

The Role of Social Dialogue in Local Economic Development

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Abstract

Local Economic Development Agencies (LEDAs) are tasked with fostering a participatory approach to local economic development (LED) matters and institutions that are socio-economically sustainable. For this reason, LEDAs are custodians of social dialogue at local level. This study reviewed the role of social dialogue in LED matters and the potential barriers that inhibit social dialogue – through the case study of Enterprise iLembe in KwaZulu-Natal, South Africa. A qualitative approach was adopted and there were semi-structured interviews (12) with officials from various stakeholders (business, municipalities and SALGA). It was found that there was little understanding of social dialogue at local level. This is because social dialogue in South Africa only receives emphasis at national level. Uncertainty/confusion of roles and responsibilities undermined social dialogue between LEDAs, businesses and LED units. The research recommended that different stages of social dialogue be played by different structures, so that the social dialogue is effective.

Keywords: Social Dialogue; Local Economic Development Agencies; Local Economic Development; Consultation; Enterprise iLembe

1. Introduction

The growing emphasis on the role of social dialogue in socio-economic development matters can be traced back to the world economic crisis of the 1980s (Fashoyini, 2004). More recently, it can also be argued that it has to be attributed to the latest global financial meltdown. This emphasis has led to a shift away from conducting economic policies and strategies at macro level, to conducting economic policies and strategies that are informed by all the stakeholders at micro level. This view is supported by the definition that social dialogue was ‘negotiations, consultations or simply exchanges of information between representatives of government, employers and workers on issues of common interest relating to economic and social policy’ (ILO, 2014:42). At local level, Local Economic Development Agencies (LEDAs) are regarded by van Empel (2008) as being social dialogue participatory structures.

The facilitation of dialogue by public, private and civil organisations in the democratic South Africa has been centered on poverty and inequality under the transformation banner. This signifies the country’s transformative constitutionalism – which refers to constitutional law which has a purpose of overcoming past discrimination and disadvantages suffered by a group of people on the basis of, *inter alia*, race, sex and colour, and at the same time provides equal rights and protection to all South Africans (Pieterse, 2005). However, in the past decade (2005-2015) the facilitation of dialogue has centered upon local economic development (LED) as a means of addressing socio-economic conditions and the improvement of people’s lives through creating decent jobs – which are also encouraged by sustainability and a fully inclusive economy. This followed the catastrophe caused by the Washington Consensus policies, which perpetuated the widespread poverty and inequality in South Africa (Bond, 2003).

In looking for a structure that would successfully foster a participatory approach to Local Economic Development (LED) matters, and, at the same time, create institutions that are socio-economically sustainable, Local Economic Development Agencies (LEDAs) have been identified as mechanisms of economic cooperation between different stakeholders at local level (Van Empel, 2008). This research studied the role of social dialogue in LED matters through the case study of the Enterprise iLembe Development Agency. Enterprise iLembe is a development agency of the iLembe District – which is tasked with driving economic growth

and investment promotion in the region. ILembe District is made up of four municipalities: KwaDukuza, Mandeni, Maphumulo and Ndwedwe. The district lies on the East Coast of KwaZulu-Natal (ILembe IDP, 2015/16).

2. Social Dialogue

The world has entered the epoch of social dialogue, as can be seen by the fact that in past years, communities, municipalities and governments all over the world have looked to social dialogue strategies amidst challenges posed by globalisation and financial meltdowns (ILO, 2015). The democratisation process in South Africa meant that civil society emerged as the next key player in national policy dialogues, which also drove the ‘participation of non-state actors and demand-driven, bottom-up approaches became central in development programmes’ (van Empel, 2008:180). This is why the ILO has commended the role of social dialogue in addressing economic development matters (ILO, 2014). In many instances, the governments were the main players facilitating social dialogue matters with all relevant stakeholders.

Assessing social dialogue or merely trying to define what it is, might not make sense unless one looks at what truly constitutes social dialogue. For the purpose of this research, the term ‘social dialogue’ will be shown to revolve around the notion of participatory governance, where the government, civil society and the private sector have an important role in determining the state’s social and economic success. According to Schmitter (2002:), participatory governance is vested in the notion that cooperation and consultation of all constituencies is vital in terms of decision-making, especially when it comes to the adoption of policies. This definition was further advanced by Obradovic (2006), who argued that participatory governance comprises participation from all stakeholders in decision-making and implementation. Participatory governance comes in the midst of a crisis that follows structural adjustments. This leads to the lesson that successful reforms can only come about if they are deliberated and implemented, with the inclusion of and consultation with, all relevant stakeholders that might be affected by the decisions taken (Ratnam and Tomoda, 2005).

The concept of participatory governance seems to be the right step to take when trying to open up the field for social dialogue. There are two principles to consider in order to make

sense of participatory governance and how it features across the realm of government activities. These, according to Obradovic (2006), are: a) the organisations are mandated to bequeath citizens and representative bodies the platform to exchange information and their views in all relevant aspects of collective action, and b) the organisations must be transparent and open, and form a dialogue with civil organisations and representative bodies at all times. This correlates with Ratnam and Tomoda's (2005) view that a fruitful social dialogue is reinforced by freedom of expression, effective information sharing and exchange, and the willingness of all stakeholders to partake in socio-economic development matters.

