



The Role of Social Dialogue in Local Economic Development

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Presentation Overview

- ▶ Introduction and Background
- ▶ Problem Statement
- ▶ Aims and Objectives
- ▶ Literature Review
- ▶ Research Methodology
- ▶ Results
- ▶ Recommendations

Introduction

- ▶ World is seeing growing emphasis of Social Dialogue in socio-economic crisis.
- ▶ Traced to 1980s and most recently the 2008 (financial meltdown).
- ▶ What is Social Dialogue? – dialogue, negotiation, consultation or any exchange of information on issues of common interests relating to socio-economic development (ILO, 2015).
- ▶ Facilitation of social dialogue in democratic SA by public, private and civil organisations has been centered on poverty and inequality under the transformation banner.
- ▶ Signals transformative constitutionalism.
- ▶ Early 2000s changed to emphasis on LED to uplift local territories.

Background...

- How we understand LED in SA
- ▶ LED is a process “by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation” (The World Bank, 2015)



- ▶ Source: SA LED Network (2006)

Problem Statement

- ▶ Recent economic crisis led to more emphasis on LED.
- ▶ Framework for SA's Response to the International Economic Crisis, recognizes that the economic conditions SA faces require an effective collective response (EDD, 2015).
- ▶ However there is little on social dialogue at local level.
- ▶ Requires a shift to understanding that “effective and sustainable local economic development has been associated with the emergence of strong local partners and local community (LEDEC, 2013:4).
- ▶ LEDAs as a participatory structure to foster participation.
- ▶ LEDAs need to carry out LED dialogues/forums, especially in SA with the economic dualities (inequalities) that exist in the country.

Research Aims, Objectives and Questions

- ▶ The aim of this research was to study the role of social dialogue in LED through a case of Enterprise iLembe Development Agency.
- ▶ Overall Objectives
 - ❑ Explore the role of social dialogue in local economic development in Enterprise iLembe.
 - ❑ Identify barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders.
 - ❑ Identify strategies to increase the level of cooperation between Enterprise iLembe and their stakeholders.
- ▶ **Research Questions**
 - ❑ What is the role of social dialogue in local economic development in Enterprise iLembe?
 - ❑ What are the barriers that inhibit social dialogue between Enterprise iLembe and their stakeholders?
 - ❑ What strategies can be identified to increase the level of cooperation between Enterprise iLembe and their stakeholders?

Enterprise iLembe Background

- ▶ Enterprise iLembe- Development Agency for iLembe District Municipalities.
- ▶ Local Municipalities (KwaDukuza, Maphumulo, Mandeni and Ndwedwe) .
- ▶ The philosophy is “built on promoting a participatory process where local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a tool that will help create decent jobs and improve the quality of life for everyone, including the poor and marginalized” (Enterprise iLembe, n,y).
- ▶ The philosophy reinforces the idea that development agencies are economic mechanism of cooperation- carry out social dialogue – forums on LED matters.
- ▶ Canzanelli (2011) LEDAs as social dialogue structures.

Literature Review

- ▶ We have entered the epoch of social dialogue.
- ▶ Acknowledge the “Increasing role of social dialogue in helping countries to address important social and economic challenges, in the era of economic reform and globalization” (Fashoyini, 2004:343).
- ▶ This is affirmed by that communities, municipalities and governments have turned to LED strategies in response to challenges of globalization and drive for decentralization (ILO, 2015).
- ▶ Social Dialogue in SA, is a coordination of government input and contribution to social dialogue on economic development matters and consult with relevant stakeholders, which involves negotiation and consultation with social partners (EDD, 2015).
- ▶ This is because effective LED is associated with strong partnership between different stakeholders-the public and private sectors.
- ▶ Dialogue can integrate stakeholders at the local level.

Lit Review Continued...

- ▶ Schmitter (2002) argued that LED requires responsibility and participation from all social partners.
- ▶ For Onis, “a development state is a state where government is intimately involved in the macro and micro-economic planning in order to grow the economy” (1991:110).
- ▶ structure that would successfully foster a participatory approach to LED
- ▶ In this case, the state acts through development agencies to stimulate the economy.
- ▶ The state as a development actor makes a good link to the theory and the large debate about the development state.
- ▶ The development state theory supports the introduction of development agencies as economic mechanisms of cooperation.

