



South African local economic development policy approaches and challenges: Finding a sustainable approach in social innovation

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Background: Increased economic competition globally, makes local economic development (LED) more critical given its contribution to national economies. Local governments (LGs) are central to steering the direction and growth of local economies through their policy approaches. In the last decade, social innovation (SI) has been on the global policy and research agenda as an approach to address economic development challenges. In South Africa's LG context, SI's application as a sustainable approach to LED is however nascent.

Aim: To explore SI as a sustainable approach to implementing LED policy approaches adopted in the LED strategies of South African municipalities.

Setting: Social innovation's application is congruent with LED's embeddedness in partnerships between a municipality and local or other stakeholders. This however appears to be latent in South Africa's LG context and highlights a research gap.

Methods: Using an interpretivist paradigm, a qualitative research approach is applied. A literature review with a predetermined approach was applied to search for relevant research concerning SI and LED to address the research aim.

Results: Local government should play a leadership role in initiating SI's application across different sectors, adopting policies harnessing its application, and cultivating a promotive and enabling institutional culture.

Conclusion: Social innovation's application as a sustainable approach to LED requires an enabling policy framework to yield its benefits.

Contribution: Social innovation's application as a sustainable LED policy approach, is presented as integral to an institutional culture that drives LED across different departments contributing to key deliverables of a municipality's LED strategy.

Keywords: local economic development; pro-poor approach; pro-market approach; local government; social innovation.

Introduction

In the early 1970s, local economic development (LED) evolved as a policy approach by municipalities — in some countries referred to as local or regional government and in South Africa referred to as municipalities (Ababio & Meyer 2012:7; Sekhampu 2010:39). Local economic development's evolution is summarised into three development waves of which some elements of these waves are still prevalent today (Swinburn, Goga & Murphy 2006:1). The first wave (1960s) adopted a pro-market approach, which focussed on pro-market strategies or place marketing to external investors, and national governments (including provincial governments) directed economic development policies (Isaacs 2006:13; Patterson 2008:3; Rodrigues-Pose & Tijnstra 2005:3; Sekhampu 2010:40; Swinburn et al. 2006:2). During the second wave (1980s to mid-1990s), a pro-market approach was maintained that included appealing to investors and its focus was likewise on retaining existing and growing local businesses by targeting certain key sectors within geographical areas (Isaacs 2006:14; Sekhampu 2010:40; Swinburn et al. 2006:2). Similar to the preceding waves, from the 1990s onwards, the third wave still focussed on a pro-market approach but with an emphasis on infrastructure investments, networking between businesses, public-private partnerships (PPPs), creating a conducive climate for businesses to operate, and support for a better quality of life within communities in the global south (Sekhampu 2010:40; Swinburn et al. 2006:3). The global south refers to developing countries and they include BRICS countries (Brazil, Russia, India, China, and South Africa), Africa, Latin America, Middle East, Caribbean

countries, Mexico, and Indonesia (Chen & Boyar 2020). While the first two waves took on a purely top-down approach in terms of stakeholder engagement, the top-down approach in the third wave incorporated using participation and networks to attain LED goals.

Evidence suggests that as part of the South African government's policy response, during the post 1994 period, LED was characterised by pro-market as well as pro-poor approaches. A dual economic system in which both pro-poor and pro-market approaches are simultaneously in operation is predominantly present in metropolitan municipalities (Nel & Rogerson 2016:4; South African Cities Network [SACN], 2019:13). In smaller municipalities, LED strategies are contrastingly dominated by pro-poor interventions with a focus on support for small-, medium-, and micro-enterprises (SMMEs), the informal economy, aspects of tourism (Koma 2012:11; Nel & Rogerson 2015:8). To this extent, a distinct focus on pro-poor LED limited opportunities to collaborate with the business or the private sector on pro-market interventions (Nel & Rogerson 2015:1). The implementation of LED in smaller municipalities is hindered by various challenges. These include limited success of LED projects and programmes beyond their funding term, inadequate LED capacity, and competing ideas concerning LED's conceptualising as well as its objectives and targets regardless of whether a pro-poor, pro-market, or hybrid approach is adopted (Malele 2018:38; SACN 2019:15; Sekhampu 2010: 59–60). These challenges exacerbate the difficulties associated with LED's implementation. It is, therefore, prudent to explore an approach such as social innovation (SI) that could assist with resources, skills, expertise, and capacity to mitigate these challenges.