This is the sense in which the concept of social dialogue will be viewed in this research, as not only is it a strategy that fosters participation through a dialogue, but it can also be read from a theoretical perspective of participatory governance. Therefore, one has to conflate social dialogue with participatory governance – as both rest on the very notion of the participation of all social partners. This participation is in the name of socio-economic development and creating strong linkages between the public, and private and civil organisations.

The Department of Economic Development (DED) recently came up with the National Social Dialogue as a response to the hostile economic conditions that the rest of the world has been facing:

‘The Framework for South Africa’s Response to the International Economic Crisis, which was adopted by the social partners at NEDLAC on 19 February 2009, recognizes that the economic conditions South Africa faces as a result of the international economic crisis require an effective collective response. With this in mind, the Framework Agreement commits the social partners collectively to implementing a wide range of measures, including investment in public infrastructure, a macro-economic policy response, and industrial and trade, employment and social measures’ (EDD, 2015:3).

Some of the responsive principles of this framework include:

- a) The minimisation of the risk of poor people paying the price for an economic meltdown. The vulnerability of poor people is already felt in South Africa with the ever-growing increase in inequality and poverty, and thus measures must be taken to make an economic crisis less impactful on poor communities.

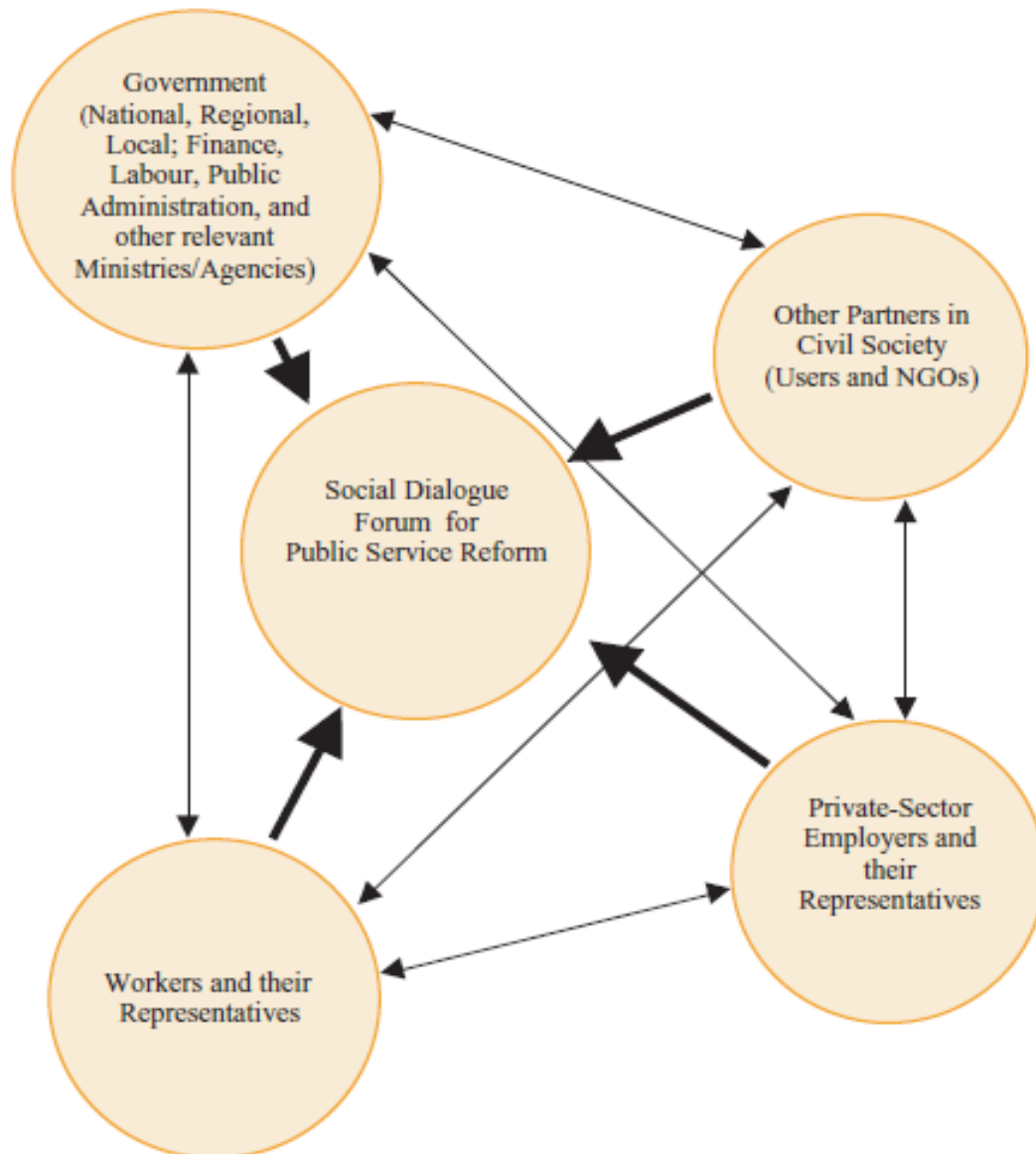
- b) The country must design activities that will create a conducive environment to strengthen the ailing economy and which lead to the creation of decent and sustainable jobs.
- c) The improvement of the public infrastructure through investment must be sustainable and the efficiency of the private sector must be sustained, strengthened and increased in terms of corporate social investment (CSI) activities.
- d) Intermediations or reforms that are designed, must be implemented in appropriately (EDD, 2015).