Social Dialogue in SA

- ▶ Department of Economic Development (DED) recently came up with the National Social Dialogue as a response to the hostile economic conditions.
- recognizes that the economic conditions South Africa faces as a result of the international economic crisis require an effective collective response.
- ❑ minimisation of the risk of poor people paying the price for an economic meltdown
- ❑ design activities that will create a conducive environment to strengthen the ailing economy.
- ❑ Improvement of public infrastructure and maintenance of private sector efficiency
- ❑ Social dialogue leads to participatory governance.
- Three important ways that social partners can participate through:
 - ❑ participating in the process of policy formulation.
 - ❑ decision making, be it with regard to government policies.
 - ❑ administering and supervising the implementation of established agreements.

LED and Social Dialogue

- ▶ Understanding social dialogue and LED.
- ▶ LED means more than economic growth. It is about promoting participation and local dialogue about economic development matters (ILO, 2015).
- ▶ Ghana: case study goes to the heart of institutionalising social dialogue with the aim of fostering an integrated LED system.
- social partners can use social dialogue to influence the outcomes of policies.
- formation of independent LED forums in eight regions – national impact which led to:
 - ❑ promotion of local interests through local ownership
 - ❑ the empowerment of local social partners to create an LED approach that is informed by local cultures and values, therefore creating space for the development of public-private dialogue and sustainable partnerships.
 - ❑ access to financial opportunities through engaging with local financial institutions.

Research Methodology

- ▶ Qualitative research was used.
- ▶ Purposive sample was used to limit the number of participants.
- ▶ Sample included officials from Enterprise iLembe, iLembe District Municipality, iLembe Chamber of Commerce, South African Local Government Association.
- ▶ Interviews were conducted with 12 different officials.
- ▶ Data analysis- Thematic analysis.

Results

➤ **Social Dialogue**

- ❑ Narrow understanding of social dialogue.
- ❑ Social dialogue was conflated to participatory governance.
- ❑ No link to the NSDF.

▶ **Utilization of Stages of Social Dialogue**

- ❑ **Information Sharing** – LED Forums, Inter-Municipal Sharing.
- ❑ **Consultation** – Traditional Authorities, chamber of commerce.
- ❑ **Joint decision-making** – With all stakeholders, use Econ. Portfolio.
- ❑ **Joint problem-solving** – By district mun. community less involved.

Results cont....

➤ Inclusive Economy

- ❑ Constant engagement with informal economy.
- ❑ Plans to formalize the informal economy.
- ❑ Open Farm Project to create inclusive economy.
- ❑ Entrepreneurship programme as another project for inclusive economic growth.
- ❑ Social Facilitation office – to facilitate matters between different social partners.

Results cont.....

➤ **Barriers to social dialogue**

- ❑ **LED forums** -not fully inclusive, chamber not represented, informal economy is not as organised.
- ❑ **Confusion of Roles and Responsibilities** – Duplication tasks for LEDAs and LED unit – creates friction between municipalities and the LEDA.
- ❑ **Communication** – Chamber not getting cooperation from municipalities, lack of consultation between diff. stakeholders.

➤ **Strategies- District Municipality**

- District Planning and Support System.
- Central planning structure.
- Planning and Development officials from all stakeholders.

