IMPROVING ECONOMIC DEVELOPMENT THROUGH EFFECTIVE COMMUNICATION STRATEGIES IN NELSON MANDELA BAY

By

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In accordance with Rule G4.6.3, I hereby declare that the above-mentioned treatise/ dissertation/ thesis is my own work and that it has not previously been submitted for assessment to another University or for another qualification.

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ABSTRACT

The purpose of this study is to improve Local Economic Development (LED) through effective communication strategies between Local Government and the Private sector in Nelson Mandela Bay. The study has been carried out by means of a literature and a primary study.

Effective communication is one of the key elements which contribute to the success of Local Economic Development implementation. The communication strategies in Local Economic Development have been discussed and analysed to determine the ineffective methods of communication in Local Economic Development implementation.

The literature indicated that a good communication strategy is determining the most effective method of communicating with ones’ target audience.

The findings of the primary study revealed that the communication strategy between the stakeholders was not fully maximised in improving Local Economic Development implementation. It also revealed secondary factors that contributed to the ineffectiveness of Local Economic Development implementation.

In order to improve the current communication strategies, the researcher recommended that new forms of communication medium between Government and the Private sector could be introduced. Lastly, the secondary factors which contribute to ineffective Local Economic Development implementation were analysed and recommendations were suggested.
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1.1 Background

South Africa’s political transformation in the 1990s aroused world interest for its process of reconciliation and nation-building which took place. One of the focal points in this period of time was the severity of the economic and employment crisis which South Africa had inherited. The racially based inequalities still persist and an array of employment strategies are being investigated and experimented with by the state and private organisations. One which has gained significant attention is that of Local Economic Development (LED) (Nel, 2001: pp 1003-1024).

According to the Governance, Policy, and Research Branch (2006) government has laid some guidelines in order to influence the way government practitioners in all three spheres (namely national, regional and local) understand, approach and implement LED. These guidelines are prepared in the context of the accord of Municipal Integrated Development Plans, Provincial Growth and Development Strategy, and National Spatial Development Perspective.

The central focus of government in implementing LED must be on creating an ideal environment for private sector investment through appropriate public sector investment and by supporting the retention, growth and development of enterprises (Governance, Policy, and Research Branch: 2006).
Effective implementation of LED in the second decade will be a critical contributor to government success in growing the national economy, as well as building a “single and integrated economy that benefits all” (Governance, Policy, and Research Branch: 2006).

Nel (2001) contends that there are many elements that lead to the success or failure of LED. A better understanding of the elements may improve the success of the results of LED, more specifically the understanding of communication strategies.

1.1.1 Purpose of the Research

The purpose of the research is to improve Local Economic Development communication strategies between Local Government and Private sector in Nelson Mandela Bay. In pursuit of this research, the following assumptions are made: (assuming that there are communication strategies in place)

- The current implemented strategies are not effective;
- Improving the communication strategies will result in the successful implementation of LED.

The secondary purpose is to examine other factors that contribute to the ineffectiveness of implementation of LED.

1.1.2 Problem Statement

Improving Local Economic Development through effective communication strategies between Local Government and Private sector in Nelson Mandela Bay
1.1.3 Sub-foci

The following will be regarded as the sub-foci of the research:

- Describe the communication strategy that is currently in place (if there is a communication strategy);
- Where is the communication strategy most effective and least effective in the implementation of LED?
- How can the communication strategy be improved?
- What are the characteristics of communication strategies for LED?
- How does the ineffectiveness of the communication strategy affect LED implementation?
- Identify other factors that contribute to the ineffectiveness of LED results.

1.2 Research Design

This section describes the research methodology to be followed in the research project.

1.2.1 Research Methodology

In conducting the research, the following process will be applied to solve the main problem and the sub-foci.

1.2.1.1 Literature Study

The primary data and the secondary data will be utilised to achieve the objective of the study. A literature review will be conducted to identify the successes and challenges leading to the problem research. Furthermore, the methods that will be used to develop strategies will be gained from the literature study (Collis and Hussey 2003).
1.2.1.2 Empirical Study

A survey will be conducted in order to determine the problem areas. A questionnaire will be developed based on the insight gained from the literature study and it will be used as the measuring instrument in the study (Collis and Hussey 2003).

1.3 Delimitation of the Research

Due to time constraints and the complexity of the research, the research will be delimited to one area to ensure that it is of a manageable size (Collis and Hussey 2003).

1.3.1 Demarcation of the Organisation researched

The scope of the research will cover the NAFCOC organisation.

1.3.2 Geographic Demarcation

The research will be limited to the Port Elizabeth branch in the Eastern Cape which is situated at number 726 Govan Mbeki Avenue, Old ABSA Building, North End.

1.4 Limitations of the Research

The research paper will examine issues that may limit the scope of this research. This research will only evaluate communication as an influential part in the successful implementation of LED.
The primary research conducted will be collected from members of National African Federated Chamber of Commerce (NAFCOC), to represent the population of the research proposal. The rationale of selecting NAFCOC as a sample for this research is discussed in chapter 5.

1.4.1 Ethical Considerations

There are ethical issues that may have implications on how the data are collected and used. The first consideration is that the problem area involves collecting data and conducting research in a political environment, as it looks at government sectors for the purpose of the research. The political arena is a sensitive environment, particularly when it involves information that is shared to the public. It is concerned about public support and consequently their views and perception become critical in government. As a result, when collecting data from a political environment, the NAFCOC members will take heed of the content of the information they divulge in the questionnaire. Therefore the researcher is expected to exercise some discretion in managing the information received from its members (The Nelson Mandela Metropolitan Municipality: 2001).

Secondly, the problem area includes the Nelson Mandela Metropolitan Municipality (NM MMM). The Municipality is concerned about the information that is shared to the public as it is essentially a brand that promotes itself locally and internationally for economic gain. The NM MMM has a marketing strategy in order to attract investors, tourists and industries in its respective areas for the purpose of growing the economy. Therefore the image it portrays as a city is an imperative part of their strategy with regards to public perception in promoting its brand (The Nelson Mandela Metropolitan Municipality: 2001).

The NM MMM needs to manage the information that is disseminated to the public in certain areas. For example, when there is an event that involves the LED department in
local government, the staff members who are present at the event need to manage the reported media content about the event. The media personnel present at the event may not release an article without consent regarding the content they have written about the event. If the appropriate staff member from local government is dissatisfied with the content of the article, (perhaps it contradicts the message intended for the public) he or she may change it at his or her discretion. The release of the article to the public without consent is deemed as unethical behavior (The Nelson Mandela Metropolitan Municipality: 2001).

From the above discussion it is clear that, because of the role government plays in the community and the public as a whole, there are ethical issues involved regarding the contents of data that is to be collected from NAFCOC members.

1.5 Outline of the Chapters

The first chapter of this research report provides an introductory background to the research problem. The research problem and sub-foci are clearly defined in this chapter. The limitations of the research and the assumptions are also discussed in detail. Finally, the terms and definitions are provided to lend clarity and insight to the reader.

In the second chapter, the researcher looks at literature related to LED. The first related literature reviews the concept of LED and its evolution. The second related literature looks at the Policy guidelines for implementing LED in South Africa and gives one insight on the current structure and its challenges; the third part of the literature looks at LED at regional level and local level with regards to their mandates, and lastly, the role of LED in the private sector, paying particular attention to NAFCOC.
The third chapter of the research report provides literature related to the importance of communication. The first related literature looks at the foundation of communication and its role in an organisation. The second related literature focuses on the challenges of communication; the third part discusses the communication strategies, paying particular attention to forms of media and oral communication. Lastly, the researcher provides a review of the role of communication in Government, discussing the South African language policy and the importance of communication in service delivery.

In the fourth chapter, the related literature looks at the models of Communication in LED. The second related literature looks at the communication strategies applied and the challenges related to the communication strategies, specifically in the Nelson Mandela Metropolitan Municipality and the Private sector.

The fifth chapter examines the qualitative research paradigm and discusses the type of research methodology as well as the method of data collection used. It looks at the value in using a questionnaire as a method of collecting data and lastly, how the findings will be determined as reliable and valid (Collis and Roger: 2003).

The last two chapters look at the primary data collected from NAFCOC and its members, and finally, analysed and interpreted by the researcher.

1.6 Terms and Definitions

GDS Growth Development Strategy Maps out the long term strategies and interventions aimed at redressing the existing economic and related challenges focusing at Municipality level (Governance, Policy, and Research Branch: 2006).
**Chapter 1: Introduction, Background and the Problem Statement**

*IDP Integrated Development Plan* The implementation and monitoring report of the GDS (Nelson Mandela Metropolitan Municipality, 2007)

*MEC Member of Executive Committee* The political head of Provincial Departments (The United National Development Programme: 2004).