In summary, the underlying idea is to direct government's strategic plans and input to help create a social dialogue on socio-economic matters and the creation of sustainable jobs for the people (EDD, 2015). As already mentioned, an essential aspect of this type of social dialogue is to bring to the table those who are most likely to be on the receiving end of decisions taken. Social dialogue in South Africa, under the Economic Development Department, is founded on the basis of creating an economically empowered society. This is supposed to be done through the:

'... coordinat[ion of] government's policy input and contributions to social dialogue on economic development matters and consult with the relevant departments; and to negotiate national economic development and decent work pacts, which will involve consultation and negotiation with the social partners' (EED, 2015:1).

The purpose of social dialogue in the context of South Africa is in line with the ambitions of the ILO, as it seeks to engage all the relevant social partners in economic development matters. This partnership has been driven by NEDLAC – with an emphasis on economic development that is conscious of labour issues.

Diagram 1: Actors in Social Dialogue



Source: Ratnam and Tomoda (2005:5)

Figure 1 (above) is an illustration of the interaction between social partners or social dialogue actors in South Africa. According to a report by the Nordic Institute, South Africa – having had a bitter past of racial division and divided institutions – would find it hard to start a social dialogue under such conditions (Nordic Institute, 2011). It is thus no surprise that the emergence of social dialogue in South Africa can only be tracked back to the post-apartheid era. As observed in the report, social dialogue is a new phenomenon in South Africa, due to its unstable past and the authoritarian political regime it previously lived under. As of 1994,

‘South Africa has been able to establish a workable system of social dialogue in order to regulate working life and welfare. It is difficult to say whether social dialogue has contributed to stable economic progress and government, or whether economic growth in itself has fostered the social dialogue process. It is probably a bit of both’ (Nordic, 2011:13). However, the recent financial meltdown prompted the development of another social dialogue strategy (EDD, 2015).

The Nordic report also pointed out that social dialogue in South Africa ‘is interpreted to be the successful tripartite co-operation between powerful trade unions, powerful employers’ organisations, representing the wealthy mining sector and a powerful government. In fact the system in South Africa has been described as “tripartism plus” as it also involved a fourth party i.e. community organisations representing the poor’ (Nordic, 2011:13). The success of the constituencies (business, government, labour unions and community) aligned in Figure 1 was seen in the recent global economic meltdown. South Africa was severely affected by the economic crisis and saw its economy fail to reach 2% growth in 2009. The country had enjoyed a stable economic growth in the prior five years of 3 to 5.6% (Baccaro and Heeb, 2011). The formation of NEDLAC in 1994 meant that all public policies that had an immediate impact on people’s socio-economic conditions, were discussed with all stakeholders in Figure 1 (Keller and Nkadimeng, 2005; Papadakis, 2006).

3. Local Economic Development in South Africa

LED has emerged as one of the modern drivers of every nation’s economy at local level. There are many definitions which have been used to define LED, however:

‘LED is 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’ (Tomlinson, 2003:14).

The most important function of LED is that it has to create an inclusive economy, because it is founded on the principles of participatory economic development. But it is also used to stimulate the local economy. This is because modern society’s drive for local economic development is taking place in an era where rising inequality and environmental concerns (global warming) are major setbacks (Blakely and Leigh, 2010).

The first feature of LED mentioned in the above definition is participatory development, which involves all the social partners. This approach emphasises the importance of participation by all stakeholders at local level (Cook and Kothari, 2001; Cornwall and Coelho, 2007). Thus the community as a whole (civil society, public and private institutions) have an equal role to play when it comes to developing their own economies (Hickey and Mohan, 2004). In the context of South Africa, this role is carried out in conjunction with LEDAs, which are very useful in helping businesses or LED initiatives succeed – due to the sufficient human resources and capital they have. Development agencies are discussed more extensively towards the end of this chapter.

Secondly, all the stakeholders or social partners have to be from a specific territory – ranging from the local, to district and regional levels. These characteristics define the area that a certain LED project is confined to. This allows for the proper formulation of strategies that bind/promote the LED strategies of that particular area. The National Framework for Local Economic Development reiterates that the government’s task is not to create jobs (White Paper on Local Government, 1998); at local level, the primary task of local government is to create an enabling environment for job creation (CoGTA, 2014). This means that LED is about the creation of a conducive environment for all social partners or stakeholders to engage in LED matters and to promote the adoption of new strategies (DPLG, 2006).

