economic growth with community development and lastly how benefits derived from the operation of the SEZs are distributed equally to facilitate inclusive economic development and bridge the disparities. Given these concerns, the main question raised within the discussion is; what is the role of the Dube TradePort in the development of communities surrounding its area operation? In addressing this research question through the study of the Dube TradePort, a number of key areas will be highlighted. These include what role the Dube TradePort plays in community development, job creation and poverty alleviation. Furthermore, the paper will address Corporate Social Responsibility and Investment (CSR&I), human capital and small business support as mechanisms through which efforts of SEZs can be directed towards enhancing the indirect economic impacts of SEZs.

Defining Special Economic Zones

This section is a discussion on what SEZs are, their designated purpose and policy goals. Furthermore, it briefly looks at international SEZ programme implementers, and then narrows down to South African SEZ experiences, challenges, successes and failures.

The definition of SEZs is not clear cut and as a result literature on the concept always alludes to the challenge of definition (Farole, 2010; Scheepers, 2012). However, the most commonly and broadly used definition defines SEZs as:

“demarcated geographic areas contained within a country’s national boundaries where the rules of business are different from those that prevail in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation, and the regulatory environment; whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory” (Farole, 2011:23).

Significantly, these special rules of business which differ from those prevalent in the national economy have been dubbed as incentives. SEZ incentives include exemption from duties on raw materials, equipment and intermediate goods (Cheesman, 2012). Imposition of tax and industrial regulation are often generous as well. SEZs are also provided with well-developed logistics and facilities, such as warehousing, as well as world-class infrastructure (Palit & Bhattacharjee, 2008). According to Gupta (2008), SEZs shall be deemed to be foreign territory for the purposes of trade operations and duties where goods and services from outside this territory are treated as exports and those coming into the area are treated as if they are imported. What is interesting in this definition is that domestic goods and services are treated the same way as those from outside national boundaries.

SEZs main policy goals centre around attracting foreign direct investment (FDI), alleviating large scale unemployment, developing and diversifying exports and lastly serving as a turf for experimenting with new policies (Bernstein, 2012). In addition to this, Zeng (2011) argues that SEZs confer two main types of economic benefits namely; direct and indirect benefits. The direct benefits are also known as primary effects of SEZs while indirect benefits are known as secondary/catalytic effects of SEZs (Cheesman, 2012). The SEZ main policy goals as stated above fall under the direct benefits and the indirect benefits of SEZs comprise of indirect employment creation, skills upgrading, technology transfer, female employment and regional development (Akinci & Crittle, 2008; Cheesman, 2012). Human development as well as poverty reduction also fall under the indirect benefits (see fig. 1.1). Generally, SEZs are created to facilitate economic transformation of their host countries in a way that is faster or more effective than would be the case without them. In essence, they are developed to act as catalysts for growth (Farole, 2011). It is quite clear that SEZs play an important role in integrating the host country into the global economy.

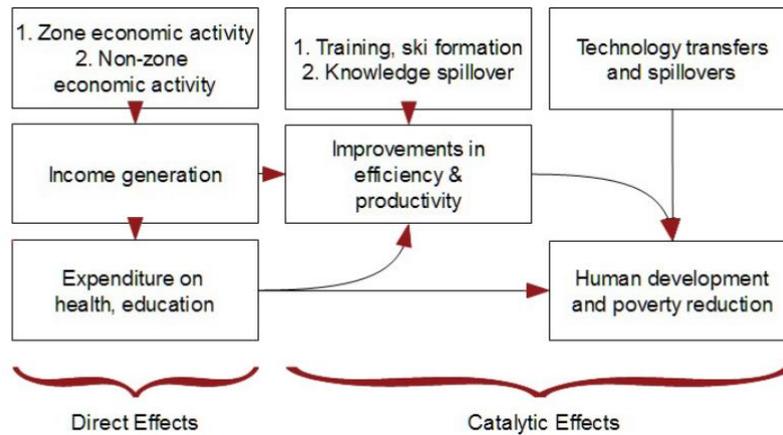


Figure 1: Special Economic Zone Developmental Effects (adopted from Aggarwal, 2004 in Cheesman, 2012:23)

International Experiences of SEZs

According to Akinici & Crittle (2008) the first modern SEZ was in Shannon, Ireland, in 1959 and was later replicated in one form or another in various other countries, such as China, India, Mexico and Mauritius, to name a few, which are key historical SEZ implementers. What has played a huge role in the success of the Shannon zone, according to Farole & Akinici (2011: 186) is “its highly integrated and coordinated approach to development, its focus on learning and direct training programmes for industry and skills in factories as well as a harmonious social and cultural change at local level”. This indicates the importance of activities such as capacity building and local engagement to ensure that first priorities of economic development and investment are achieved.