### 1.7 Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NMB</td>
<td>Nelson Mandela Bay</td>
</tr>
<tr>
<td>NMMM</td>
<td>Nelson Mandela Metropolitan Municipality</td>
</tr>
<tr>
<td>NMM</td>
<td>Nelson Mandela Metropolitan</td>
</tr>
<tr>
<td>NMBMM</td>
<td>Nelson Mandela Bay Metropolitan Municipality</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisations</td>
</tr>
<tr>
<td>COSATU</td>
<td>Congress of South African Trade Union</td>
</tr>
<tr>
<td>NAFCOC</td>
<td>National African Chamber of Commerce</td>
</tr>
<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
</tr>
<tr>
<td>DM</td>
<td>District Municipality</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Developmental Programme</td>
</tr>
<tr>
<td>LEDF</td>
<td>Local Economic Development Fund</td>
</tr>
<tr>
<td>LEDA</td>
<td>Local Economic Development Agency</td>
</tr>
<tr>
<td>Metro</td>
<td>Metropolitan</td>
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<tr>
<td>EC</td>
<td>European Community</td>
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Chapter 1: Introduction, Background and the Problem Statement

CBO Community Based Organisations
SALGA South African Local Government Association
PGDS Provincial Growth Development Strategy
NLPF National Language Policy Framework
MEC Member of Executive Committee
PGDP Provincial Growth Development Plan
DTI Department of Trade and Industry
SETA Sector Education Training Authorities
PERCCI Port Elizabeth Region Chamber of Commerce Industry
ASGISA Accelerated Shared Growth Initiative of South Africa
SMME Small Micro and Medium Enterprise
CEO Chief Executive Officer
SACOB South African Chamber of Business
BEE Black Economic Empowerment
COMSEC Community Self Employment Centre
2.1 Introduction

LED appears to be a phenomenon which needs to be evaluated in terms of its potential to help to address the challenges of poverty and unemployment and simultaneously to encourage growth (Nel: 2001).

2.2 Concept of Local Economic Development

According to Ward (1990), LED has been a defined aspect of local government administration in the northern part of the world for over a century. The enhanced status of the locality in the global economy and the importance of local decision-making and democracy have accelerated the trend of LED phenomenon.

Variously referred by Taylor and Mackenzie, (1992) and Binns (1995) as self-reliance, local coping, endogenous or bottom-up development and LED; the phenomenon defies both rigid definition and stereotyping as to what it precisely involves. An attempt to define LED has, however, been made by Blakely (1994: pxvi) who defines it as; “the process in which local governments or community-based organisations engage to stimulate or maintain business activity and/or employment”. He described that “the principal goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural, and institutional resources”.

Stohr (1990) stated that LED may materialise when local agencies and people seize the initiative and engage in actions which unify communities, business and other relevant authorities in their local area in a joint endeavour to improve their economic and social conditions. It appears that LED is generally cost effective, a community empowering process which has a defined role to play and which can yield tangible benefits for participating communities. There is a clearly defined role for government within this overall context, namely that of facilitating, supporting, part financing and devolving control (Nel: 2001).

According to Taylor and Mackenzie (1992) LED relies more on small scale and community based initiatives, utilizing indigenous skills and seeking primarily to ensure survival, rather than participation in the global economy. LED can be conceptualised as operating at two broad levels, namely:

- The formal: which is characterised by the involvement of the local and higher authority structures and the formal business sectors (Nel: 1999) in and
- The informal: which is usually characterised by action at the level of community-based organisations and the Non-Governmental Organisations; links with spontaneous self-reliance initiatives and the informal sector have been discerned (Wilson, 1996c).

Within this broad context, the role of partnerships between key agencies is clearly important. The reliance of LED initiatives, particularly at community level, on the implementation of projects ensures that there is complementary, between LED and the currently prevailing notion of social capital.

Although a great variety of strategies have been applied around the world, some general approaches can be outlined. Individual selection will depend on whether local authority LED or community-based is being followed. The community-based LED tends to dominate strategies focused on economic and job-creation whereby the support for small enterprises is a common trait. Company establishment is frequently encouraged
by local-authority-based endeavours through the supply side incentives such as tax-related incentives which are common in the USA (Nel: 2001).

Some of the most common formal LED strategies pursued by authorities involve:

- Financial support;
- Land and building development;
- Information and marketing assistance;
- New planning and organisational structures;
- Training and development (Nel: 2001).

LED represents an attempt by local stakeholders, as representatives of their communities, to promote and sustain economic development in spite of recessionary and other global forces. Whilst there appears to be universal agreement that change has occurred, the degree to which it has taken place is open to debate, just as the whole question of whether LED can really serve as a new growth option (Nel: 2001).

2.3 LED in South Africa

The current application of LED by local-level stakeholders in South Africa reflects two different approaches, namely “authority based” and “community based” LED which parallel the phenomena in other countries (Nel: 1999);

- The Authority based application in which local authorities, in consultation with key stakeholders and sometimes with the host community, unilaterally decide on development options for their locality. Judd and Parkinson (1990) contend that this usually focuses on publicity campaigns, marketing and property development. It should be noted that this approach is essentially top-down (i.e it does not imply control from the central state, but rather direct control by a local authority). Alternatively it can encompass a situation in which LED is introduced, facilitated and encouraged in a community by an external agency, from the top.
• Community based or bottom up initiatives which tend to be more common in smaller centres (Nel: 1994a) and which focus on community business and local employment strategies (Stohr: 1990). These generally develop from within a community under the leadership of a local, non governmental organisation or community group (Nel: 1999).

2.3.1 Importance of LED in South Africa

The Governance, Policy, and Research Branch (2006) stated that since 1994, national macro economic policies and strategies have been successful in addressing many of the ills of the SA economy by promoting a degree of macro economic stability not seen in the country for four decades. These advances create opportunities for real increases in expenditure on social services; they reduce the costs and risks for all investors, and therefore lay the foundation for increased investment and growth.

However, the steady rate of economic growth, in real terms, is still far from what is required to effect large scale transformation. The economy has yet to attain its full competitive potential in the global economy. The skills of South Africans are generally inadequate to meet the demands of the new economy that is service and knowledge-driven. The income and skills gap between white and black South Africans remains high and it is exacerbated by the fact that SA is still characterised by two parallel economies (Governance, Policy, and Research Branch: 2006).

The first economy is modern, produces the bulk of the country’s wealth and is well integrated within the global economy. The second economy is characterised by underdevelopment; it contributes approximately 18 to 20 percent to GDP; contains the majority of the population; is to a large extent structurally disconnected from both the first and the global economy and; is incapable of self-generated growth and development (Governance, Policy, and Research Branch: 2006).
The two economies are interdependent. They both require support, facilitation and intervention of a developmental state. These requirements are further aimed at enhancing the competitiveness and global connectedness of the First economy and facilitating the development and integration of the Second economy into the first (Governance, Policy, and Research Branch: 2006).

Policies and actions are, and have been developed by Government to hasten this process. The aim is to establish a common understanding and approach to LED so that all partners (government, business, labour and community) are able to mutually reinforce each other’s efforts in establishing local economies (Governance, Policy, and Research Branch: 2006).

According to the Governance, Policy, and Research Branch (2006), “the State’s role is to assist and to create the conditions for local action to emerge and grow. This strategy is not intended to dictate what should happen in different municipalities but focuses on what the State can do to support local leaders, communities, businesses, NGOs, organised labour and other stakeholders to realise their own objectives”

### 2.3.2 The Key Drivers of LED

There are two key drivers of LED in the context of a developmental state. The first is what national and provincial government do within district and metropolitan areas. The second is what district and metropolitan municipalities together with local role players do to grow the local economy (Governance, Policy, and Research Branch: 2006).

These two drivers can work at odds with each other and lead to ineffective resource and implementation. The more desirable approach and the ingredient for success is when these two drivers act in synergy (Governance, Policy, and Research Branch: 2006).


2.3.3 LED Policy and Practice in South Africa

The political reforms of the early 1990s have brought about fundamental social, political, economic and administrative reforms in the country. One of the key changes have been the enhanced mobilisation of civil society and their popular participation in a range of political and economic negotiating fora (Nel: 1999).

These general changes have permitted an era of previously unimagined freedom for the new local authorities in the country. In true existence municipalities are being challenged to expand their traditional service orientated focus and undergo fundamental restructuring in terms of their operation and nature. According to Savage and Whelan (1996: p 4) Local Government has been expected to play the role of a development facilitator and innovator as opposed to the strictly regularity and service roles it played in the past. Their involvement has been encouraged by policy changes, the positive effects of the forum movement, reduced state control and the self-evident need for local authorities to broaden out their traditional focus in order to address the real needs in their areas of jurisdiction (Nel: 1999).