The territory also allows for the “joint design and implementation of a common development strategy” which guides that area. This is usually the task of the Integrated Development Plan (IDP) – which has come to be a helpful tool of LED. As observed by Gunter (2005), IDPs are a vehicle for legislators to empower local governments to successfully drive LED strategies. Furthermore, the view is that “IDPs are viewed as the way forward for LED in South Africa; as a mechanism that will help develop capacity and integrate different government departments so as to ensure a consolidated LED process” (DPLG, 2006:5). The most common problem with IDPs is that ‘Municipalities often simply use IDPs as wish lists of what they would like to achieve but cannot within their current budgets’ (Gunter, 2005:32). The idea of IDPs are closely interlinked with local economic development is also emphasised by the fact that their most important aspect is the engagement of local communities (Gunter, 2005). It is then the duty of LEDAs to implement the common developmental objectives stipulated in the IDP.

The fourth factor that plays an important role is the use of local resources or competitive advantage. Thus the LED uses either a resource-based approach, or competitive advantage, or both (ILO, 2015). This is because approaches to LED vary, as local economies do not have similar challenges or resources. As a result, the areas that have more resources are bound to use them as their form of LED drivers (Nel and Rogerson, 2005). In KwaZulu-Natal, a resource-based approach seems to be best as LED is based on local initiatives, and local people should utilise their local resources to stimulate economic growth.

All these elements play an important role in the economic development of a particular locality or district. This was also noted in the World Bank's definition of local economic development, which defined it as 'the process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve quality of life for all' (World Bank, 2015). Although this definition does not specify that LED is a participatory process, there are other definitions that do. For example, the ILO defined LED as 'a participatory development process that encourages partnership arrangements between the main private and public stakeholders in a defined territory, enabling the joint design and implementation of a common development strategy, by making use of local resources and competitive advantages in a global context with the final objective of creating decent jobs and stimulating economic activity' (ILO, 2014:4).

3.1 LEDAs in South Africa

Various reasons can be put forward for the establishment or existence of LEDAs in South Africa – such as the need for efficient and accountable LED institutions. The following reasons provided by IDC (2008a) are, however, the most compelling arguments for the existence of LEDAs:

- a) LEDAs are mechanisms that provide an efficient and effective partnership between different stakeholders, in order to improve stakeholder relations and limit the duplication of tasks;
- b) LEDAs are vehicles that bring better expertise and resources to existing LED units within municipalities;
- c) LEDAs are specific, goal-driven economic development mechanisms with the aim of bettering LED resources and services;

- d) LEDAs have the financial power to support businesses within their geographical space or jurisdiction.

Bearing these factors in mind, LEDAs have participatory structures which have the potential to bridge the gap between the public and private sectors, in order to work together to stimulate economic development.

3.2 Institutional Arrangements for LED

The fact that governments at local and regional level across the world are gradually looking to LED strategies in the name of decentralisation, in the midst of growing inequality, shows the significance of a dialogue in LED matters (ILO, 2014). This also means that there is an ever increasing demand for communities to come up with commercial community initiatives that will drive economic growth and improve employment Figure 1. In short, there is a demand for communities to arrange themselves for LED. This also means that ‘local authorities are assuming ever bigger responsibilities in devising and implementing strategies that build on local economic potential and address poverty, unemployment and obstacles to enterprise development’ (ILO, 2014:1).

The first step of organising for LED is to study the nature of the locality and its stakeholders. This is done through IPDs, where the roles and functions of different stakeholders are assessed (Fray, 2013; Gunter, 2005). This is through ‘identifying the people, public institutions, businesses, community organizations and other groups who represent and have an interest in the local economy’ (Fray, 2013:45). While doing this, it is also good for local authorities to consider that they are dealing with an ever-changing global economic environment and to understand that the promotion of sustainable LEDs is fundamental. This is because a sustainable LED requires clear ‘economic thinking and performance; it is based on economic dynamics and business principles, and local government is not well-equipped nor does it have the necessary capacity to drive it [alone or in isolation from business and community organizations]’ (Fray, 2013:60).

The partnership of three spheres of government, business communities, statutory bodies and communities, should be active in managing local economies and providing a vehicle for a collective vision, community action, and collaboration – and for broader stakeholders to input the direction for the LEDA (which is why they are formed in a social dialogue manner) (IDC, 2008a). The next task is eliminating the duplication of tasks between all the relevant

stakeholders identified as key stakeholder groups. A participatory approach within the municipality and LEDA should be developed to represent a multi-stakeholder approach to IDPs and LED forums; this is emphasised by the need to drive a consultation process (IDC, 2008a).

The promotion of participatory governance is often a painful task, as it cannot be done overnight. Fray observed that this process (of engaging different stakeholders in LED) has two main challenges: that ‘necessary space must be created for all stakeholder groups to be able to actively participate (dominance of any one group would inhibit a successful process); and that each actor must have the necessary space, acceptance and understanding to fulfil the specific role it is best suited for’ (2013:60). The act of involving many stakeholder groups means that it is important that no sector or stakeholder dominates another in the dialogue; this results in a balance of power that allows for common socio-economic interests to be pursued. This, in the long run, yields an inclusive economy.