Social innovation's application is congruent with LED's implementation being embedded in partnerships between a municipality and local or other stakeholders. However, it appears to be latent in the South African local government (LG) context. Hence, this article explores SI as a sustainable approach to implementing LED policy approaches adopted in the LED strategies of South African municipalities. The research question posed by this article is: How could SI be applied as a sustainable approach to LED policy approaches adopted in the LED strategies of South African municipalities? Using a qualitative approach, a literature review that applies a predetermined approach was undertaken to search for relevant research concerning SI and LED. A range of electronic search engines such as the University of the Free State's Library electronic database and Google Scholar was used to collect data. This approach entailed, respectively, applying the concepts of SI and LED in LG as search terms and adapting them as required to identify research for inclusion in a narrative literature review. Through the review of literature such as published research, peer-reviewed journal articles, and government documents, an inductive approach is applied in this article. This approach identifies and discusses: (1) LED policy approaches adopted by South African municipalities, and (2) overarching LED challenges confronting South African

municipalities. Against this background, this article first discusses policy approaches to LED in South African municipalities. Subsequently, overarching LED challenges confronting South African municipalities are discussed. This article concludes by presenting foresight for using SI as a sustainable approach in the LED policy approaches of South African municipalities with consideration of challenges confronting LED's implementation.

Local economic development approaches: A South African local government perspective

With the declaration of LG as a sphere of government by the 1996 Constitution of South Africa (henceforth referred to as the Constitution), it was attributed with the responsibility to advance the economic growth and prosperity of its area. In this regard, Section 152 subsection (c) states that LG should promote social and economic development in localities as an object of LG (Republic of South Africa 1996). After this constitutional requirement, the White Paper on Local Government (1998) introduced the concept of developmental LG for working with local stakeholders for the betterment of the community's social, economic and material needs to increase their standard of living (Cohen 2010:5; Republic of South Africa 1998). An important outcome of developmental LG as proposed in the 1998 White Paper is also the promotion of LED by municipalities (Republic of South Africa 1998). In terms of developmental LG, the LED process thus becomes an inclusive process that brings stakeholders together to work towards findings sustainable long-term solutions to developmental problems in a locality (Sekhampu 2010:42). To this extent, the 1998 White Paper emphasises the municipality's role in creating an environment conducive for the creating employment opportunities (Republic of South Africa 1998; Sekhampu 2010:42).

The promotion of LED before 1994 in South Africa was characterised by a pro-market economic approach centred on the promotion of the formal economy and marginalisation of the township economy, which was exacerbated by suppression of LED in townships (Patterson 2008:4). In response to this pre-1994 policy approach, South Africa adopted an LED policy approach, which was characterised by a dual economic system and was governed by a top-down approach to LED (Sekhampu 2010:42). A dual economic system comprises both the third world or the informal economy and the first world or the formal economy in an economic system, operating side by side (Molefane 2006:22). This means that South Africa's economy comprised sophisticated first-world businesses operating alongside informal sector businesses in most townships. As a result, the introduction of the Reconstruction and Development Programme (RDP) in 1994 was the first policy response to include the plight of the poor in LED and shifted from a solely market approach to include a pro-poor approach in LED (Mahlalela 2014:36; Van der Waldt et al. 2018:157). The focus of the RDP emphasised social development of the marginalised communities, thus taking a pro-poor LED

approach (Mahlalela 2014:36). The South African approach to LED after 1994, thus had both characteristics of a pro-poor as well as a pro-market approach as a policy response.

A pro-poor approach comprises policies that are redistributive and inclusive by explicitly targeting the poor and marginalised. More broadly, these policies seek to achieve their participation, self-reliance, prosperity, collaboration and environmentally sustainable and inclusive development (Molefane 2006:23; Organization for Economic Co-operation and Development [OECD] 2007:11). Inclusive development means the inclusion of marginalised community members and groups, like women, youth, and people with disabilities, indigenous people, and community sectors in social, political and economic processes to increase their standard of living (Van Gent 2017:9). In a pro-poor approach, local stakeholders are expected to jointly cooperate and learn about the possibilities in their territory and take into consideration the comparative advantage of their locality to improve local conditions and LED (Nel & Rogerson 2015:110). The stakeholders in the pro-poor strategies are government (LG, public sector, national and provincial government), communities, civil society (non-governmental and community-based organisations), and the business sector (also referred to as the private sector), (Rodrigues-Pose & Tijmstra 2005:10). Pro-poor strategies should address inequalities through a focus on integrating the poor and the marginalised into mainstream economic activities. This is achieved by supporting SMMEs, cooperatives and marginalised groups (OECD 2007:21). Pro-poor LED approaches and strategies emphasise poverty alleviation programmes, through job creation for the poor, regulatory frameworks targeting the poor and the marginalised with an emphasis on uplifting the poor economically and through stimulation of local economic activities (Molefane 2006:29; OECD 2007:22). Poverty alleviation programmes include among other Community Works Programmes and survivalist programmes, for example, small scale agricultural projects, which often are not sustainable beyond their funding initiatives (Nel & Rogerson 2015:5). Pro-poor LED strategies however depend largely on government or LG playing a key supporting role in the LED activities for the latter's success. A report by Rhodes University and the Human Science Research Council and University of the Free State (2003:12) (Van der Waldt et al. 2018:159) suggests that LED in South Africa tends to have a distinct focus on a pro-poor approach. Accordingly, evidence suggests that LED strategies of smaller South African municipalities have a distinct focus of pro-poor interventions, dominated by support for SMMEs, the informal sector, aspects of tourism and the promotion of agriculture (Koma 2012:11; Nel & Rogerson 2015:8). To this extent, this distinct focus on pro-poor LED has limited collaborative opportunities on pro-market interventions for the business or private sector (Nel & Rogerson 2015:1).