One of the key implementers of the SEZ policy, following Shannon in Ireland is China, whose first SEZs were established in the 1980s with a motive to utilise them as a testing laboratory for a market economy (Zeng, 2011). According to Zeng (2011), the Chinese model has led to China’s rapid development and an unprecedented ‘growth miracle’. Thus although some elements can be criticized, these SEZs are hailed as strong contributors to national economic development.

Despite Chinese successes, not all countries have received SEZs well. For India, what seemed to be a new horizon for investment, offering a range of opportunities for Multi-National Corporations (MNCs) and investors, was not welcomed unanimously. Kisanrao (2010) highlights that present controversies around SEZs in India are dominated by the issues of land

acquisition and displacement of cultivators and others dependent on land for their livelihood. As a result, social unrest has been experienced by numerous regions in the country.

South Africa also has initiated its own experiences with SEZ creation. These will be presented below.

South Africa SEZ Experiences

This section is a discussion of South African experiences of SEZs. In 2000, the country saw SEZ establishment in the form of Industrial Development Zones (IDZs). Initially, there were four SEZs based in Port Elizabeth (Coega), East London (ELIDZ), Richards Bay (RBIDZ), OR Tambo. The performance of South African IDZs has been much criticised and there has been debate over their effectiveness. Coega, the largest IDZ in the country, failed to exhaust its potential in the years that it has been operating; the RBIDZ only managed to attract one investor and OR Tambo has not yet been operational (Nel & Rogerson, 2013). From 2002 to 2010, only 40 investors were attracted into the four establishment zones, while R17,1 billion sourced from the DTI, has been spent on the programme (Bernstein, 2012).

In 2011, the South African cabinet approved the country's SEZ Bill to be published for public comment (Zarenda, 2012). Early in 2012, the bill was gazetted. Towards the end of 2012, the Minister of Trade and Industry had identified 10 potential SEZs countrywide, with the Dube TradePort as one of them. To date, the Dube TradePort has officially received its designation as an SEZ in the KZN province.

The new legislation on SEZs was drafted with an aim of redesigning and expanding the IDZ programme and providing a comprehensive policy framework. This was done in order to enable the development of diverse types of SEZs in accordance with the changing national economic development priorities and regional development needs and contexts (Bernstein, 2012). According to the Industrial Policy Action Plan (2012/13- 2014/215), the new SEZ programme will facilitate the establishment of new industrial hubs in underdeveloped regions of the country and, in addition, further sites will be built with the R2.3 billion that has been allocated for the establishment of SEZs (DTI, 2010; Nel & Rogerson, 2013). The new SEZ policy intends to fulfill the following goals: reindustrializing South Africa, consequently promoting growth and creating sustainable employment and jobs, and promoting a regionally diverse industrial economy in underdeveloped regions.

Evidently, each country has had its own experiences of SEZs. This article sets out to narrate the experiences of the Dube TradePort within the Local Economic Development context of KwaZulu-Natal, South Africa. In doing this, it will address four LED dimensions to explore the indirect economic impact of the Dube TradePort. These will be addressed in the following section.

Local Economic Development in South Africa

While there is acknowledgement that SEZs are a mainstream economic and industrial development tool, this article intended to bring forward the National Development Plan vision for 2030. This plan envisions a country with a nurtured economic growth serving to attack poverty and exclusion through expanding opportunities, building and developing capabilities, reducing poverty and encouraging participatory development, all leading to improved living standards and inclusiveness (National Planning Commission, 2011). It therefore looked at Local Economic Development as well as some of its dimensions which are to be as understood as ways in which the Dube TradePort develops communities around its area of operation.

The challenge of responding to market failure and addressing the employment and development needs of the poor and underprivileged, who are usually bypassed by the market, has become a notable concern for development in South Africa and around the world (Nel & Rogerson, 2005). According to Rodriguez-Pose & Tijmstra (2009:36):

“Failure of traditional development strategies in an increasingly globalized context has triggered a thorough rethinking of how development problems can be addressed. As a result, a series of tailor-made approaches for the development of sub-national areas has emerged... under the name of Local Economic Development (LED).”