The objective of social dialogue in LED matters is to integrate all relevant stakeholders who are directly or indirectly affected by economic development in a particular locality. Fray (2013) noted that such groups work from an informed perspective of the challenges – towards constructing a shared economic vision for the area and deciding on goals, objectives, programmes, projects and action plans. This reiterates what was earlier emphasised: social dialogue also has the mandate of influencing decisions or policies based on shared socio-economic vision. This results in greater coordination of LED matters at local level and the accountability of both local government and civil society.

Stakeholder groups are best divided in terms of their specific sectors, and interaction with other sectors is done in the name of information sharing and exchange. This could result in structures for formal and informal business – or there could be structures that deal with the town or rural economic issues. It would also be useful to have a skills group which gathers information from the different sector groupings and collates the various skills needed across the economy (Fray, 213). The list could go on to include, *inter alia*, educational institutions, and artisans. The set of skills and resources that all these participants bring to the table could be foundational for the success of LEDs at all levels.

Effective development agencies are linked by a strong ability to engage with the public and private sectors, as well as the ability to build common developmental objectives and partnerships with local stakeholders. All of this is done through a consultative process (Nene,

2015). In this instance, social dialogue enables the establishment of common developmental objectives by being the link between private and public sector developmental goals. According to the IDC (2008:17a), 'In order to ensure successful ongoing LED process, the municipality must have institutionalised a process for continual engagement with stakeholders. Other than an agency, or in addition to the agency, depending on its services, an LED Forum is a possible structure for this ongoing consultation'. The LED forum can also act as an informal sounding board for LED initiatives – and may even provide formal approval of LED interventions.

Challenges often cited as being barriers to the creation of efficient development agencies, include a lack of skills, poor capacity building, and the lack of entrepreneurial culture. These challenges can be better addressed through a partnership between development agencies, local municipalities and local chambers of commerce. Partnerships that should emerge from such structures would be maintained by the willingness of different institutions to capacitate future entrepreneurs with the necessary skills and mentorship.

4. Research Methodology

The research was conducted using a case study of the Enterprise iLembe Development Agency. The aim was to study the role of social dialogue in LED matters and the potential barriers that inhibit social dialogue in the district concerned.

The research questions were:

- What is the role of social dialogue in LED matters?
- What factors inhibit social dialogue at local level?
- What strategies can be identified to increase the level of cooperation between the LEDA and its stakeholders?

Ethical clearance approval was attained from the university's research office. All participants were notified that the university had approved the study.

The research used a qualitative research approach. Semi-structured interviews were conducted with officials from Enterprise iLembe, the South African Local Government Association, (SALGA), the iLembe District Municipality and the iLembe Chamber of Commerce at their respective offices.

Data analysis was conducted through thematic analysis. The results were broken down and presented into different themes and subthemes which emerged from the interviews.

Triangulation was used to compare information gathered between the different sources of information: the literature, interviews and policy documents.

5. Findings

The officials seemed to have a slight understanding of the role of social dialogue in LED matters. One respondent highlighted that the dialogue has always been one-sided. The participant stated that the dialogue was based on municipalities visiting communities to make presentations and leave. With a growing understanding of what social dialogue is, participants indicated that the role of social dialogue was not only limited to a dialogue on LED matters – as its scope could be extended to using other stakeholders as monitors of the progress of projects initiated. Participants reflected that Enterprise iLembe, as an implementation vehicle for catalytic projects, needs to be overseen by other stakeholders if it is to promote a healthy environment for a LED to flourish.

One respondent pointed out that partnerships with different local stakeholders are important for an effective LED process in the district. The respondent pointed out the various tools the district uses, such as the Mayoral Imbizo, ward committee meetings, IDP meetings or roadshows, stakeholder engagement, and organised group engagement and media, are means of ensuring a continued dialogue with all social partners. Some participants alluded to the importance of the Chamber of Commerce in LED matters. They asserted that the private sector does play an important role through the iLembe Chamber of Commerce and has a close relationship with the agency and district municipality.

In terms of the five stages of social dialogue, there was a general consensus among respondents that all stages of social dialogue are important in LED matters. Participants pointed out that these stages contribute to the culture of effectiveness and efficiency. One participant indicated that all the stages of social dialogue (exchange of information, consultation, negotiation, joint decision making and joint problem solving) are used through the inter-governmental relations office. Some respondents highlighted that each stage of social dialogue is important, but the various stages are used depending on the issue at hand with stakeholders. For example, information sharing and consultation play a huge role in LED forums. The agency also consults with the Chamber of Commerce with regard to the

direction it is supposed to take. However, the Chamber of Commerce highlighted that it was not a permanent member of the LED forum and is only called upon when it needs to participate.