Craythone (1993) contends that traditionally, local authorities had limited legal rights to intervene in their local economies and economic activities were confined to property development and rating policies. With the democratic era, the accelerating trend in South Africa is for central government to reduce its involvement in local areas and devolve control to local authorities (Savage and Robins: 1990). The 1983 Constitution and the 1983 Promotion of Local Government Act, laid an initial basis for this policy shift in South Africa (Heymans and Totemeyer: 1988). The formation of unified local authorities in 1995 brought about fundamental changes in local authorities, their focus and operation. This is a position enhanced by current policy and constitutional changes in the country and the 1998 Local Government White Paper (RSA 1998). According to the RDP (Reconstruction and Development Programme) White Paper (RSA, 1994), Local Government must take the lead in LED and work with communities and NGOs to effect good governance and development (Nel: 1999).
According to the institution, local authorities are for the first time, recognised as independent governments and not merely as extensions of higher authorities. This enhanced autonomy is backed up by the assignment of new responsibilities, including economic development to local authorities (RSA, 1996b, section 152; Mastenbroek, 1996) and the requirement that they promote social and economic development of the community’ (RSA, 1996b, section 153b). These principles mark a radical change in the traditional role of local authorities and they herald the dawning of an era in which considerable scope exists to apply the principle of authority based LED. “These Constitutional mandates have been clarified in the 1998 Local Government White Paper which seeks to introduce the concept of ‘Development Local Government’ in which LED is seen as playing a key role (RSA, 1998)’.

2.3.3.1 Policy context of LED

Section 153 of the South African Constitution (1996) states that: “A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”.

The White Paper of the Government (1998) reinforces this mandate. It introduces the concept of “developmental local government”, which is defined as: “Local Government committed to working with citizens groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives.” The responsibility for ensuring that local government has the resources and capacity to carry out its mandate lies with the Department of Provincial & Local Government, whose core functions, according to its strategic Plan 2005-2010 (2006), are to:

- “Facilitate and promote co-ordination among National Departments, Provincial Governments and Local Governments; and
- Provide support to provincial and Local Governments in fulfilling their constitutional mandates”.
Whilst the Constitution (1996) places a great responsibility on municipalities to facilitate LED, the schedule in the Constitution that lists the functions of municipalities does not include LED. Many people view LED as an un-funded mandate for municipalities and therefore funding for municipalities to play this role remains an open policy question.

However it is envisaged that municipalities play a connector role in respect of LED whereby they draw on resources locked in a range of different government support instruments into their localities. For example, they can draw on the support of the Sector Education and Training Authorities (SETAs) to address skills and development in their areas.

The idea is not for municipalities to necessarily run programmes themselves but to focus on establishing forums to build partnerships and to network with a range of stakeholders (Governance, Policy, and Research Branch: 2006).

2.4 LED at Regional Level

South Africa’s democratic transformation introduced and facilitated many significant changes in the country’s society and economy. One of the most important changes is the reduced control of the state and the greater freedom from which entrepreneurs and communities have to embark on independent action (Nel: 1999).

Simultaneously, the country is attempting to seize its way back into the global economic arena and is trying to reverse the economic stagnation which prevails in much of the country. New development strategies are being sought, including increased local-level autonomy in economic planning and towards privatisation by government. According to Stohr, (1990) Bennett (1990) and Moloi, (1995) one development strategy that has received considerable attention, from policy makers in South Africa and elsewhere, is
that of Local Economic Development (LED). Nel (1999) stated that the reality that LED is already occurring in many parts of South Africa and the desire of many development planners to encourage it make it a topic worthy of study.

2.4.1 The Role of LED at Provincial level

The PGDS (Provincial Growth and Developmental Strategy) is the key instrument/guideline for implementing LED of provincial government in the Eastern Cape and other provinces; for understanding the needs of the provincial economy and developing the necessary sectoral strategies and interventions. In developing their PDGS the province needs to have constant reference to all the national policies, resources and opportunities within the general framework of the NSDP (National Spatial Development Perspective). Furthermore, PGDSs need to be drawn up with constant reference to the Integrated Development Plan prepared by the Nelson Mandela Municipality, the Districts and other Local Municipalities and Metros. Where the economic component of these is weak, the province must play its part in seeing that this aspect is strengthened, so as to ensure the improved harmony between the NSDP, the PGDS and the IDP (Integrated Development Plan) (Governance, Policy, and Research Branch: 2006).

2.5 LED at Local Level

The issue of the role of the local state as an agent of development and change in an era of global transformation has merited considerable academic attention. Research has viewed the rise in the importance of the local state as a symbol of independent action (Duncan and Goodwin 1982; Grant 1990; Collinge 1992 and Page 1996). According to Duncan and Goodwin, (1982) the local state is seen as the focus of class action, political consciousness and social relations. The emergence of urban of entrepreneurialism as a key local issue and a related focus on demand side management all enhance the role of the local state as an agent of change, control and economic facilitation at the local level (Grant, 1990). The ideal of pursuing growth
maximisation is seen by Anglin (1990) as promoting self interest, forging links between local government and business and using public choice options to increase economic potential.

Collinge’s (1992) overview of 100 years of local government intervention reveals that local states have played an interventionist role for a considerable period of time, fluctuating between phases of growth management and growth promotion. These notions find support in this study, in terms of the long history of local state intervention in the economy in certain South African urban areas in the twentieth century.

2.5.1 The Role of LED at Municipal level

According to the Governance, Policy, and Research Branch (2006) the primary duty of the Nelson Mandela Municipality is to “structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community”. The Municipality must be cognisant of the IDP’s and PGDS’s and be prepared to reciprocally align and adjust them to ensure harmony and that the goals are shared and that resources are used effectively. The Municipal Systems Act, 2000 defines the IDP as a strategic plan that links and co-ordinates the municipality’s sector specific plans, aligns the resources and capacity to the overall development objectives of the Municipality and forms the policy framework on which annual budgets rests. It is a key guiding instrument in economic development for the Municipality and it also provides a platform for community and stakeholder participation in the planning process of the Municipality (Nelson Mandela Metropolitan Municipality: 2007).

The needs of the local economy and its development in the inclusive interests of all citizens must permeate every aspect of the IDP, and not just be regarded as a ‘component’. It is a cross-cutting factor which must inform their general orientation, and
at the same time it’s the most realistic way of uniting the Second Economy with the First (Governance, Policy, and Research Branch: 2006).

The assistance of the policies and instruments provided by National Government and by provinces is a vital factor. However, if all these policies and resources are to be put to the use they are intended; to provide long-term sustainable employment through economic and enterprise creation and development, the municipalities must be capacitated to understand these opportunities fully (Governance, Policy, and Research Branch: 2006).

The Municipality is at the centre of a planning and networking web, ensuring that municipal policies and practices are conducive of a good environment in which businesses, co-operatives and NGOs can thrive and grow (Governance, Policy, and Research Branch: 2006).

2.6 LED in the Private sector

The Private Sector is one of the key stakeholders that contribute to the Local Economic Development Plan for the Municipality, which is referred to as the IDP. The Municipality must consult with business in identifying the needs and priorities of the communities. The Private sector is primarily represented by NAFCOC (National African Federation Chamber of Commerce and Industry) - the largest business associate in the country (www.nafhold.co.za: accessed 2008) with regards to its interests, which is namely a forum that acts as a facilitator between business and Government in economic development (The Nelson Mandela Metropolitan Municipality: 2007).
2.6.1 NAFCOC

NAFCOC has its origins in the early 1940s when black trader organisations began to recognise the need to raise the level of business awareness among their members. This movement led to the formation of NAFCOC in 1964 at a conference held in Orlando, Johannesburg. Currently, NAFCOC is represented in every region in South Africa and it is also the largest business association in the country (www.nafcoc.co.za : accessed 2008).

Today, the forum is geared to meet the economic challenges and opportunities that arise from the new democracy. NAFCOC’s main objective is to promote and encourage the development of business. NAFCOC aims to realise this vision by drawing the majority of South Africans into the economic mainstream and by fostering a spirit of cooperation and unity amongst all business people (www.nafhold.co.za : accessed 2008).

2.6.2 The Role of NAFCOC in LED

The role of NAFCOC is to lead the unification process between black and white businesses. It represents the interests of small, micro and medium-sized enterprises (SMME’s) and black economic empowerment companies (BEE’s) in policy formulation. It contributes to economic transformation by building SMME capacity through business support services, business development and by creating employment opportunities. It is an enabler in meaningful business opportunities for members, by facilitating joint ventures and preferential procurement partnerships with both private and public enterprises. Lastly, it aims to facilitate the growth of the economy by ensuring fast-tracked economic transformation and broad-based empowerment that will result in job creation and poverty alleviation (www.nafcoc.co.za : accessed 2008).
Figure 2.1 Interactions between Government and NAFCOC. This represents the role of Government and the Private Sector in LED and the application of effective communication strategies between the two stakeholders that will lead to improved LED results.

Government facilitate LED by drawing resources locked in a range of different government support instruments into their localities.

LED strategies pursued by government:
- Financial support;
- Land and building development;
- Information and marketing assistance;
- New planning and organisational structures;
- Training and development.

NAFCOC represents the interests of (SMME’s) and black economic empowerment companies (BEE’s) in policy formulation.

It is an enabler in business opportunities for members, by facilitating joint ventures and preferential procurement partnerships with both private and public enterprises.