Pro-market LEDs are directed at achieving high and sustained economic growth rates (Molefane 2006:28). The stakeholders in this strategy are the government (national and LG), business sector, and individual entrepreneurs. A pro-market

approach requires of government to create a conducive environment for businesses, supporting and promoting SMMEs and business in general, promoting investment strategies in the locality, supporting tourism, and marketing a location internally and globally (Molefane 2006:28; Nel & Rogerson 2015:6). The intention of a pro-market approach is to allow and facilitate individual self-reliance, entrepreneurship, and support for competitiveness, market growth with the ultimate end being to create and reduce unemployment while maintaining high economic growth rates (Molefane 2006:28). Evidence suggests that larger municipalities in South Africa follow a pro-market approach in which there is clear support for established big businesses, marketing the location, promoting investment strategies, and the provision of infrastructure for development purposes (Nel & Rogerson 2015:9). This is attributed to the ability of these municipalities to form partnerships in pursuit of pro-market interventions while improving their pro-poor interventions (Kamara 2017:100; Koma 2012:11; Nel & Rogerson 2015:12). Moreover, evidence also suggests that in big South African municipal cities, both the pro-poor and pro-market approaches are in operation simultaneously (Nel & Rogerson 2016:4; SACN 2019:13). This is possible through the use of partnerships and resources that these municipalities have been able to promote such as a dual economic system (Nel & Rogerson 2016:4; SACN 2019:13).

A dual system for implementing local economic development

This research considers national LED frameworks within the timeframe until 2018 because the current National Framework for LED in South Africa (2018–2028) is still undergoing implementation the National Framework for LED in South Africa (2013–2018), encourages a mixture of pro-poor and pro-market approaches to LED in South Africa, which can also be referred to as pro-poor growth (Department of Cooperative and Traditional Affairs [COGTA] 2013). This dual approach allows for a conducive environment for businesses to thrive and also support activities and programmes designed to uplift the poor into mainstream economic activities with targeted poverty relief and job creation measures. This is supported by Sekhampu (2010:42) who opines that an LED strategy has to be balanced between job creation, local economic sustainability and strength, and attracting business to invest in the locality, economic growth, and support for social-economic development.

The dual approach to LED emanated from the National Framework for LED in South Africa (2006–2011) (DPLG 2006). Likewise, this dual approach continued in the National Framework for LED in South Africa (2013–2018) (COGTA 2013). With this approach, all levels of the community would have the opportunity to participate in economic decisions affecting the municipal area (Sekhampu 2010:42). The National Framework for LED in South Africa (2006–2011), incorporates elements of both the pro-poor and pro-market approaches in areas of sustainable community projects and partnerships, improving market confidence, exploiting

comparative advantage, promoting enterprise support and business development and improving good governance (Patterson 2008:9). The framework sought to elevate LED by creating a more central position for LED in LG, from being a function to being an approach (Ndabeni & Rogerson 2017:34; Nel & Rogerson 2015:6). The focus of the National Framework for LED in South Africa (2006–2011) was thus on creating a favourable climate for economic development to prosper, with a focus on both approaches (Ndabeni & Rogerson 2017:34). This framework further introduced the notion of monitoring and evaluation in LED for its effective implementation (Ndabeni & Rogerson 2017:35; Nelson 2016:1). The participants in this dual approach to LED are the government and public sector institutions, the private sector (businesses), civil society, and communities.