Participants stated that the barriers that create a hostile environment for a successful social dialogue mostly pertain to frictions that exist between local municipalities and the district's development agency. They highlighted that this is because Enterprise iLembe is an LED development agency and local municipalities also have LED units – and all operate within the same space. This is pertaining to the roles and functions that the LEDA and LED unit are supposed to have. Participants added that the district municipality played a key role in solving the problem, as it was causing delays on projects. It was further indicated that the biggest problem was cooperation between the LEDA, LED unit and Chamber of Commerce. Other participants regarded non-participation of communities as the biggest challenge to enabling social dialogue.

The research findings highlighted that the officials were unfamiliar with the background on social dialogue in South Africa. They did, however, conflate social dialogue with participatory governance. Van Empel and Werna (2010) also noted that LED officials in Europe were not familiar with social dialogue at local level, as they did not show extensive understanding of the concept. The respondents saw social dialogue as a participatory mechanism that could be used in their stakeholder interaction process. It was noted that one key problem faced by iLembe is the need to create efficient social dialogue frameworks at local level. This is because the emphasis on social dialogue is only carried out at national level through the National Social Dialogue Framework (NSDF).

Consultation is vital in LED matters, especially with the formation of common developmental objectives. The agency emphasised that they do not just carry out development objectives, as they also have to consult people in order to make informed decisions. Joint-decision making is important in LED matters (Fray, 2013), and the interviewees indicated that the various institutions make binding decisions with communities and other stakeholders. However, there was a sense of concern from one participant that the input from the community is not regarded as important. This has led to various strikes within iLembe – some of which could have been avoided. Joint decisions are taken with chiefs regarding land and resources, and joint problem-solving is usually carried out by the district municipality.

The research established that different stakeholders are partners in the formation of stronger institutional arrangements for LED. There was an indication that it is equally important to avoid a duplication of tasks between different stakeholders – for efficiency purposes. The agency pointed that all the stakeholders are important throughout iLembe and that each social partner has a significant role to play in LED matters. Most respondents indicated that Enterprise iLembe plays the role of steering economic development in iLembe. As they are an internal stakeholder of the district, they should play a pivotal role in social dialogue by being the link between the various stakeholders that have a stake in LED matters.

The research also revealed that the Chamber of Commerce is the voice of business in iLembe and acts in the interests of businesses in the iLembe district and provides non-financial aspects of LED to emerging businesses and start-ups. For example, Enterprise iLembe and the iLembe Chamber of Commerce decided to promote economic development through an entrepreneurship programme together. The programme sees the Chamber mentoring aspiring entrepreneurs and hosting an annual entrepreneurship competition.

It was found that the municipalities have the function of creating a sound environment in which LED can prosper. This was similar to what was emphasised by the White Paper on Local Government (1998), and includes working with various stakeholders to improve the efficiency of LED by assisting with LED projects. The participants pointed out that local municipalities also act as the link between small businesses, the Chamber and the development agency. However, municipalities were reportedly less cooperative than the other stakeholders. This was also revealed by the fact that the Chamber of Commerce is not a permanent member of the LED forum, which shows that not all stakeholders are players in social dialogue.

Communities play a fundamental role in LED matters. However, they were found to be not well informed about the role of the development agency and do not know where to go to source funding. Traditional authorities also play an important role, as some of the land is administered by traditional chiefs. For example, some of the land is under the Ingonyama Trust and there has to be a consultative process in terms of development matters.

There were many barriers which were identified as inhibitors of social dialogue in the iLembe District – including confusion between the roles of the development agency and local municipalities and their LED units. Other barriers mentioned included the lack of willingness of municipalities to cooperate with the Chamber of Commerce when it comes to information

sharing. This is a significant barrier, in that it limits both the development agency and the Chamber of Commerce from tapping into economic opportunities.

The chief finding in this regards that in addition to the already existing confusion about the roles and functions of LED units and LEDAs, the lack of consultation between these two structures intensifies mistrust; the local municipalities view the development agency as taking away the mandate of LED from them. Similar findings were generated by IDC (2015), who noted that a lack of efficient communication caused problems between LEDAs and LED units. The lack of communication between resulted in mistrust between the social partners. Hence, this was a deterrence of social dialogue.

The study found that a strategy has been put in place by the district municipality to increase the level of cooperation between all stakeholders, is the District Planning Support System (DPSS). The DPSS was established to promote effective information sharing and consultation between all municipalities and the development agency. The strategy is based on the participation of the planning unit in an inter-municipal information sharing meeting, that occurs monthly. However, the shortcoming of the DPSS is that it also excludes the Chamber of Commerce from participating in it. The agency has an agri-strategy that was developed to improve efficiency in the Open Farm Projects that the agency is undertaking with the Department of Agriculture. It was hoped that the constant meetings will improve the efficiency of this project.

6. Discussion

The respondents had a slight understanding of social dialogue because the concept was mostly referred to as a 'dialogue'. The consensus among the respondents seemed to be that any dialogue on LED matters qualifies as social dialogue. Nevertheless, the understanding of social dialogue by officials is not necessarily wrong, because social dialogue at local level focuses on a dialogue about LED matters and the roles that each stakeholder has to play. The officials could be said to have a reductionist view of social dialogue: they only saw social dialogue as engagement from different stakeholders. It is important to understand that there is no alignment between the NSDF headed by NEDLAC and social dialogue at local level.