Interestingly, like any other field of development, defining LED remains a challenge and most definitions have been increasingly recognised as insufficient (Blakely & Leigh, 2010). The concept of LED is “still imprecise, ill-defined, and open to multiple interpretations” (Akudugu & Laube, 2013:4). However, simply put, LED is an alternative to traditional development strategies that applied top-down techniques subsequently sidelining and marginalising certain parts of regions (Rodriguez-Pose & Tijmstra, 2009). In this interconnected and borderless world, localities have had to make themselves competitive and fit enough to identify economic opportunities offered by the global market (Raco, 1999). Globalisation has made localities

more important for prosperity and economic growth, whilst localities who fail to meet the demands of globalisation run the risk of being marginalised (Rodriguez-Pose & Tijmstra, 2009). These localities include the poorest and underprivileged remote areas.

Due to the risk of this marginalisation, development organisations around the world have advocated a need to foster a development and growth which is pro-poor (Nel & Rogerson, 2005). What is implied here is a need for specific interventions which provide economic and employment opportunities for those living in poverty-stricken areas through interventions such as public works programmes, small business and informal sector support, sectoral targeting, training and targeted procurement (Nel & Rogerson, 2005). This list is not exhaustive but highlights some of the interventions relevant in this research study. Among its core elements, LED includes sets of initiatives designed both to promote growing local economies, and address poverty alleviation (Rogerson, 1999).

LED is one of the employment-generating strategies that have been investigated and experimented with by the state and private organisations in South Africa (Nel, 2001). According to Patterson (2008) LED in South Africa has evolved over the years. In the early stages, it centred mostly on the marketing of localities to potential external investors, offering incentives and developed infrastructure. This stage was followed by a period during which attention was shifted to internal, economic potentials of regions or localities, which saw support offered for the competitiveness of existing firms and the promotion of entrepreneurship and business start-ups source. According to Patterson (2008:3), this was done via “entrepreneurship development and training programmes, business support and business linkages mechanisms, providing access to finance, skills development, rural development and sectoral development approaches”.

Helmsing (2001) identifies three main categories of LED initiatives in South Africa: community-based economic development, business or enterprise development and locality development. The current focus of LED initiatives is on the creation of a competitive local business environment, encouraging networking and collaboration between the public and private sector, local businesses and communities. These initiatives are aimed at facilitating workforce development, education, investment and cluster growth which support quality of life improvements (Rücker & Trah, 2007). The success of LED is therefore not measured solely in terms of economic activity and the employment opportunities created but also lies in the generation and nurturing of strong stakeholder partnerships in which government and its

agencies, businesses and civil society actors, negotiate best ways to promote development (Akudugu & Laube, 2013).

Dimensions of Local Economic Development

Because of the breadth of the definition of LED, it incorporates numerous dimensions of socio-economic development and upliftment. These include:

- tourism (Rogerson, 2007);
- human capital and skills development; small business development and entrepreneurship (Blakely & Leigh, 2010);
- employment creation (Nel, 2001); poverty reduction (Rogerson, 1999);
- community development (Binns & Nel, 2002);
- public works programmes; informal sector support; sectoral targeting (Nel & Rogerson, 2005); and
- corporate social responsibility and investment.

For the purposes of this study, brief discussions on four of these dimensions will be looked at, namely, community development; human capital development; corporate social responsibility and investment; and small business development.

Community Development

Improving the quality of life for people is portrayed in terms such as ‘community development’ (Chavis & Wandersman, 1990). According to Hart (2012:55), “the need for a constructive and effective community development in South Africa is recognized as a cornerstone of national development. For the purposes of this study, community development is defined as a process where local people and businesses not only create more jobs and develop infrastructure, but also help their communities become fundamentally better able to manage change (Cavaye, 2006). Furthermore, a community in this study refers to defined spatial areas that surround the Dube TradePort, but fall within the eThekweni Municipality boundaries. Arguably, the most important of those communities are the underprivileged and the poor, i.e. those who still hope for a better quality of life.

Human Capital

Human capital, as defined by Mathur (1999:205) is the “accumulated stock of skills and talents and it manifests itself in the educated and skilled workforce in the region.” Human capital is, however, not limited to formal education (Ogunade, 2011). It can take place outside of a standard schooling setting. According to Davidson & Honig (2003) it also includes practical learning on the job and non-traditional technical training programmes that enhance skills development. According to Son (2010) the accumulation of human capital is an important contributor to economic growth. ‘Human capital development’, in this article, refers to schooling, on-the-job training, skills development and capacity development programmes that are offered by the Dube TradePort to people inside and outside of the SEZ.