Source: Developed by the Author, 2008
2.7 SUMMARY

LED is mainly concerned with organised efforts at fostering economic development. These efforts involve multiple role players at various government levels and private enterprise. There is a need for all parties to function as a single unit with a unified understanding of LED principles and objectives. It therefore becomes clear that communication is necessary to ensure successful implementation of LED. The following chapter will discuss effective communication strategies and their challenges.
3.1 Introduction

Baty, Himstreet and William (1987) contend that the most suitable definition for the study of communication in organisations is that communication is a process by which information is exchanged between or among individuals through a common system of symbols, signs, or behaviour. As a process, communication is synonymous with expressing feelings, conversing and speaking, corresponding, writing and exchanging information.

According to Baty et al. (1987) for communication to be effective, it must combine skill in language, knowledge of the business environment and practices, and skill in human relations.

The following chapter will look at the processes of communication, its role in the organisation, as well as the challenges. Furthermore it will discuss the different strategies of communication that can be applied in an organisation, and lastly, the importance of effective communication in government.
3.2 Communication Foundations and Processes

Bovee, Courtland and Thill (2001) stated that the communication process can be described as the steps between a source and a receiver that result in the transference and understanding of meaning. The most basic communication models are made of seven parts: the source, which is where the communication originates. It is initiated by encoding a thought that is affected by writing, speaking, reading, listening and reasoning skills of the communicator (see figure 3.1). The message is the product that emanates from encoding a thought. This may be the speech or written words. The communication channel is the medium through which the message travels. The message can only be received by symbols that must be translated into a form that can be understood by the receiver. This is referred to as decoding of the message. The final element is the feedback loop, which allows the sender to check how successfully the message has been transferred.
3.2.1 The Role of Communication in Business and Organisational Effectiveness

When one communicates effectively, their productivity increases for them self as well as the organisation. Only through effective communication can one anticipate problems, make decisions, coordinate work flow, supervise others, develop relationships, and promote products and services. Effective communication helps you shape the impressions you and the organisation makes on the stakeholders, and it helps you perceive and respond to the needs of these stakeholders (Bovee, Courtland and Thill 2001).
Conversely, ineffective communication can interfere with sound business solutions and can often make problems worse. Without effective communication, people misunderstand each other and misinterpret information. Ideas fail to gain attention, and people and companies falter (Bovee et al. 2001).

Cunningham, Bagraim, Potgieter and Viegde (2007) described communication in the information age as a dynamic commodity and poor systems of delivery result in information imbalances. These imbalances can lead to problems, which may have important consequences, such as those possessing information reaping huge benefits while those without the information do not.

Relationships are a substantial part of structuring, evaluating and understanding messages in interpersonal relationships. Business relationships, or sets of relationships, known as networks, are assumed to evolve because of interpersonal communication, which occurs in a communicative and cognitive process between persons within various structures. Uzzi and Dunlap (2005: 53-60) write that networks have three advantages: they provide private information that is more valuable information than just public information, which is increasingly available with the development of the Internet; they allow a person access to diverse skill sets; and finally, are a source of power.

Organisational communication serves three major purposes: it allows members to coordinate actions, share information and satisfy social needs. No group or organisation can function without effective and adequate communication systems. Orders and policies must be transmitted, and problems and their solutions identified. Employees must clarify directives, provide feedback and communicate their problems, while team members need to share feelings, solve problems and resolve conflicts. Cook and Hunsaker (2001: p. 272) confirm that it is obvious that communication breakdowns can contribute to a host of organisational problems. One way of averting these problems is by developing a communication policy for the organisation that states the principles of facilitating better communication (Cunningham et al. 2007).
3.3 Challenges in Communication

3.3.1 Cross Cultural Communication

In a country such as South Africa, the diversity of cultures imposes a range of hurdles that must be overcome in areas such as organisational communication. Culture determines the distinctive ways in which different populations, societies or smaller groups organise their lives or activities in terms of language, religious beliefs, economic beliefs, social values, physical characteristics and use of nonverbal cues. Cross-cultural communication occurs when a message sent by a member of one culture is received and understood by a member of another culture. Hellriegel (1998: 406-407), Gordon (1999: 209) and Gundling (1999: 28-31) explain that knowing and understanding cultural differences plays a large part in improving the effectiveness of communication.

The various challenges in cross cultural communication:

Language With respect to language, meaning is often lost in translating from one language to another (Cunningham et al. 2007).

Body language According to Gundling (1999: p30) appropriate postures, gestures, eye contact, facial expressions, touching and speaking differ from one culture to another. In most African cultures, it is considered impolite to make eye contact with a superior. Western cultures believe that avoiding eye contact indicates that you have something to hide. In high-context cultures, business transactions are ritualised, and the style in which the rituals are carried out is more important than the words. Consequently, companies that depend on low-context communication technologies to replace content-rich forms of human interaction unknowingly place the members of high-context cultures at a disadvantage.

Personal space Different zones for intimate, personal, social and public space exist in different cultures. Many Western cultures prefer more distant personal and social space, but in Eastern, Latin American and African cultures, people feel quite comfortable moving closer to each other, and even touching each other (Cunningham et al. 2007).
Ethnocentrism This type of thinking advocated that only one culture makes sense, espouses the right values and represents the right and logical way to behave. When two ethnocentric people from different cultures interact, common reactions are anger and sometimes even amusement (Cunningham et al. 2007).

Spinks & Wells (1997: 287-292) contend that cross-cultural communication can be improved only if the existence of cultural differences is accepted, and if communicators and receivers try to view the situation from a perspective of their colleagues. By using the elements of basic interpersonal communication model, adjustments can be made to the encoding and decoding phases, the use of language, nonverbal cues and listening skills.

Communication reinforces and transmits organisational values and norms, and educates all stakeholders to the organisational culture. The artefacts of communication also preserve the history of the organisation. Playing a major role in organisational transformation, communication is the main tool to realise culture change, whether it is informing employees about elements of the change process or presenting a complete overview. Communication, according to Sanchez (2005: p8), is the only organisational process that has the power to inform, educate and bring about the cooperation needed for culture change. It is therefore necessary for those responsible for business communication to have an overarching view of an organisation’s communication modes and patterns and individual diversity so as to develop an appropriate corporate culture, while simultaneously ensuring employees buy into the desired business culture (Cunningham et al. 2007).

3.3.2 Politically Correct Communication

Words are the primary means by which people communicate. In order to be sensitive to others’ feelings, it has become important to address people in the correct way, and this
challenge has resulted in a dearth of new words in our vocabularies. One would not refer to a wheelchair-bound person as handicapped- rather say the person is physically challenged. However, when one eliminates words because they are not politically correct, it reduces options one has for sending messages. Although one must be sensitive about their choice of words, they must be careful not to cleanse their language to the point where clarity of communication is restricted (Cunningham et al. 2007).

### 3.3.3 Technological Advances

During the last two decades South Africa and the rest world have been subjected to an onslaught of electronic communication. The consequences of this technological surge have been to make employees more available and to blur organisational boundaries. The time factor has become almost non-existent, as messages can be communicated almost instantaneously (Cunningham et al. 2007).

Unfortunately, this access and speed have resulted in the demise of some necessary elements in communication. E-mail, for example, does not provide the facility of non-verbal communication that face-to-face meetings do. Emotions and nuances cannot be conveyed and affiliation needs are not addressed. Video conferencing allows people to see each other, but does not provide the answer for those people with a high need for social contact. It has been said that electronic communication is likely to lead to lower job satisfaction, and can be counterproductive if culturally inappropriate technology is used (Cunningham et al. 2007).

### 3.3.4 Globalisation and Workforce Diversity

Business today is crossing national boundaries to compete on a global scale. A large number of South Africans work for multinational employers, and the number of foreign companies that have built plants and started business ventures is increasing. In addition
to this expanding globalisation, a growing percentage of the South African workforce is made up of people with diverse cultural and ethnic backgrounds, a trend that will continue in the years ahead (Bovee et al. 2001).

An increase in globalisation and workforce diversity means that employees must understand the laws, customs, and business practices of many countries and be able to communicate with people who speak other languages (Bovee et al. 2001).

3.4 Communication Strategy

Regardless of the objectives of a project, defining a communication strategy shows attention to planning and understanding the situation. It shows an ability to carry out the work and clarity on the goal (www.idrc.za/user: accessed 2008).

3.4.1 Defining a Communication Strategy

The ability to communicate is essential to the success of any undertaking and an important factor in achieving objectives. Being in the age of knowledge, the key to accessing and harnessing that knowledge lies in the ability to communicate.

When the undertaking is a project that has achieved good results, it becomes imperative to disseminate those results, or else the work will have been in vain. Therefore it is important to determine the most effective form of communicating the results and converting the data into knowledge. Data that is not shared is not very valuable. A successful communication strategy will enhance the value of the project (www.idrc.za/user: accessed 2008).
A communication strategy is determining the most effective method of communicating with your target audience (www.businesswire.com). A good communication strategy allows one to have better control over their work and it emphasises planning.

Questions to consider when preparing a communication strategy:

- What knowledge needs to be known?
- What are the objectives?
- What groups or partners would be interested in this knowledge?
- What are the needs of these partners?
- What communication tools do you want to use for these various target groups?
- What is your timeframe?