It can be deduced that both the National Frameworks for LED in South Africa (2006–2011 and 2013–2018) had a balanced approach between pro-poor and pro-market approaches to LED (Ndabeni & Rogerson 2017:34). Both frameworks thus promote public participation at all levels of the community (bottom-up approach) to address economic challenges. This is consistent with using SI, which promotes the building of SI networks, partnership formation, facilitating stakeholder participation, and encouraging social entrepreneurship. Knowledge and skills in the advancement of LED are necessary ingredients during the application of both approaches in LED policies. However, operationalising these frameworks within municipalities is often subject to suiting individual objectives. In this regard, individual councillors could channel resources to their short-term programmes, which are municipally funded, instead of programmes with long-term benefits aimed at improving the entire economy or a sector of the municipal economy.

Local economic development challenges confronting South African municipalities

Local economic development is a constitutional mandate (sections 152 and 153 of the Constitution) that municipalities must pursue (Koma 2012:125; Republic of South Africa 1996). Section 152 subsection 1(c) states that municipalities should promote social and economic development (Republic of South Africa 1996:74). Section 153 subsection (a) stipulates that municipalities should manage and structure their planning processes, budgeting and administration to prioritise promoting economic development for their communities (Republic of South Africa 1996:74). Based on these legislative mandates, LED should be inherent to how municipalities undertake their development agenda. Further to the Constitution, LED in municipalities is guided by legislation such as the *Municipal Systems Act 32 of 2000* (as amended). This legislation provides the guiding framework for prioritising LED through development planning and integrated development planning. In this regard, chapter 5 of *Municipal Systems Act 32 of 2000* prescribes that municipal planning should be developmentally oriented towards

attaining the objects of LG in section 152 of the Constitution (Republic of South Africa 2000:21). Furthermore, the core components of a municipality's integrated development plan should include LED aims in respect of a municipal council's development objectives (Republic of South Africa 2000:22). This requires municipalities to plan for LED through their integrated development planning process, of which community participation is essential and a legislative requirement (Republic of South Africa 1996:74, 2000:23; Van der Waldt et al. 2018:168, 170).

Against the background of these legislative mandate, the implementation of LED has resulted in varying degrees of successes and challenges across predominantly local municipalities in South Africa. Firstly, contemplating whether to adopt a pro-market or pro-poor approach to LED or a combination of the two approaches because of a lack of a uniform central policy (Nel & Rogerson 2015:3; Sekhampu 2010:59). Even at the national government level, individual departments are supporting either one of the two approaches, which consequently occasionally results in conflicting interpretations for its local implementation (Nel & Rogerson 2015:3).

Secondly, defining and conceptualising LED has competing views especially between LED officials and councillors (SACN 2019:15; Sekhampu 2010:60). These competing views result in divergent perspectives concerning LED objectives and targets, which consequently hinders its scope and implementation, whether from a pro-market or pro-poor perspective (SACN 2019:15). Councillors would normally prefer an all-out pro-poor approach with quick results for their constituencies. Such a preference would be in contrast to pro-market approaches that take time to produce results and are normally preferred by officials because of their long-lasting positive effects on the economy. This is further compounded by increasing unemployment and poverty, thus encouraging quick solutions (Molefane 2006:23).

Thirdly, LED is viewed as marginally supported compared with other municipal programmes (Nel & Rogerson 2015:111; Sekhampu 2010:60). This relates to the funding of a municipality's LED mandate, facilitating LED, or driving development and job creation. The funding and staffing of LED is negatively impacted with little or no political support, and is often regarded as an unfunded mandate (Basdeo 2012:57; Kamara 2017:102; Malele 2018:36; Mlambo, Manganyi & Mphurpi 2022:36; SACN 2019:15). Predominantly, LED is understaffed with adverse consequences to its functions and implementation (Malele 2018:36; Nel & Rogerson 2015:3). This is exacerbated by the fact that some staff in LED departments are unskilled and not suitably qualified to drive economic programmes (Nel & Rogerson 2015:3).

Fourthly, the limited success of LED projects and programmes, which weakens the credibility and importance attached to LED by LG. This weakened credibility and importance is occasionally a result of a lack of capacity but has, in turn, spilled over into low levels of staffing and high turnover, particularly

in smaller municipalities (Malele 2018:38). Some of the consequences in this regard that impact the success of implementing LED strategies have been the non-existence of professionalism, non-attraction and retention of competent staff, and the inability of municipal LED practitioners to combine business skills and public sectors skills (Rogerson 2009:61). In some municipalities, this is evidenced by the location of the LED department in other municipal departments and not as a stand-alone economic department that drives LED. This indicates that LED is often not considered a priority sector but rather dominated by other sectors (SACN 2019:30).