Small Business Development

The small business sector plays an important role in reducing the concentration in South Africa’s generally oligopolistic industrial structure and in creating employment (Luiz, 2002). Small businesses are, “the multitudinous suppliers of employment and creators of work opportunities, innovators and initiators, subcontractors for large organisations, responsible for the manifestation of the free market system, in many instances the entry point into the business world, playing an important socio-economic role” (Herbst, 2001:106-107). Importantly, for the small business sector to meaningfully contribute to the economy, it needs to be integrated into the mainstream which requires effort from government and the formal private sector (Luiz, 2002).

Corporate Social Responsibility & Investment

Corporate Social Responsibility and Investment (CSR&I) centres on ethical business practices and is now intertwined with international development and its related goals of sustainability and poverty alleviation (Blowfield, 2005). It is defined by Leonard & Adam (2003) as an approach used by organisations to address social, economic and environmental issues in a way that aims to benefit the people, communities and society. Furthermore, CSR&I is defined as a strategic decision whereby an organisation undertakes an obligation to society to be responsible as far as environmental issues are concerned and to commit to local communities to improve

their quality of life in ways that are both good for business and good for development (Ness, 1992; Blowfield & Frynas, 2005). This concept has been contested over the years and the motives of organisations and businesses who undertake CSR&I have been questioned (Blowfield & Frynas, 2005). For the purposes of this study, the concept will be looked at as a means for bringing about development.

Methodology

To obtain primary data which would speak to the questions posed subsequently addressing the objectives, the researcher had to make decisions about which methods are best and which data-collecting instruments were appropriate for this research study. A consideration and cognizance of the fact that social science research operates from within numerous paradigms was fundamental in deciding that the nature of this research study required the use of qualitative research methods within a social constructionist paradigm. A purposive sampling approach was adopted. The data was then collected between August and September of 2013 through the use of in-depth, face-to-face interviews with 12 key informants as well as from online and print documents from the Dube TradePort. Data interpretation was conducted using the thematic approach advanced by Miles & Huberman (1994).

The Dube TradePort as a ‘Developer’

The Dube TradePort is a public entity that has been mandated by provincial government to attract Foreign Direct Investment (FDI), diversify exports, create job opportunities and increase the global competitiveness of KwaZulu-Natal and Southern Africa as a whole (Dube TradePort, 2013a). Its vision, therefore, is to be a catalyst for the creation of a globally competitive multi-modal trade gateway in Southern Africa. Furthermore, the Dube TradePort aims to stimulate economic development through the provision of a world-class integrated trade and logistics platform (Dube TradePort, 2013a).

The Dube TradePort has four development zones namely, the Dube Agrizone, Dube Cargo Terminal, the Dube TradeZone, Dube City and an Information Technology (IT) support infrastructure called the Dube iConnect. These are the zones that work together to ensure that the mandate given to the Dube TradePort is fulfilled.

The Dube Agrizone is an agricultural production zone for local and export markets. It is said to be Africa's first integrated perishables supply chain and is home to Africa's largest climate-controlled growing area under glass (Dube TradePort, 2013a). The Dube Cargo Terminal is a cargo operating terminal, managed by a single handler and has freight forwarders and shippers at close proximity. It is one of the most highly secure and technologically advanced cargo facilities in the world and has recorded no losses since its inception (Dube TradePort, 2013a).

Most shippers and freight forwarders that use the services of the Dube Cargo Terminal are located in the Dube TradeHouse, which is an extension of the Dube TradeZone. The TradeHouse was built and let out to private sector companies which are the main handlers of airfreight. The Dube TradeZone offers opportunities for either leasing already developed space within the TradeHouse or developing specialised industrial development land on site. Dube City within the SEZ is Africa's first purpose-planned airport city (Dube TradePort, 2013a). It is said to be an international hub of trade and business as it offers secure, cosmopolitan, 24-hour business services. Dube City is in its development phase and will serve as an office, hotel, hospitality, entertainment and retail space. The Dube TradePort, like any other government entity, is meant to have an Information Technology (IT) function whose primary responsibility is to serve the IT needs of the entity. What this means is that the entity requires email systems and other telecommunication services, and that is what the Dube iConnect aspect of the SEZ initially supplied.

