The Role of Social Dialogue in Local Economic Development

ISAAC KHAMBULE (HSRC & UKZN)
&
DR CECILE GERWEL-PROCHES (UKZN)
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).
- 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...

- Howe 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)

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 dialoguesforums, especially in SA with the economic dualities (inequalities) that exist in the country.
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 Ndwenwe).
- 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.
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 has compares and contrasts different roles and functions for LEDAs and local LED units.
- Encourage more private public partnerships.
Local Social Dialogue Structure

- Workers Representatives (Labour Unions)
- Communities, (Community LED Forums)
- Local Economic Development Agencies
- Social Dialogue Custodian
- Local Businesses (Chamber of Commerce)
- Local Governments (Municipalities)
- District Municipality (Overseeing Social Dialogue)
Thank you!!!