Factors that should be incorporated in a communication strategy:

- An analysis of the demographics of the target market
- An inclusion of all demographically diverse individuals in the strategy
- An analysis of the most effective (not convenient) distribution channels to be used given the identified target market
- Language(s) to be used to cater for all individuals
- An analysis of the extent to which different levels of communication are required, taking individuals’ literacy levels into consideration
- The identification of key messages to be communicated
- An overview of the frequency with which these key messages identified will be communicated
- An inclusion of the challenges faced when implementing the strategy
- Measurement of success – information sharing and dissemination is not enough. There needs to be an evaluation of how well individuals have understood the key messages
- An analysis of whether the overall strategy was appropriate to the problem identified or the reason for communication (www.irf.org.za: accessed April 2010).
Once the communication strategy has been defined and communicated, it must be implemented. The best way to ensure that the strategy is developing according to plan is to hold regular meetings to get updates. The suitability of the strategy needs to be continually verified during meetings to ensure that it meets local needs. The same also applies to the tools of communication used (www.idrc.za/user: accessed 2008).

### 3.4.2 Mediums of Communication

There is a range of elements that can be incorporated into a communication strategy and planning that would be effective for communication (String Communication: June 2007).

#### 3.4.2.1 E-Communication

E-communication is appropriate because of its immediacy and cost-effectiveness (String Communication: 2007).

#### 3.4.2.2 The website

For a website to be successful it must have relevant content and its target audience must be aware of it. Management of content is important within the communication strategy. Developing the right links to and from other sources of information will also be critical in drawing traffic (String Communication: 2007).

#### 3.4.2.3 Email newsletters

E-newsletters are becoming a common way of communicating with organisations that have access to the e-mail and Internet. The advantages of this form of communication are that it is cost-effective, quick and cuts out the use of unnecessary paper (String Communication: 2007).
3.4.2.4 Print newsletters

Print newsletters are an effective way of reaching a wide audience and would work to create awareness (String Communication: 2007).

3.4.2.5 Paid Advertising

When taking out a paid advertisement, one must consider the regularity with which it appears, bearing in mind that once off advert placements may not have much impact. Print advertisements are also expensive (String Communication: 2007).

3.4.2.6 Public relations strategy

This involves placing opinion pieces and feature articles on material generated by the activities of the organisation itself. This kind of exposure reinforces the authority of the organisation in the eyes of stakeholders, and raises its profile in the eyes of the general audience (String Communication: 2007).

3.4.2.7 Radio

One of the advantages of radio communication is the large reach of audience that the organisation communicates with (String Communication: 2007).

3.4.2.8 Television

Broadcasting is an expensive form of communication. However, a good video could be produced on the organisation and distributed to interested audience (String Communication: 2007).
3.4.2.9 Internal communication

Poor communication may often be the source of unnecessary dysfunctional network. The development of good functional networks may be strengthened through good communication. One method of achieving this is through the preparation of monthly narrative newsletters that summarise programme progress up till the end of the programme. These could also appear on the website and be helpful in building internal communication (String Communication: 2007).

3.5 Effective Communication Strategies

3.5.1 Choosing the right Communication Media for the Audience

According to Cunningham et al. (2007) organisations can use a variety of media for transmitting messages and the choice of medium that has a direct impact on communication effectiveness on the audience. Media also vary in richness, which denotes the capacity of a medium to:

- Carry large volume data;
- Convey meaning.

Media richness attempts to convey the ability of a medium to change human understanding, overcome different conceptual frames of reference or clarify ambiguous issues in a timely manner.

The choice of communication medium should be determined by the situation and context of the communication. McShane and Von Glinow (2000) state that face-to-face interaction is usually the best method of transmitting emotions and convincing the receiver of the importance of the message. This is because voice intonations and the
use of body language emphasize the message being sent. Feedback from the receiver is also immediate. Written communication is more appropriate for recording and presenting technical details. Although traditionally, this medium has been slow to develop and transmit, the use of electronic media has significantly improved the efficiency of written communication (Cunningham et al. 2007).

### 3.5.1.1 Using Information Technology to Communicate

Information technology in the sphere of communication can be interpreted as computer-mediated communication, such as the Internet, intranets, video conferencing, voice messaging, electronic mail, wireless PDAs, online discussion forums, peer-to-peer (P2P) file sharing, and text messaging. This is because electronic modes of communication, specifically electronic mail (email) have become an indispensable part of business and is revolutionising communication (Cunningham et al. 2007).

When entering the business world, one is expected to know how to use the internet for effective workplace communication. Businesses are using the Internet to make closer connections with organisations and customers all over the world. The Internet has changed the way customers, suppliers, companies and other stakeholders interact. It has also changed the way companies operate internally, by allowing instantaneous, convenient exchanges of ideas and information- anytime and anywhere (Bovee et al. 2001).

E-mail uses computer-generated text to send and receive written information quickly, inexpensively and efficiently from the sender’s computer to the receiver’s. It also offers business the ability to communicate across time zones (Bovee et al. 2001). It is best suited for broad content, non-controversial announcements, instructions, and updates to a focused group of stakeholders. The main advantage is that it is an inexpensive and the main disadvantage is that some people might not have access to such electronic means of communication (www.publicprocurementguides.treasury.gov.cy: accessed April 2010).
3.5.1.2 Oral Communication

The basic purposes for giving a presentation are to inform, to persuade, to motivate, and to entertain. Many public speeches made will be informative, and straightforward statement of the facts will probably be persuasive, based on the organisational and writing skills. It is important that one gears the content and style of a message to the audience’s size, background, attitudes, needs and interests (Bovee et al. 2001). It is best suited for specific targeted messages such as projects and critical issues. The main advantage of oral communication is the ability to reach a large number of audience with focused and targeted messages and the disadvantage is that it can be time-consuming (www.publicprocurementguides.treasury.gov.cy: accessed April 2010).

3.6 The Importance of Effective Communication in Government

The society is faced with changes and challenges. The quality of service to customers by government departments is vital. South Africa has eleven official languages and there are thirty seven government departments, each of which has an information centre that serves internal customers, which is the staff and external customers as the public (Constable, Mabena and Minishi- Mjanja: compiled 2007).

When the South African government realised that most customers were dissatisfied with the services they received from public sectors, it came up with the initiative of “Batho Pele Principles”. Batho Pele is a Sesotho phrase meaning: “putting people first”. Departmental libraries form part of the public sectors that must transform service delivery through the application of the Batho Pele principles. Thus, departmental libraries are expected to provide staff with information that specifically addresses their immediate needs, which may in turn contribute to the development of social well-being and economic stability of the country. The Batho Pele principles commit public sectors to serve all customers effectively and efficiently and the Constitution of the Republic supports this by saying that “everyone has the right of access to information (Section
32) (1) and the right to use his/her language” (Section 30) (Constable, Mabena and Minishi-Mjanja: compiled 2007).

3.6.1 Language Policy

One of the significant changes that took place in South Africa post 1994 included the recognition and elevation of marginalised indigenous languages. The Multilanguage policy adopted in 1994 gave official recognition to eleven languages, and that is why South African Constitution recognizes and guarantees equal status to all eleven languages. In 2003, the South African Cabinet approved the National Language Policy Framework (NLPF), whose aim was to:

- “Promote the equitable use of the eleven languages;
- Facilitate equitable access to government services, knowledge and information;
- Ensure redress for the previously marginalised official indigenous languages;
- Encourage the learning of other official indigenous languages to promote national unity, and linguistic and cultural diversity; and
- Promote good language management for efficient public service administration to meet client expectations and needs” (DAC, 2003a: 13).

Each government department must designate a working language(s) for both intra- and inter-departmental communication. Communication with the public via official correspondence must take place in the language of the citizen’s choice. Official documents of national government departments must be published in all eleven languages where the effective and stable operation of government would require such action. Communication at an international level should be in English or the preferred language of the country concerned (Constable et al. 2007).
3.6.2 The Importance of Communication in Service Delivery

The staff communicate with customers through consultation on matters regarding service delivery. The aim of this is to reduce the chances of receiving complaints from the public. According to Tsenoli (2006) “consultation and participation are the backbone of the country’s legislation”. The most common consultation approach used by information centres is the use of a “suggestion box”, whereby customers write down their problems, concerns and comments regarding the services rendered (Constable et al. 2007).

Government departments are expected to set service standards by informing customers as to when they will receive services, or when services will be delivered to them. For example, information regarding services rendered must be readily available. An intranet, word-of-mouth and notices are used by departments to inform customers and the public about available services (Constable et al. 2007).

Kroukamp (1990: 330) explained that citizens should be given full and accurate information about the public services they are entitled to, especially those who have previously been excluded from the provision of public services. The Promotion of Access to Information Act is perhaps the most tangible proof of the commitment of public services to information creation, dissemination and access (Constable et al. 2007).