It is evident from the above presentation that above, the Dube TradePort, like any other SEZ has been mandated by the KwaZulu-Natal provincial government to be a vehicle for attracting FDI, diversifying exports, creating job opportunities and increasing the global competitiveness of their region using its five developmental zones. For purposes of meeting the objectives set out for this study, it is imperative to assess the indirect economic impact of the Dube TradePort in relation to its local stakeholders which emerges through, and beyond, the fulfilling of the mandate of the TradePort.

The Dube TradePort and its Community Development Channels

This section discusses the Dube TradePort in relation to its development channels which range from public participation, civil society consultations and relations with other stakeholders such as eThekweni Municipality and the Economic Development, Tourism and Environmental Affairs Department.

The Dube TradePort allows for public participation as it holds briefing sessions with members of the community, neighbouring municipalities as well as various government departments, more especially that of education since education is among the three areas of focus in the TradePort's CSR&I programme. This consultation was to see if there are any schools that the department can identify as in need, since they have better knowledge about this. The Dube TradePort recognises that it is not at liberty to make decisions about what assistance is needed by the people living within the identified communities. It has therefore opened an avenue through which people can determine for themselves what their needs are and how the TradePort can play a role in meeting those needs. The biggest contributor to the formation of these good working relationships was the Environmental Impact Assessment (EIA) that required the Dube TradePort to consult with all the neighbouring communities and all the interested as well affected parties.

Civil society organisations have been identified as channels through which businesses can work and communicate with members of the community (Schwab, 2008). This communication not only benefits the community, but also businesses. The Dube TradePort has had consultations with civil society organisations found in communities surrounding the precinct. According to Schwab (2008), for the community, this communication increases a sense of corporate transparency and creates skills for economic development; for business, it creates a better community of location and improves the community's relationship with the brand.



Figure 2: Map of the Dube TradePort and surrounding communities
 (Adapted from the Dube TradePort’s Northern Sub-Regional Framework Plan)

Furthermore, the Dube TradePort has established relationships and partnerships with schools around the in La Mercy, Verulam and Tongaat. These are schools in its CSR&I programme. In addition to this, it is also working with the University of KwaZulu-Natal and the Durban University of Technology with regards to their skills development programmes.

The issue of forging relations and ensuring that there is a good working relationship and partnership between all stakeholders involved in the Dube TradePort is an important one. For a development project of this magnitude to work, there is a need for partnerships which will allow for actors with complementary and sometimes overlapping interests and areas of responsibility to be involved in a common planning, decision-making and implementation process which improves the efficiency of the work (Svensson & Nilsson, 2008). This notion of development partnerships works to bring together different partners for joint development. With this having been said, the provincial funding department highlighted that it is aware of the challenges that have arisen as a result of a lack of clarity on how this partnership is supposed

to work. What seems to be the bigger problem is the issue of control, he further explained. Because the eThekweni Municipality is the host municipality, they have voiced their concerns about the fact that they should have much more say because the Dube TradePort is within their jurisdiction. But because they are the funders of the Dube TradePort project, they feel that the municipality should allow them to take charge of the project. He also raised a point to say that the TradePort is not a project for the eThekweni Municipality, but a project for the province of KwaZulu-Natal as a whole.

The Dube TradePort in Job Creation and Poverty Alleviation

Because the Dube TradePort is a government entity, job creation and poverty are part of the mandate set for the TradePort by the funding department. This theme discusses the role played by the Dube TradePort in job creation and poverty alleviation.

Poverty and deprivation, which affects the majority of the black population, has been a problem for over a decade since the first elections. The passing of the Reconstruction and Development Programme was a challenge to the government to generate rapid economic growth while committing to alleviating poverty (Blumenfeld, 1997) and equitably redistributing existing resources (Reitzes, 2009).

A representative for the Dube TradePort (08/08/2013) said, “the amount of foreign and local investment attracted into the TradePort will ensure a creation of job opportunities and alleviation of poverty because people will then be able to secure an income from that”. As is the case with the SEZs in China, the entry of foreign capital in the SEZs has increased employment opportunities. According to Park (1997) along with the rapid employment growth, the standard of living and quality of life has also improved. Asked if people from surrounding communities do benefit from the TradePort operations, a representative for the TradePort (08/08/2013) said, “I think the real benefit comes when they start seeing jobs and money in their pockets”.