Fifthly, capacity related challenges in implementing LED strategies (Malele 2018:38). This refers to the fact that LG is not sufficiently capacitated to initiate and direct economic activities (Malele 2018:38). In this regard, some municipalities lack adequate skilled personnel to carry out an economic analysis of the municipal area to support LED decision-making processes. Economic analysis entails being able to study and analyse the local socio-economic trends, and making forecasts and predictions about the future. This includes population trends, economic trends and forecasting, and characteristics of the local labour force, all of which have implications in the planning of strategies for municipalities. Despite the mentioned challenges, the National Framework for LED in South Africa (2013–2018), puts LED at the forefront of the most important strategies of LG, where LED becomes everybody's problem and solution to community problems.

Foresight for social innovation's use as a sustainable approach in local economic development policy approaches

The implementation of LED strategies, regardless of whether a pro-poor or pro-market policy approach is adopted, is a complex undertaking, particularly when compounded by challenges such as a lack of municipal capacity, human and financial resources, as well as skilled officials. Using SI as an approach to LED could mitigate these challenges because of its grounding in stakeholder participation that could provide the required skills, resources, expertise, and capacity needed to implement LED policies and strategies. Therefore, interaction among actors or stakeholders that is essential to achieve social, economic and other impacts with a broader social context is fundamental to SI's application (Baker & Mehmood 2015; Biggs, Westley & Carpenter 2010; Bock 2016; Neumeier 2017). Thus, for both the LED approaches using SI for its implementation is deemed optimal because it facilitates a bottom-up approach to development while also allowing, participation, entrepreneurship development, and innovative solutions to economic challenges.

Social innovation that has a dual purpose of either being applied as a process or goal to address societal problems entails using or applying new and or innovative approaches (processes, services, products, markets to address such

problems more effectively compared with existing solutions) (Biljohn 2018:58; Galego et al. 2022:256). Thus, SI could be applied as a process that results in collaborations, relations and self-organising among stakeholders to address a societal problem (Biljohn 2018:59; Chalmers 2012:19; Mumford 2002:253). Alternatively, SI could be applied with the specific goal of finding solutions to a societal problem, which makes it goal-oriented (Biljohn 2018:59; Mulgan 2006:146; Pol & Ville 2009:880).

In the light of this, this section provides foresight for using SI during LED pro-poor or pro-market policy approaches of South African municipalities during the implementation of its LED strategies. This foresight is twofold and is captured in respect of: (1) stakeholders that are critical to using SI as a sustainable approach to LED policy approaches and (2) mitigating LED challenges confronting some municipalities through SI as referred to in the previous section.

Stakeholders critical to using social innovation as a sustainable approach to local economic development

Local economic development is considered to be a stakeholder driven process to find tangible ways to uplift communities (Van der Walddt et al. 2018:169). A SI stakeholder is defined as anyone who has in some respects a stake in the success of SI (Cels, De Jong & Nauta 2012:13). Stakeholders who are considered critical to using SI as an approach to LED include the public sector, business sector, NGOs, and communities as discussed in the remainder of this section. With its focus on LED, this article considers municipalities as the first and the primary important public sector stakeholder towards using SI for the purpose of LED. By using SI as the basis for collaboration, municipalities should adopt a strategic approach towards identifying stakeholders with whom they can partner to drive LED and likewise address LED challenges. As a starting point, municipalities should identify specific LED areas with the potential to apply SI. Stakeholders with expertise and specific interest in the identified LED areas should be targeted by a municipality as LED partners. The success of this however will depend on the institutional culture and openness of municipal officials to collaborate with external stakeholders. Such a culture should be nudged institutionally by the adoption of a strategy that will drive LED through SI.

The second stakeholder consists of the business sector, which is important in LED because of the role that it plays in entrepreneurship, business creation, as well as the development and expansion of businesses. The sector aims to address issues of socio-economic challenges within communities by stimulating economic activity, creating jobs, and contributing to alleviating poverty as well as increasing the standard of living of communities (Avis 2016:16; Leshilo & Lethoko 2017:46). The business sector therefore plays a crucial role in generating and funding local as well as regional forums. Furthermore, big businesses create a market for subcontracting by providing such opportunities to small businesses and in

turn contribute to promoting innovation and resilience in smaller businesses as well as the local economy (Dyosi 2016:40). Mostly, the business or the private sector is not included in policymaking on developmental matters, although their role, importance, and participation in LED is somewhat increasing (Rodrigues-Pose & Tijmstra 2005:10). Global and environmental challenges have however obliged businesses to innovatively adapt to resource scarcity in communities that affect their business and forces LGs to consider the business sector as key partners in addressing LED challenges (Wyman 2016:5). Hence, businesses need to innovatively invest in their supply chains, which includes small producers and local communities for their long-term survival thus in turn directly benefiting the local communities (Smyth 2019; Wyman 2016:5).