The officials that were interviewed took a similar view as the researcher in conflating social dialogue with participatory governance (mainly focusing on the participatory approach taken and how it incorporates different stakeholders). There is also a growing body of literature

about participatory approaches at local level, and how the approach integrates with governance at local level (van Empel and Werna, 2010). The same was deduced by Werna (2001), who, in an attempt to create a universal definition for governance by looking at a vast amount of literature – noted that governance represents the link between the people or society and the state.

All five stages of social dialogue play by far the most important role when it comes to engagement with communities and all stakeholders. These stages can go a long way in terms of addressing socio-economic conditions and creating responsible citizens who head LED projects. Participants indicated that the stages of social dialogue are very important, and are utilised by stakeholders in iLembe. Participants highlighted that stages such as consultation and information are a part of the government's Batho Pele principles. Participants indicated that information sharing integrates people into a system of participatory governance. Fashoyini (2004) found that a healthy social dialogue allows for the sharing of information to be transparent and increases the level of social dialogue.

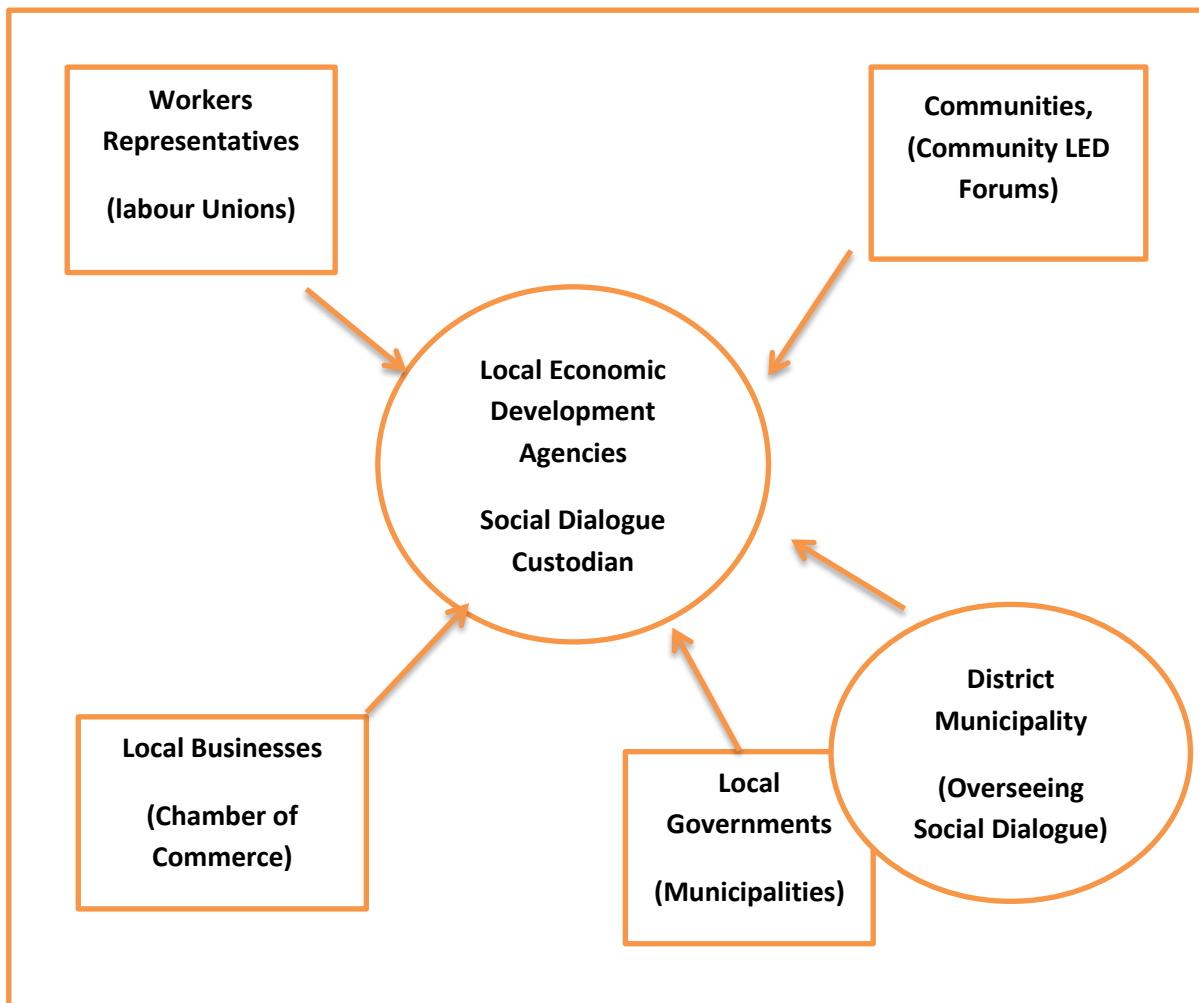
The interviewees highlighted that one common problem inhibiting social dialogue in the iLembe District is the duplication of tasks between local municipalities and the development agency. COGTA (2014) saw development agencies as being vehicles for implementing LED projects in the region, and yet the confusion is that municipalities also have the same view of their role. Nene (2015) had similar findings, stating that tense or uneasy relationships between development agencies and municipalities often develop due to this belief. It was found that the chief problem causing friction between the LEDA and local municipal LED units is not only the confusion of the roles and responsibilities, as noted by previous literature and reports, but also lack of consultation and information sharing between the LEDA and local municipal LED units.