“...It might seem strange looking at the big flashy new airport but our mandate is derived entirely from central and provincial government. Economic growth, poverty alleviation, that’s why we do what we do... I mean they wouldn’t say that the mandate of the Dube TradePort’s poverty alleviation. We are part of a broad government strategy about economic growth, job creation, poverty alleviation”

Seeing the importance of job creation, the Dube Agrizone has created jobs for people from the surrounding communities since their level of skills are well suited to the work that is done within the Agrizone. These people were trained in various aspects of agriculture so as to better understand the job they were required to do. A representative responsible for CSR&I within the Dube TradePort said that the people from surrounding communities are able to participate in and benefit from the operations of the Dube TradePort through the opportunities of employment made available to them. To date, the biggest impact made by the TradePort has been on the construction phase of the project.

A representative from the eThekweni Municipality made an interesting point to say that we are yet to see the Dube TradePort play different roles in terms of development over the next fifty years but that, at the moment, it is a significant catalyst for investment into the municipality. The eThekweni Municipality representative (21/08/2013) said:

“Of course if there’s a new development, there will be employment opportunities that are going to be created. I think for me the crux of the matter is how we are adequately empowering our communities to be able to take up those opportunities and business opportunities by giving them the correct you know skills and capacities and capabilities.”

Because of the new developments that will be centred around the airport and the Dube TradePort, job opportunities will be created. Another important factor in the creation of jobs and alleviating poverty is ensuring that the skills of people are developed to ensure that they can take up the opportunities available in the TradePort.

The Dube Trade Port’s Corporate Social Responsibility & Investment

According to the Corporate Social Investment Strategy (2013-2016), “CSI initiatives should therefore adopt ecological sustainability and economic and social development as core goals on which all potential projects are based (Dube TradePort, 2013b:3). These are important goals to set because some of the most prominent SEZs, as in China and India, have been criticized for bringing about social problems related to land use, labour abuse, inequalities and environmental issues. So an entity which does not understand its role in social responsibility faces such criticism, despite its remarkable success. According to Zeng (2011) for China, lagging social development has been a challenge which has hindered the sustainable development of their SEZs.

Furthermore, the Dube TradePort has identified three key focus areas for their initiatives and projects. These areas are environmental sustainability, education and skills development, and socio-economic development. Under environmental sustainability, the Dube TradePort is directly focusing on having a positive impact on the environment. Education and skills development focuses on learnerships, internships and experiential training offered by the Dube TradePort. Lastly, the socio-economic development focus follows a set of objectives laid out in the B-BBEE charter which includes, amongst other things, a focus on rural communities or urban renewal programmes, provision of development capital for communities, infrastructural development, enterprise creation and reconstruction of underdeveloped areas (Dube TradePort, 2013b).

Furthermore, the Dube TradePort honours the triple bottom line approach to doing business which aims to strike a balance between economic, social and environmental factors (Dube TradePort, 2013b). It has also chosen to position itself as a 'responsible developer'. Because the TradePort recognizes that the communities that surround their precinct are faced with many issues and challenges, it has taken upon itself to be an active role-player in assisting with these. The Dube TradePort is responding to particular needs.

Through its CSR&I initiatives, the Dube TradePort also aims to empower local communities and create a spirit of Ubuntu, which ensures that all interactions are undertaken in an honest, fair and dignified manner. The Dube TradePort also made a decision to undertake CSR&I because local communities are one of the TradePort's key stakeholders. Interaction with them is vital as it ensures a good relationship and fosters mutual respect, thus ensuring benefit to both parties.

Apart from the environmentally friendly projects that the Dube undertakes through its CSR&I initiatives, the entity is also environmentally friendly in its entire operation.. Many SEZs, like those in China, India and Mexico, have not ensured that their operations do not affect the environment thus initial efforts by the TradePort to mitigate environmental impacts is a positive step.

The Dube TradePort and Human Capital Advancement

Education and skills development fall under the Dube TradePort's selected CSR&I focus areas. This is done for the benefit of the Dube TradePort in the sense that it ensures maximum weighing points on the B-BBEE skills development scorecard. The Dube TradePort acknowledges the training and development of its employees as a very important component in the growth of the entity. It equips individuals with knowledge and skills that improve their employability and productive capacities, leading to higher earnings in future (Son, 2010).

The Dube Agrizone has played a commendable role in developing the skills of people from within the local communities surrounding the TradePort precinct. Furthermore, the representative from the Agrizone (15/08/2013) explained that the Agrizone has opened its doors for many to have opportunities. Their office space has been opened for small business training, and their state of the art tissue lab has played a big role in training South African plant propagators and equipping them with new skills. The green houses and pack houses have afforded numerous individuals from surrounding communities an opportunity for employment through on-the-job skilling offered by the TradePort.