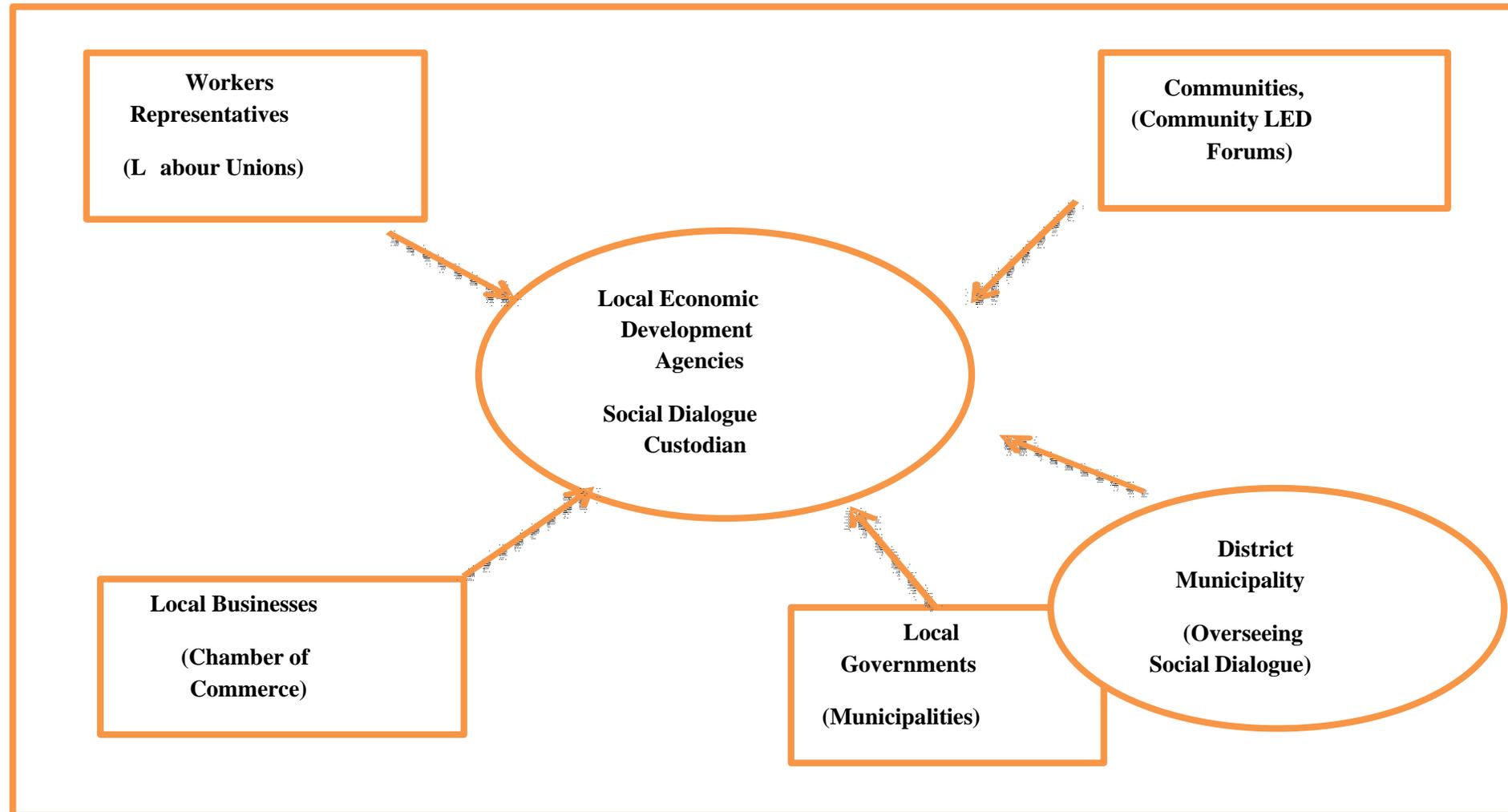
Discussion

- ▶ Limited understanding of social dialogue.
- ▶ Lack of synergy between national plans and local plans.
- ▶ Questions about the decentralisation process.
- ▶ Clear issue of confusion of roles and functions.
- ▶ Consultation and information sharing issues between the LEDA, chamber and parent municipalities.
- ▶ DPSS could assist.
- ▶ Align priorities of LEDAs to those outlined in the NSDF.
- ▶ Clear that different players head social dialogue (e.g. parent municipality in problem solving and LEDA as implementing decisions).

Recommendations

- ▶ Synergy between NSDF and LEDAs.
- ▶ More information sharing (best practices, e.g. Ghana and Nepal)
- ▶ Encourage community LED Forums.
- ▶ Include the informal economy and Chamber of commerce in LED forums.
- ▶ Municipalities to cooperate with private organizations (enlarge social dialogue bodies).
- ▶ Develop a manual that compares and contrasts different roles and functions for LEDAs and local LED units.
- ▶ Encourage more private public partnerships.

Local Social Dialogue Structure



▶ **Thank you!!!**