The district has implemented strategies that are enforced to deal with the frictions between the municipalities and the development agency. The respondents indicated that the municipality prioritises the concerns raised by both the development agency and the local municipalities – because they cause delays in the implementation of important projects. One participant highlighted that the Intergovernmental relations office is very influential in addressing the lack of common developmental objectives between local municipalities and the development agency – i.e. both the local municipalities and the development agency have to report to the Economic Development Portfolio Committee about emerging projects in

order to align such developments with all stakeholders. The same was also highlighted by Geyer (2001), who argued that there should be a strategy that enforces a collective vision for all stakeholders.

7. Recommendations

Diagram 2: Structure of Local Social Dialogue



Source: Author

A dialogue on economic development matters should not only be limited to the national level, but has to be encouraged at the local level as well. This further emphasises the point that economic crises can be tackled from a bottom-up approach as a decentralising and empowering mechanism. The importance of a decentralised approach in this regard is that those who are directly or indirectly affected by development decisions have to be involved in

the decision-making and implementation of such decisions. This would signal a move away from the national social dialogue to a local social dialogue that is reflected in Figure 2.

It is recommended that officials involved in LED, planning and public participation, must understand social dialogue and the various ways in which it can aid LED matters. A social dialogue manual can be drawn up to assist officials to be conscious of how they can bring all stakeholders together in the name of LED – and to reduce the duplication of tasks.

Local municipalities should act as co-facilitators of social dialogue and provide the non-financial aspects of LED – such as providing venues for gatherings. The Chamber of Commerce has to be more active in the financial aspect of LED and must be permanent a member of the LED forum. The most important element to realise is that by empowering communities to arrange themselves for local economic development – there is a direct benefit from strengthened institutional arrangements for LED. The case of duplication of tasks between LEDAs and LED units has to be mitigated through coordination, and with each stakeholder knowing its roles and functions. The table below suggests tasks that stakeholders can stick to.

Table 1: Roles of LEDAs vs LED Units

Roles of LEDAS	Roles of LED Units
<ul style="list-style-type: none"> • Implementation of catalytic projects 	<ul style="list-style-type: none"> • Create an environment for businesses through information sharing
<ul style="list-style-type: none"> • Carry out social dialogue in LED matters 	<ul style="list-style-type: none"> • Offer facilities or spaces for social dialogue
<ul style="list-style-type: none"> • Identify economic opportunities 	<ul style="list-style-type: none"> • Work with the LEDA to identify opportunities
<ul style="list-style-type: none"> • Form linkages for private-public partnerships 	<ul style="list-style-type: none"> • Link the Chamber of Commerce with SMMEs
<ul style="list-style-type: none"> • Stakeholder integration 	<ul style="list-style-type: none"> • Offer skills support
<ul style="list-style-type: none"> • Offer expertise to local LED units 	<ul style="list-style-type: none"> • Link small economies to the LEDA

<ul style="list-style-type: none"> • Attract investment and promote economic development 	<ul style="list-style-type: none"> • Focus on improving infrastructure for investment
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Future research can be conducted exploring the different roles that each stakeholder has to play, in order to create true participatory governance, and subsequently improving service delivery.

8. Conclusion

The increasing use of social dialogue in addressing socio-economic matters, particularly in LED, is a good justification for the institutionalisation of social dialogue at local level. Local government, through development agencies, has the core function of integrating all relevant stakeholders (e.g. business community, civil organisations, informal sector) in the name of LED. Only through such a mechanism can the economic potential of local municipalities be tapped into, and this can potentially lead to the creation of inclusive economic growth and social cohesion. There is a greater role that LEDAs can play in addressing the failure of local government-led development. Social dialogue has been presented as such a mechanism that can be used in the process. Importantly, if this can be achieved, social dialogue can play an important role in improving service delivery. The case of Enterprise iLembe, despite the little knowledge on social dialogue, is an encouraging example of the role that LEDAs can play in addressing poverty, unemployment and inequalities.

Given that social dialogue is limited to the national level also inhibits decentralisation because it overlooks the local players. This contradicts what globalisation has driven LED to become, in the midst of growing inequalities. However, all of this could be mitigated through LEDAs, if attention could be paid to what LEDAs can do – instead of what they must do. LEDAs can play an important role in social dialogue – to capture the development trajectory that all social partners at local level have and are executing. LEDAs need attention as possible structures of social dialogue that can bring about inclusive development.

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