The Dube TradePort is also currently running an internship programme. Opportunities within the different business units and development zones that make up the TradePort are available. A representative for the Dube TradePort said that they will also make use of the career placement officers within the universities to facilitate the process of recruiting suitable candidates. Such opportunities are open to qualified people who are from the local communities and these are also extended to other suitable and competent individuals from other parts of the KwaZulu-Natal region. The Dube TradePort's internship programme is intended to increase the recipients' earning capacity as well as their chances of being employed in the labour market (Son, 2010)

The Dube Agrizone is working with the University of KwaZulu-Natal's (UKZN) School of Engineering on an energy research project which looks at how waste can be converted into energy. They have made an application for a research grant called THRIP funding with the intention that, if the application is successful, a student will be placed to work on the research project. The Dube TradePort, as an entity, has also offered bursaries to engineering students at UKZN who are in need of financial assistance.

The TradePort also plans to set up satellite campuses. As such a Dube TradePort representative stated:

“We also look to see if we have an industry sector coming in. Let’s say its electronics or ICT or something like that, we now also starting to explore the option of trying to bring the tertiary institutions into maybe satellite campuses or something like that so that we can bring the training and development closer. We’ve had a few that have approached us but to bring training and development, relevant training and development.”

A representative from the eThekweni Municipality further explained that a number of other education institutions, especially higher education institutions, had expressed an interest in setting up satellite campuses with the Dube TradePort. This will be done to make it easier to train a labour force that is required by the TradePort and industries that will be found within the Dube TradeZone when more foreign investors start coming in.

The Dube TradePort and Small Business Support

Small business development and support is particularly important in South Africa because small businesses are an integral part of the economy as they supply employment and create work opportunities. They are innovators, initiators and subcontractors for large organisations and, hence, play an important socio-economic role (Herbst, 2001). The government has shown this through the implementation of policies such as ASGISA which sets out to bridge the gap between the first and second economy through the promotion of small businesses and broad-based empowerment that addresses areas such as access to finance and preferential procurement (South African Government Information, 2008).

During the construction phase of the Dube TradePort, “it is estimated that about 72,8% of money spent on goods and services (excluding direct imports) during construction was paid to SMMEs and B-BBEE enterprises, which is more than the estimated short-term target of 15,5%.” (Dube TradePort, 2013d). In the Dube Agrizone, six out of eight projects during the construction phase were done by emerging contractors. These include the office building where the agrizone hosts most of its presentations, the pack house or value-adding centre, and infrastructure, such as that for storm water, electricity and sewer reticulation. This process also afforded one of the emerging contractors, who had worked at the Dube TradePort during the construction phase, an opportunity to have their Construction

Industry Development Board (CIDB) grading improved as a result of the amount of work they had done. A representative from the TradePort (08/08/2013) highlighted that:

“...during the construction phase we had a 75% preferential procurement objective so there we were looking at companies, small companies that were in a lot of construction related sectors. Now we've moved more to being an operational company whenever we put out a construction tender, we obviously look to try and get as many other subcontractors from small companies.”

In the Dube Agrizone, there is a canteen which is run by a small company. This bears testament that the TradePort is attempting to create opportunities for small businesses. The businesses that are tenants within the Agrizone have also been afforded an opportunity to expand. One other small company called Carmel Nurseries has managed to secure an export order for cut flowers. The Agrizone is also working on securing another export order one for vegetables. He highlighted that there are still opportunities for small companies to supply larger companies or industries in future, once the Dube TradePort has been able to attract sufficient investment (Dube Agrizone Representative, 15/08/2013).

The Dube iConnect recognizes that the Dube TradePort, as a whole, is a strategic investment made by government and sees itself playing an invaluable role with regards to helping start-up businesses (Dube iConnect Representative, 20/08/2013). This follows the mandate of the Dube TradePort which stipulates, among other things, economic development and job creation. Because the Dube iConnect has some of the best infrastructure in the country, it has taken it upon itself to ensure that access to this infrastructure is affordable and available to small businesses because it is through this that small businesses can start to operate on an equal footing with other bigger businesses. Furthermore, the iConnect has recruited a number of small companies in IT to resell its services.

With this said, small businesses in the TradePort face a number of challenges. It was pointed out by the representative of the eThekweni Municipality (20/08/2013) that small businesses face the challenge of exclusion with regards to locating within the Dube TradePort because of the land prices. Because of the obstacle of land prices, he argues that a substantial number of small businesses may get excluded from the industrial land that is being developed and offered by the Dube TradePort to potential investors. A representative from the Durban Chamber of Commerce & Industry (09/09/2013) further explained that the exclusion of small businesses could be a result of the fact that the focus of the Dube TradePort at the moment is on large

investment projects. It is not that small businesses are being excluded, but that, for now, the TradePort needs a substantial amount of foreign investment. This, he feels, is important but it shuts out mostly local business.