3.7 Communication Strategies in Local Government

Many pieces of legislation require that municipalities communicate with its residents and stakeholders and ensure that they participate fully in the affairs of government. There
are various acts that reinforce the municipality’s duty to communicate with its residents by requiring the municipality to:

- Consult with residents and stakeholders in the preparation of their Budgets and IDP’s, and thereby necessitating the introduction of the process of obtaining mandates and giving feedback and formulation of Forums
- Display information on the website

### 3.7.1 Municipality Communication Strategy

To ensure the success of communication, the Nelson Mandela Metropolitan Municipality developed a Communication Policy. It contains strategies formulated for internal and external communication (The Nelson Mandela Metropolitan Municipality: 2001)

#### 3.7.1.1 Purpose

The Policy’s objective is to encourage a culture of community participation in governance and to improve Council’s public image. There are five principles central to the Communication Policy. (The Nelson Mandela Metropolitan Municipality: 2001)

#### 3.7.1.2 Guiding Principles of the Communication Policy

- **Governance** The NMMM is required to govern with the people. Council is to be viewed as a facilitating body rather than a governing body. For this to be achieved, dialogue between Council and citizens through ward communities and collective engagement must be promoted.

- **Participation** Council and citizens must be actively involved in and contribute to the affairs of the Council and the Metropolitan. Through dialogue, citizens and
Council will be able to share expertise, experience and information and contribute to the creation of an interactive local authority.

- *Citizen* The term includes the internal and external public. This policy should enable Council to interact with all role-players in an efficient and effective manner.

*Public image* This is an important factor for successful communication. Image refers to the public perception of Council and may either attract or deter citizen involvement and participation (The Nelson Mandela Metropolitan Municipality: 2001)

### 3.7.1.3 Encouraging a culture of community participation through governance

The concept of governance requires Council to be more transparent and democratic. Effective communication is essential in governance and therefore critical for Council to improve its communication efforts. Consideration must be given to two concepts enabling governance, namely availability of information and accessibility of the organisation, discussed below (The Nelson Mandela Metropolitan Municipality: 2001)

- *Information* To achieve effective community involvement in Council affairs, it is essential that communication is provided with necessary information. The active provision of information to communities and personnel will encourage Council to be accountable for its actions. Increased accountability and willingness to share information encourages participation, allowing for improved understanding and informed decision-making.

- *Accessibility* Communication occurs when parties wish to share information. Its effectiveness is dependent on the level of accessibility that exists between the
parties. It is a critical component as it facilitates interaction and dialogue. The exchange of knowledge and ideas allows for the integration of concepts and thoughts, resulting in informed resolutions.

Council should have easy access to citizens of the Metropolitan and vice versa. To promote and encourage the concept of governance, access to municipal departments and personnel should be facilitated (The Nelson Mandela Metropolitan Municipality: 2001)

3.7.1.4 Improving Council’s Communication

To enable Council to take on its role as a facilitating body, it is essential that Council amends the way in which it operates. As it is imperative that it communicates to citizens and personnel, it’s also important how communication is addressed. Communication may occur at the following two levels.

- **Internal Communication** Internal communication addresses the systems and procedures used to communicate information with personnel and Councillors. An effective organisation depends on informed personnel. Therefore personnel need to be knowledgeable on the functions of the organisation.

- **External Communication** Council needs to identify various forms in which information can be shared with citizens. The different forms of channels already used by Council are media reports, Community news, radio talk shows, Council agendas, pamphlets, billboards and publicity campaigns. However, for Council to encourage participation in governance, concerted efforts need to ensure that relevant information is shared in an efficient and effective manner (The Nelson Mandela Metropolitan Municipality: 2001)
3.8 Summary

From the above discussion it is evident that effective communication plays a significant role in any organisation. However there are challenges in achieving effective communication. Selecting an appropriate communication strategy can be used to overcome these challenges.

The following chapter will discuss the communication models in LED and their impact on Provincial government, Local government as well as the Private sector in LED implementation.
4.1 Introduction

The State’s actions and economic activities converge in one or another municipal area. Its success in supporting economic development will depend on the extent to which the three spheres of government align their development strategies, co-ordinate their actions and achieve integrated development outcomes in these municipal areas. Integrated outcomes are achieved when the development impact in a municipal area is bigger than the sum of the inputs and when social, economic, environmental, financial and institutional sustainability is enhanced (Governance, Policy, and Research Branch: 2006).

The District Municipalities and the Metropolitan Municipalities provide a suitable platform for the coordination of state activity and a framework from which to ensure that locally-based development is being pursued to the benefit of local areas and all of their residents, in a fair and responsible manner, by municipalities and local partnerships (Governance, Policy, and Research Branch: 2006).

This chapter will examine the communication model used in government and the private sector, as well as other contributing factors that have an effect on LED, specifically its successes and failures.
4.2 Consultation for LED

Dwamena-Aboagye (2004) contends that organisations, communities, countries and the world today are changing at a rapid speed. In this complex world, not all things that can be managed and directed single-handedly by an institution. Adapting a stakeholder consultation process is therefore the surest way to elicit information and expertise needed to move communities and organisation forward (Dwamena-Aboagye 2004).

African national and local governments are increasingly recognizing that local economic development, led by local governments in full partnership with the private sector and civil society stakeholders through consultation, provides a real opportunity to reduce poverty and contribute to enhanced growth (United Nations Capital Development Fund Approach, updated 2009).

Local Authorities, which are the closest governance unit to people need to approach LED through a process of collaboration, consultation and communication with the people they serve. By these means, the local authorities will be in a position to address the challenges, issues and opportunities the people face as a community and an organisation in matters that affect everybody’s interest. Essentially local governments working productively in the changing world of local communities, require the commitment of many people from different parts of the community and from different interest groups at different levels (Dwamena-Aboagye 2004).

Furthermore, consultation provides an opportunity for local authorities to assess and identify major differences and disagreements in the area of local policies, programmes and projects. These can be taken into account by local councils in their decision making process (Dwamena-Aboagye 2004).
4.2.1 Defining Consultation in LED

Consultation is a process by which citizens are approached by government in order to gauge their opinion on public services, projects, policies and resource allocation. This usually involves opening dialogue and information sharing. (Dwamena-Aboagye 2004). Once government has embarked on a consultation process, the purpose should be clear and be communicated to individuals being consulted (Sefton E, updated 2009).

Consultation is also described as a wider continuous process of participation of all stakeholders in decision making throughout the formulation and execution of a project, leading to sustainable development for the population in the area. In practice, it is a tool for managing two-way communication between an agency and the local community (Dwamena-Aboagye 2004).

It should be noted that consultation is a central principle in sound planning and decision making. (Dwamena-Aboagye 2004). During consultation the views and information gathered should clearly stipulate how they will feed into the planning process. (Sefton E, updated 2009) It allows government to make informed decisions about issues that affect citizens. The consultation process aims to maximise opportunities for citizens to be informed and to have their concerns taken into account (Dwamena-Aboagye 2004).

Consultation should be understood as a means to achieve certain goals and not as a goal in itself. Its basic importance is to improve decision making and build understanding, by actively involving individuals and organisations with a stake in a policy, project or programme (Dwamena-Aboagye: 2004).
4.2.2 Local Government Consultation Process

Meaningful participation in governance at the grassroots has become a democratic imperative. Committees which are the basic structure of the local government system are expected to ensure meaningful consultation and participation with the people to address issues of local concerns and development. The process of consultation at the community level is expected to be systematic and structured as shown on the cycle of action below (Dwamena-Aboagye: 2004):

Figure 4.1 Unit Committee Cycle of Action

4.2.3 Importance of Consultation

Sen (1999) explained that the issue of stakeholder consultation is a significant one and it has become an integral part of what makes a good society in the contemporary world. It provides political incentives to governments and public agencies to respond positively to the needs and demands of the people. The process of open dialogue that democracy allows and encourages helps the formation of priorities, and this constructive function of democracy can be important for equity and efficiency.

Local government needs to develop agendas in such a manner that it creates avenues for discussions as a regular pattern in eliciting consensus among people. This provides a two-way communication link between a local authority and a community in which a project is about to unfold. Participation as a tool in consultation must be a part of any project cycle and the project should focus on participatory planning and evaluation until termination of the project. The result will be more involvement in community decision-making and more commitment to sustain development (Dwamena-Aboagye: 2004).

4.2.4 Consultation Methods

According to Dwamena-Aboagye (2004) an effective and appropriate consultation needs to commence early in the decision making process. The choice of appropriate consultation methods should be based on input from relevant stakeholders, who will have an understanding of how best to access and involve those citizens interested in a potential decision.

Consultation methods vary according to the goal and outcome intended to be achieved. All of the methods outlined below can be used as part of the consultation process.
However it is important to select methods that respond to and are appropriate for the particular context (Dwamena-Aboagye: 2004).

The different consultation methods include; focus group, community meeting, advisory committee, consultative committee, public forum, on-line forum, network, seminar, discussion paper, workshop, interview, report, campaign, complaint resolution, response to enquiries, public inquiry, conferences and phone-in. (Dwamena-Aboagye: 2004).