The business sector is deemed fundamental to the application of SI as an approach to the implementation of either pro-poor or pro-market approaches in LED strategies. In this regard, the following is highlighted concerning their role in LED and how it links to SI. A growing number of companies and businesses are adopting corporate social responsibility (CSR) as their role in LED and giving back to communities (Birchall et al. 2014:3). Apart from this adoption of CSR, allowing these businesses to restore their trust among communities in which they operate, social responsibility is part of SI because, through it, these businesses respond to societal challenges, which could have a social, economic or other impact and outcomes for a specific community (Smyth 2019; Wyman 2016:4). The participation of businesses in SI during LED could allow them to be part of finding solutions to LED challenges in a community and in turn being part of implementing LG's LED goals for a community. In this regard, these businesses play an important role by either directly or indirectly contributing to the programme and project outcomes in a municipality's LED strategy, as well as building and maintaining relationships and partnerships with communities in terms of their needs, preferences and contributing to meeting their LED needs. Moreover, these businesses play a crucial role in job creation through the development of product and service innovations that target underserved and new product and service markets.

The third stakeholder that is NGOs' fall within the domain of civil society organisations. They operate at community levels and do so independently of government, national or international level to serve social or political objectives such as humanitarian causes of relieving hunger or for environmental purposes (Dang 2009:15; Lewis, Kanjani & Themudo 2021:1). The main objective of the NGOs is to assist in meeting people's basic human needs, which may include helping communities to get out of poverty and improve their well-being, similar to that of LED (Dang 2009:16; Nikkhah & Redzuan 2010:86; Pegu 2014:95). Therefore, NGOs are deemed fundamental to SI's use as an approach to the implementation of either pro-poor or pro-market policy approaches in LED strategies. To this extent, the following is highlighted concerning their role in LED and how it links to SI. In LED, NGOs are responsible for sustainable development (environmental protection, social development, economic

development) because of their diverse involvement in local communities (Lewis et al. 2021:1; Nikkhah & Redzuan 2010:85, 86). The NGOs with their aim of supporting sustainable development assist communities to increase their local economic diversity, by promoting self-reliance or self-help of communities through capacity building, local production, local processing and local cooperatives or economic entities (Moyo 2012:32; Nikkhah & Redzuan 2010:86). Through their work, there are various ways in which NGOs go about contributing to local development by funding projects, facilitating projects, engaging in service delivery and capacity building, contributing to awareness, and promoting self-organisation or self-help of various community groups (Moyo 2012:32; Nikkhah & Redzuan 2010:85). To this extent, and through their capacity building role NGOs assist individuals and communities to use their abilities, skills and knowledge to be able to control their lives through empowerment (Nikkhah & Redzuan 2010:86).

Against this background, it can be deduced that the involvement of the NGOs in both LED and SI is deemed important, because of their role in addressing communities' social and economic needs and challenges in a variety of ways. In this regard, the role of NGOs is coherent with using SI to address societal challenges across different sectors. The main role of NGOs is thus to empower and develop communities through addressing communities' social and economic needs and challenges, by ensuring that development is responsive and also complementing and supporting the role of government and entrepreneurs in LED (Dyosi 2016:40). This empowerment and development of communities are inherent in using SI and enable communities to participate in development processes that will satisfy their own needs in the long run (Young Foundation 2012:22). The NGOs offer support, technical expertise and advice and information to ensure that development is sustainable (Dyosi 2016:40). Through the application of SI, NGOs offer such LED technical expertise and advice where it is lacking from a LG perspective during the implementation of LED policy approaches. Therefore, the role of NGOs in LED supplements both the process and goal-oriented nature of SI because they rely on networks, participation, shared knowledge and resources as well as expertise to deliver their product.

Communities, the fourth stakeholder, through their active participation assist the LED process through participation in the planning, implementation, design, execution, and evaluation process of LED programmes and projects (Madzivhandila & Maloka 2014:653; Van Winden 2009:3). Communities offer their skills, and sometimes contribute financial resources, knowledge and human capital during the process of LED (Madzivhandila & Maloka 2014:653). Community participation in LED thus increases project or programme acceptability and ownership between different stakeholders, while participation produces a more equitable distribution of benefits earmarked for development (Kamara 2017:104; Madzivhandila & Maloka 2014:653). Thus community participation in LED allows them to improve

their standard of living by influencing the direction of development projects with a focus on job creation and empowerment (Madzivhandila & Maloka 2014:653). The ultimate role of community participation in LED should therefore be to include all community stakeholders, the poor and the marginalised in local affairs, and to take ownership of local resources through decision-making that contributes to sustainable development (Madzivhandila & Maloka 2014:653; Van der Waldt et al. 2018:158). Community participation in LED thus fosters social cohesion and inclusive participation in LED, which contributes to allowing the most vulnerable and marginalised community members an opportunity to partake in the local economy, as well as access to services and income (Perai 2016:11). This, in turn, fosters inclusive development that all community members could benefit from and contribute to empowerment, social change and economic growth, which is essential for any LED strategy whether from a pro-poor perspective or pro-market LED perspective (Perai 2016:11).