Furthermore, the representative from the Durban Chamber of Commerce & Industry not think that the Dube TradePort is small business-friendly because a large number of the companies who trade at the TradePort are bigger companies.

“I think it’s very difficult to expect big projects to engage directly in small business. I think that while there are small businesses that can in fact deliver, there are hell of a lot in this country that can’t. They think they can, but they can’t... I would suggest that because of its close relationship with government and fact that it is a state enterprise, it should be more conscious of SMME development and Black Economic Empowerment than if it were a private sector institution for example. But whether infact that is a priority for the Dube TradePort at this point in time remains to be seen. After all there are plenty of other agencies both of government and in the private sector that are trying to promote SMMEs.”

He alluded to a need for investment but said that the TradePort was not yet conducive for small businesses. His thinking is that the role of small businesses will become much more important in the development of the aerotropolis and, increasingly, as the businesses migrate to the Dube TradePort because they will need the provision of certain services from smaller businesses. What was also of interest was his point about how large an investment the government made in the Dube TradePort, which is a diversion from the main mandate which centres mainly around the attraction of foreign investment and big business.

Conclusion

The findings revealed above indicate that the Dube TradePort is playing a role in the development of communities surrounding its area of operation. It has worked to create relations with communities located around the SEZ through consultation with civil society organisations and also took it upon itself to create channels through which these communities can communicate their needs. It has worked with a number of schools from surrounding communities in its CSR&I programme. The TradePort is also a ‘responsible developer’ in the sense that its operations are striving to be environmentally friendly. It has prioritised advancement of human capital through education and skills development programmes not only for its employees but also for communities around and beyond the Dube TradePort precinct.

The TradePort also has an internship programme and has established relations with Higher Education Institutions concerning building of capacities and developing skills. With regards to supporting small businesses, the Dube TradePort adheres to preferential procurement rules. During the construction phase of the TradePort, a substantial amount of money was paid to emerging contractors. It has also afforded small businesses expansion as well as integration into international supply chains. What remains to be seen however is the continued role that the Dube TradePort is yet to play in job creation and poverty alleviation.

The one implication of the findings includes a revelation of the incongruous partnership and working relationship between various stakeholders involved in the Dube TradePort project. There is definitely a need for these stakeholders to work together harmoniously to make development possible, not only for foreign investors to come into the province but also for the communities around it to be developed. Furthermore, the Economic Development, Tourism & Environmental Department (as the department spearheading the DubeTradePort project) needs to be able to say that the Dube TradePort is an initiative that has brought about development, not only to the KwaZulu-Natal region, but also to the municipality and local communities around.

The reality of the situation is that the full success of the Dube TradePort requires better co-ordination and co-operation from all stakeholders involved. It is also in the interest of the management and leadership of the Dube TradePort and the relevant stakeholders to clarify the relationship between the Dube TradePort and the eThekweni Municipality because findings have revealed that it resides within a contested space. This contested space can be understood as that in which there is competition amongst stakeholders to attain authority over the operations of the TradePort. This is not surprising given the number of stakeholders within the three sphere model of government in South Africa. However, SEZs require a formation and nurturing of partnerships and formalized interactions and relations as they cannot be run like traditional development projects which tended to be run by one organisation which takes lead in the decision-making process. No one stakeholder deserves to be passively active. This illustrates the importance of establishing from the beginning or rather earlier on in the project, and clarifying exactly what working together entails.

Given these findings, the study highlights the existence of industrial and economic development strategies and tools which seek to go beyond their original mandates given the nature of the make-up of the country's economy. Although there are still areas that need

improvement, as highlighted above, the Dube TradePort has shown that it has not lost sight of the need to consider social issues and has therefore added a social dimension to its economic development mandate. It has worked to achieve social goals that could easily have been cast aside as unimportant to achieving the central mandate of the SEZ. The study also reinforced the importance of not losing sight of what the country is trying to achieve in its social goals and the country's need to push the social agenda forward. Ultimately, while it is in everybody's interest to understand the mandate of the SEZ and to have world-class infrastructure in place, it is more important to bring in investment, ensure that jobs are created and that people from surrounding communities feel the impact of the Dube TradePort in more ways than one.

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