4.2.5 Designing Effective Stakeholder Consultations

According to Najma (2003) there are six steps for designing effective stakeholder consultations:

I. clearly starting the objectives, rationale and scope of the consultations;
II. understanding the perspectives and roles of key partners in organising consultations;
III. clearly describing the process by which stakeholders would be selected to participate;
IV. deciding the timing, sequencing, location and nature of the preparatory work required;
V. describing the facilitation, documentation and dialogue process as well as the profile of the facilitator needed;
VI. deciding how to provide feedback to participants and other stakeholders regarding what happened during the consultations as well as the next steps.
4.3 A Consultation Model of Oral Communication in the Provincial Growth Development Programme Strategy

LED is planned and developed across all spheres of Government through oral communication in the form of consultation with its stakeholders. This form of communication is convenient with regards to the context of the situation as it requires the input of all stakeholders (The United National Development Programme: 2004).

The Provincial Government of the Eastern Cape and its social partners formulate the Provincial Growth and Development Programme (PGDP) in line with the national policy framework at socio-economic planning at provincial level. Extensive communication through consultation and input from Provincial Government, public entities, municipalities, business, labour, NGOs and higher education institutions in the planning process provides the PGDP the opportunity for long term co-operation between the provincial social partners around a coherent socio-economic development strategy (The United National Development Programme: 2004).

The PGDP was developed in an interactive and participatory manner by the provincial social partners while drawing on local and international experience. It provides a framework for the development of more realistic and feasible Integrated Development Plans, to guide the planning and development of Provincial Government programmes, and to reinforce provincial priorities and targets that must inform budgeting and fiscal planning for the future (The United National Development Programme: 2004).

The practice of intergovernmental relations between spheres of government within the constitutional dispensation may be described as being in its infancy. The practice of intergovernmental between provinces and local government can be described as being a period prior to infancy. The obligations to monitor, support, regulate and supervise
must find expression in the practice of provincial-local relations through consultation. There may be dimensions to the relations between province and local government (Mettler J, accessed April 2010).

The dimensions may relate to mechanisms and consultation processes that will facilitate the relations between the province and local government as a whole within the province. In this regard, the establishment of MEC/Mayors forum may be a consideration. Furthermore, the participation of provincial organised local government in the provincial legislature is an imperative. The consultation process will serve to mediate any tension that may arise in the exercise of the legislative authority by the two spheres (Mettler J, accessed April 2010).

4.3.1 Constraints in Integration in the PGDP

When Provincial Government developed the first PGDP Strategy in 1996 as an overall framework for socio-economic development in the Eastern Cape, it was not sufficiently informed by an integrated empirical understanding of socio-economic conditions in the Province. However, it did draw on national policy frameworks in highlighting the importance of dealing in its approaches to service delivery and sectoral interventions (The United National Development Programme: 2004).

The PGDP was not sufficiently ‘owned’ by Provincial Government Departments and the social partners. As a result, delivery remained constrained by lack of integration across departments and spheres of government (The United National Development Programme: 2004).

After 1994, Provincial Government faced merging six separate administrations, all with varying levels of administrative and institutional capacity, into a single Provincial
administration. As a result, from 1994 to 2000, the focus was on stabilisation challenged with overspending, maladministration and intractable administrative backlogs (The United National Development Programme: 2004).

The broad goals of the PGDP were not translated into clearly defined programmes that could be translated into departmental plans. Lack of clarity at the level of programmes and projects, which contributed to ineffective communication, was reflected in very limited attention to linking the PGDP to the Provincial budgeting process. No monitoring mechanisms were put in place to allow for reorientation of programmes during the lifespan of the PGDS, and no institutional mechanisms were established to allow for the reorientation of the strategic thrust following the development of new understandings and synergies between Provincial social partners (The United National Development Programme: 2004).

4.3.2 The Challenges in Implementing the PDGP

4.3.2.1 The challenges of Provincial Government transformation

The challenges relate to the need to strengthen and integrate planning for Provincial socio-economic development, while leading a process of decentralisation of service delivery to district and local Municipalities. Provincial Government needs to strengthen policy, planning and oversight roles while delegating powers and functions to Municipalities in a phased manner. This process requires strong programmes to support management, planning and monitoring, and systems capacity in Local Government (The United National Development Programme: 2004).

4.3.2.2 The challenges of Local Government

- "The division of powers and functions between District and Local Municipalities;
- The definition of Provincial service district boundaries in terms of District Municipal boundaries;
• The improvement of programme coordination between these three spheres of Government;
• The establishment of effective participation in development planning and implementation within the local sphere;”

4.3.2.3 The challenges of Business

• “The effective harnessing of public resources in support of a shared strategy for growth and development;
• The identification of economic development priorities within the agricultural, manufacturing and tourism sectors”

Successful implementation of the PGDP demands effective communication and coordinated planning at a number of levels: within departments, between departments, between departments and parastatals, between departments and non-governmental organisations, and between the Provincial Government and the Local Government spheres. Also, effective monitoring and evaluation is required in order to ensure that policy implementation is taking place in line with the objectives and targets of the PGDP (The United National Development Programme: 2004).

Among all the complex tasks facing government, ensuring coordination (whether for policy, planning or implementation purposes) is one of the major challenges of governance. It has sought to meet that challenge by developing political and administrative mechanisms to manage policy making and ensure a degree of coherence in overall governmental action (The United National Development Programme: 2004).
With respect to government wide coordination, several major challenges present themselves to Executive Offices of governments. The first challenge is how the Executive Office can contribute to improving coordination in a context characterised by increasingly complex and interconnected policy goals. The second challenge relates to how it can better understand the contextual factors and tensions that impede coordination. Finally, the third challenge is to develop appropriate administrative mechanisms to help improve policy effectiveness (The United National Development Programme: 2004).

4.3.3 The Government Structure and Planning in the Eastern Cape region

4.3.3.1 Departmental planning
Provision is made for some planning capacity in departments. However, there is a universal agreement that financial resources allocated to this function are almost always inadequate. Where planners exist, there are not enough of them to carry out the planning function effectively and furthermore, most have inadequate or no training in planning. Where there’s a person with the ability to provide planning capability, it is invariably the case that that person is also burdened with other responsibilities. The picture that emerges is one of inadequate planning capacity across all line departments. A major concern is that implementing plans are especially disrupted by incapacity and unsuccessful coordination (The United National Development Programme: 2004).

4.3.3.2 Intergovernmental Planning
Intergovernmental planning concerns planning between the Provincial and Local Government spheres. However, it is weak in terms of its capacity to undertake effective planning with Municipalities, particularly around critical issues such as the Integrated Development Plan (IDP) exercises required of all District and Local Municipalities, and the integration of the IDPs in the PGDP (The United National Development Programme: 2004).
The Intergovernmental Forum, a structure established to promote cooperative governance between the Provincial Government and Municipalities, also has not been functioning effectively (The United National Development Programme: 2004).

### 4.3.3.3 Cabinet Committees and Clusters

The Provincial Government has attempted to mirror some of the planning and coordination mechanisms at the national level. To this end, it has created a system of Cabinet Committees, comprising members of the Executive Office of government, and supported by equivalent technical committees, called clusters (The United National Development Programme: 2004).

There are three main Cabinet Committees that have been established: Governance and Administration; Economic Growth and Infrastructure; Social Needs and Budget, chaired by the MEC (Member of Executive Committee) for Local Government; Economic Growth and Infrastructure-MEC for Economic Affairs; Social Needs-chaired by the MEC for Social Development; and Budget- MEC for Finance (The United National Development Programme: 2004).

The functions of the Cabinet Committees at the Provincial level are similar to their national counterparts, except that in the Provincial case, the focus is on implementation. The rationale for these committees is that they function as an instrument to reduce the workload of the Executive Committee by reaching decisions on issues relating to their sectors. It is difficult to assess the extent to which the committees enhance integrated planning and budgeting by their respective departments, or whether the agenda is invariably dominated by one or two strong and influential MECs (The United National Development Programme: 2004).

The clusters which support the Cabinet Committees are made up of officials from the respective departments that make up the committees. However, there appears to be
anomalies in the respective roles of members of these committees. Whilst the committees and clusters have been created to “promote coordination, integrated planning and budgets by departments”, whether they are actually achieving this in practice is questionable (The United National Development Programme: 2004).

4.4 A Consultation Model of Oral Communication in the Integrated Development Plan Strategy

Section 34 of the Local Government: Municipal Structures Act, 2000 states that, “municipalities must review and implement their Integrated Development Plans”. Consultations are held with the stakeholders to review the IDP with regards to economic development, priorities and the needs of the communities. The stakeholders include Government, organized business and labour, Ward Committees and (Nelson Mandela Bay Municipality Metropolitan) NMBMM management (The Nelson Mandela Metropolitan Municipality, 2007)

4.4.1 Challenges in Implementing the IDP

4.4.1.1 Challenges in Organised Business

- “An ineffective implementation of a monitoring and evaluation system;
- The lack of functional consultation structures with the Municipality and the business community”

(The Nelson Mandela Metropolitan Municipality: 2007)

4.4.1.2 Challenges in Government Departments, Parastatals

- “The need to promote planning, coordination and integration between government departments and the Municipality;
• The lack of joint planning, implementation and monitoring and service delivery between government departments and the Municipality”
(The Nelson Mandela Metropolitan Municipality: 2007)

4.4.1.3 Operational Challenges in the Government Department:
• “Duplication of functions
• Overlapping of functions
• Inappropriate splitting of functions
• Lack of operational integration”
(The Nelson Mandela Metropolitan Municipality: 2007)

4.4.1.4 Ward Committees
• “A lack of meaningful participation and input in the IDP by the Ward Committees.
• There is a lack of effective communication and coordination between the sector departments.”
(The Nelson Mandela Metropolitan Municipality: 2007)

4.5 Strategic Communication in LED

Strategic communication involves the identification and designing of programmes to influence the behaviour of the target audience, to meet development or management objectives (Dwamena-Aboagye: 2004).