Communities are considered fundamental in the utilisation of SI as a means of implementing either pro-poor or pro-market approaches in LED strategies. The following discussion underscores the significance of these communities in LED and SI. Policymakers and LG can use community participation as a resource for LED by fostering their participation during the co-planning, co-designing, co-delivery, and co-evaluation stages of LED projects and programmes (Boelman et al. 2014:18). Through the application of SI, this participation of communities in the above-mentioned stages empowers them to participate in the analysis of LED challenges, evaluating existing and alternative solutions, as well as creating innovative solutions which are imperative for the goal and process-oriented nature of SI (OECD 2021:48). Through their participation, communities become empowered to engage in future development processes, and their skills and abilities to participate are developed to enhance their meaningful involvement in the economic development issues affecting them (Kamara 2017:106; Moyo 2012:2). Community participation, therefore, introduces divergent and creative alternatives to finding innovative solutions to societal challenges whether social or economic (Boelman et al. 2014:18). Through their participation, communities can contribute to deriving innovative solutions to LED challenges, coordination of local resources towards addressing local challenges, problems and opportunities, as well as participate in designing and assessing alternative innovative arrangements and approaches to LED issues (OECD 2021:48).

Mitigating local economic development challenges through social innovation

Competing views between local economic development officials and councillors regarding pro-poor or pro-market policy approaches

Concerning competing views between LED officials and councillors about whether pro-poor or pro-market policy approaches should be adopted, it must be kept in mind that the municipality's LED should benefit the geographical area

and communities that it governs. An LED strategy should therefore be co-developed and co-implemented by the community, the latter of which includes all the stakeholders in that geographical area. The policy approach that will be adopted in the municipality's LED strategy should likewise be preceded by a consultative process with stakeholders that is underpinned by SI. Therefore, the determination of the policy-approach that will be adopted by the municipality in its LED strategy should equally be undertaken through a comprehensive community participation process to determine, which policy approach (pro-poor or pro-market or a combination of the two) will be able to address the issues on the LED policy agenda. This bottom-up approach to the policy process, and determining the policy approach to adopt, is inherent to the application of SI, and would not be at the sole discretion of either politicians or officials. The participation of stakeholders in determining the selected policy approach or approaches for the municipality's LED strategy aids in attributing this strategy with legitimacy, support and buy-in from stakeholders. Emerging outcomes from their participation could also be to contribute resources required for implementing the LED strategy and becoming partners to its implementation.

Local economic development is marginal to other municipal programmes

Concerning LED being perceived as marginal to other municipal programmes and services (Nel & Rogerson 2015:111; Sekhampu 2010:60), change is required at an institutional culture level. This culture will only change if LED is seen as inherent to the priorities and programmes of all the other service departments of the municipality and not only considered the core business of the LED department. Often LED departments are overburdened with the sole responsibility of implementing the key deliverables of the municipal LED strategy, while other service departments of the municipality can and should also contribute to LED. Therefore, LG must become a leader in using SI across different sectors and departments while addressing service delivery and development challenges. For service departments, it thus becomes essential to ask to which extent they can contribute to LED deliverables through their service priorities. Therefore, these service departments will have to rethink how they engage with the business sector, communities, NGOs, and social entrepreneurs through SI to deliver on their service priorities. More so, consideration should be given to how these engagements culminate in service delivery partnerships that will contribute to the making an impact in terms of LED. This will require adjusting top-down approaches to LED to bottom-up approaches to accommodate and collaborate directly with external stakeholders (business sector, NGOs, communities) to implement pro-poor and or pro-market LED policy approaches.

The limited success of local economic development projects and programmes

The challenge regarding the limited success of LED projects and programmes could be addressed through collaboration with external stakeholders such as the business sector, communities and NGOs. In this regard, where a municipality

does not have the required skills and capacity to drive and implement LED programmes and projects, this responsibility should be allocated to and co-owned by the mentioned stakeholders. For this to happen, however, these stakeholders should have been part of initial discussions where these LED programmes and projects were conceptualised. Thus, through the SI process, such stakeholders should be part of co-planning and co-designing LED programmes and projects, as well as how they will be co-delivered and co-evaluated. Conversely, the nature of their participation in the co-design, co-delivery and co-evaluation of LED programmes and projects should be delineated. In this regard, the nature of their participation could be in respect of skills, expertise, human and or financial resources, as well as their time.

Capacity challenges in implementing local economic development strategies

Pertaining to a lack of personnel to perform an economic analysis in some municipalities, these municipalities will have to look beyond their resources framework to analyse the local socio-economic trends. Stakeholders with the skills and expertise to assist a municipality in this regard should be identified and consulted. However, municipalities should be willing to initiate the call for such assistance, and in turn, be open to receiving assistance from stakeholders in their community. It is worth observing that initiating and accepting assistance should be inherent in an institutional culture that promotes it. Municipalities that are confronted with capacity challenges to implement their LED strategy will have to rethink how they can apply SI to mitigate these challenges. Promoting SI as an approach to LED from an organisational and institutional perspective is deemed prudent. Thus, SI's adoption starts with affected municipalities acknowledging their capacity constraints and adopting an approach of being open to the advice and expertise of external stakeholders regarding their LED strategy and its associated programme and project outcomes. Consequently, these municipalities will have to adapt policy frameworks concerning stakeholder and community participation in the development of their LED strategies as well as implementation of its associated programmes and project outcomes. This adaptation requires adopting a bottom-up approach to applying SI, which should be cultivated from an internal organisational perspective. This requires fostering SI's application institutionally by encouraging the use of SI by officials in developing its LED strategy and programmes and projects associated with its implementation. Although the application of SI should not be limited to the LED team or department, its application as an approach to pro-poor and pro-market policy approaches to LED should become integral to an institutional culture that drives LED across different departments that are expected to contribute to the key deliverables of the municipality's LED strategy.

Conclusion

The article explored SI as a sustainable approach to implementing LED policy approaches adopted in the LED strategies of South African municipalities. This was achieved

by discussing policy approaches to LED in South African municipalities, reflecting on overarching LED challenges confronting them and presenting foresight for using SI in the LED policy approaches of South African municipalities. In this foresight, this article highlighted stakeholders who are critical to using SI as an approach to LED. From this, it is apparent, that although LG drives, its success depends in part on the contribution of these stakeholders given the challenges confronting some municipalities. This article proposed that the mentioned challenges regarding LED can be mitigated through SI's application as an approach to LED. This is regardless of whether a pro-poor, a pro-market approach or a combination of the two is adopted in a municipality's LED strategy.

The research question posed by this article was: How could SI be applied as an approach to LED policy approaches adopted in the LED strategies of South African municipalities? In response to this research question, this article concluded that:

- The policy approach (pro-poor or pro-market or combination of the two) that will be adopted in the municipality's LED strategy, as well as the latter, should be driven by a consultative process with stakeholders. This bottom-up approach to the policy process, and determining the policy approach to adopt, is fundamental to the application of SI and would not be at the sole discretion of either politicians or officials.
- Where a municipality does not have the required skills and capacity to drive and implement LED programmes and projects, this responsibility should be allocated to and co-owned by the mentioned stakeholders. Through SI, these stakeholders should participate in initial discussions where these LED programmes and projects were conceptualised by participating in the co-planning and co-designing of LED programmes and projects, as well as how it will be co-delivered and co-evaluated.
- Municipalities that are confronted with capacity challenges to implement its LED strategy will have to promote SI's application as an approach to LED. Through SI, these municipalities should start by being open to the advice and expertise of external stakeholders regarding their LED strategy and its associated programme and project outcomes.
- By adopting a bottom-up approach to the application of SI, which should be cultivated from an internal organisational perspective, SI's application should be institutionally encouraged in developing a municipality's LED strategy and the programmes and projects associated with its implementation.
- Social innovation's application as an approach to pro-poor and pro-market LED policy approaches should not be limited to the LED team or department, but should become integral to an institutional culture that drives LED across different departments that are expected to contribute to the key deliverables of the municipality's LED strategy.

This article argued that using SI as an approach to LED, will give a municipality's LED strategy and its associated projects and programme outcomes legitimacy because of the participation of external stakeholders during the co-planning, co-designing, co-delivering, and co-evaluation of solutions to LED challenges. However, SI's application as an approach to LED starts with LG playing a leadership role by using SI across different sectors to address service delivery and development challenges, adopting policies that harness its use, and cultivating an institutional culture that promotes its application. In this regard, an enabling policy framework is deemed necessary to tap into the benefits that SI could yield when it is applied as an approach to implement service delivery and LED priorities.

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Competing interests

The authors have declared that no competing interest exists.

Authors' contributions

P.P.C. and M.I.B. contributed equally to this article.

Ethical considerations

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Data availability

Data were collected through the use of secondary data. No breach of copyright of persons or organisations occurred.

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