Essentially, the goal of strategic communication is to change the behaviour of stakeholders, which would in turn, contribute to the achievement of any given development objective. In reaching a target audience one needs to consider not only communication by mass media but also face-to-face interactions between people and groups. There is a need to use the process of consultation and participation to
communicate with all those who may be affected by the programme (Dwamena-Aboagye: 2004).

4.5.1 Stakeholder Consultation & Strategic Communication in LED

Citizens are aware of their role in the development process and the benefits that must accrue to them. They demand active involvement in designing, implementing and monitoring economic, social and political projects and programmes (Dwamena-Aboagye: 2004).

The responsiveness of local government bodies to citizen needs, including their motivation and capacity, their resources, structures and the communication channels open to them can make it possible for the local leaders to be held accountable. In particular, since service delivery takes place at the local level, it focused on the role of local government (Dwamena-Aboagye: 2004).

Dwamena-Aboagye (2004) contends that local government authorities are the closest unit to the people. Therefore the basic development weapon that must be used to ensure that local economic and social development benefits the poor is the adherence to a stakeholder consultative process, and use of strategic communication approach to development. It is vital in ensuring that people affected by certain developments in their areas make an input into that decision Communication Strategies in the Private Sector.
4.6 Summary

The lack of effective communication strategies applied in LED structures has implications in service delivery. The lack of planning and coordination within the government departments has realised the need to take these elements into account for the execution of quality service delivery in LED.

The literature has provided insight, by demonstrating how communication and other factors, affect LED implementation. The next chapter will discuss the research methodology to be applied in collecting primary data, as well as the type of analysis to be used.
5.1 Introduction

The research topic selected is about ‘Improving Economic Development through effective communication strategies in Nelson Mandela Bay’. It aims to determine whether the communication strategies that are currently in use are effective in achieving successful LED implementation between the Local Government and the Private sector in Nelson Mandela Bay.

The intent of qualitative research is ‘to answer questions about the complex nature of phenomena, often with the purpose of describing and understanding the phenomena from the participants’, point of view’ (Leedy & Omrod, 2001: p 101). The rationale for selecting a qualitative approach in this study is due to the fact that the research is context bound (Collis and Hussey: 2003).

This chapter will examine the type of research methodology to be used, as well as the method of collecting data that will be gathered. Furthermore, it will examine the different variables that have been identified together with the reliability and the validity of the data to be collected (Collis and Hussey: 2003).
5.2 The Unit of Analysis

According to Collis and Hussey, (2003) a unit of analysis is the type of case to which the variables under study and the research problem refer, and about which data are collected and analysed (The unit of analysis must be appropriate to the research project and the research problem identified). The unit of analysis in this case, will be NAFCOC and it must fulfil the following criteria:

- It must be an organisation that represents the private sector and Government in NMM;
- It must be involved in LED regarding the NMM and the private sector;
- Its executive members must reside in the Eastern Cape;
- Its executive members must belong to the NAFCOC NMM branch;
- The executive members must be active members of NAFCOC.

5.3 A Survey Research Methodology

Collis and Hussey (2003: p66) define a survey as “a positivistic methodology whereby a sample of subjects is drawn from a population and studied to make inferences about the population”. When the total population is small, it is normal to collect data about each member of the population. When it is large, it would be time consuming and expensive to collect data about every member, and therefore only a sample of the whole population is used. If the sample is representative, it is possible to use statistical techniques to demonstrate the likelihood that the characteristics of the sample will also be found in the population.

According to Collis and Hussey (2003) In a positivistic methodology such as a survey, there will always be a combination of qualitative and quantitative input in collecting data. The qualitative research methodology allows one to detect patterns of associations from
the results (Alan Bryman, Emma Bell, Business research methods, second edition, p56, 2007)

The qualitative research method is most suitable for explaining the participants’ perceptions. It also allows flexibility in refining the questions during the study. Furthermore it makes it possible to look at the holistic response of the participants (Collis and Hussey: 2003)

Creswell (2003:191) contends that the objective of a qualitative research is to understand a particular social situation, group or interaction. Consequently in this instance it is used to analyze Local Economic Development communication strategies between Local Government and Private sector in Nelson Mandela Bay in order to understand its shortcomings with the view of improving communication.

5.3.1 Sample

The first critical stage of the survey is to select the sample. In the primary study, the executive members of NAFCOC represent the sample for the survey. There are 1200 NAFCOC members in the Nelson Mandela Bay Region who represent the population of the study.

According to Gay and Airasian’s (2003) sampling guidelines, if the population size is more or less 1500, 20 percent of the population should be sampled. However, the authors also suggest that the size of an adequate sample also depends on how homogeneous the population is with respect to the characteristics of research interest. Generally speaking, if the population were heterogeneous, the ‘20 percent’ sample guideline should be applied, whereas if it were homogeneous, it would not be
necessary. Consequently, it is important to ensure that the sample is not biased and is representative of the population from which is it drawn (Collis and Hussey: 2003).

Given the scope of the research study, the sample of the population will be composed of the 18 elected executive members. This research project makes an assumption that the executive members are elected on the premise that they share common (homogeneous) goals and interests as that of the 1200 members.

In this instance, it is reasonable to draw conclusions about the population under study on the basis of the responses protracted from the sample. According to the characteristics of research interest, the sample size is sufficient as a representative of the population (Leedy and Omrod: 2005).

NAFCOC is the biggest business association in the country that primarily but not exclusively represents black economic empowerment companies and small business (www.nafhold.co.za accessed 2008). It acts as a facilitator between the Private sector and the Public sector in matters relating to Local Economic Development. It is therefore a suitable Forum for collecting data with regards to the problem research, namely; Improving Local Economic Development through effective communication strategies between Local Government and Private sector in Nelson Mandela Bay.

Having determined a sample, it is necessary to decide how the questionnaire will be formulated (Collis and Hussey: 2003).
5.3.2 Independent and Dependent Variables

The independent and the dependent variable that the researcher will be collecting data about are identified in the problem statement. The independent variable is the variable that can be manipulated to predict the values of the dependent variable. In this case, the independent variable is ‘the use of effective communication strategies’ and the dependent variable is ‘the successful implementation of LED in the Nelson Mandela Bay region’ (Collis and Hussey: 2003).

5.3.3 Extraneous Variables

Collis and Hussey (2003) contend that an extraneous variable is any variable either than the independent variable which might have an effect on the dependent variable. For instance in this primary research, the study involves an analysis of the relationship between LED and Communication strategies. However, it may be difficult to exclude the effect on LED of other factors such as the economic climate. In considering such factors, the primary data will primarily focus on the specified independent variable.

5.4 Method of Data Collection and Analysis

5.4.1 Method of Data Collection

Collis and Hussey (2003) state that whether following a broadly positivist or phenomenological paradigm, there will always be a combination of quantitative and qualitative inputs in the data generating activities. The balance will depend on the researcher’s analytical requirements and the overall purpose of the research. One of the main advantages of a quantitative approach to data collection is the ease and speed
with which the research can be conducted. However, in a descriptive study, the use of quantitative methods can be unauthentic objectivity to information.

Collis and Hussey (2003) continue to explain that as a result, the richness of the data and its contextual implications may be lost, thus contributing to a narrower interpretation of phenomena. Qualitative data collection may provide a more open and realistic basis for analysis and interpretation. The researcher will use a method that will provide quantitative and qualitative data to gain the advantages both approaches present, which have been discussed above. The text will be methodically converted to numerical variables for quantitative data analysis.

5.4.2 Method of Analysis

The survey questions will be structured in the form of a questionnaire. Questionnaires are associated with both positivistic and phenomenological methodologies. Under a positivistic paradigm, questionnaires can be used for large scale surveys. It suggests that close-ended questions should be used, whereas a phenomenological approach suggests open-ended questions. Open-ended questions do not lend themselves to large-scale surveys (Collis and Hussey: 2003).

Some of the questions of interest are likely to be factual, such as those which inquire about the age and education of the respondent. Thus, factual questions are likely to be close questions since the answers are predetermined alternatives, whereas, open ended questions are likely to seek opinions.

5.4.2.1 The Questionnaire

The aim of conducting the questionnaire is to elicit information that is relevant to the research, from a selected group of participants. The questionnaire will be filled by the
executive members of NAFCOC who reside in the Eastern Cape and represent the Nelson Mandela Bay region. All participants will be asked the same questions under similar conditions.

The respondents will be interviewed telephonically by the researcher. A combination of closed and open-ended questions will be asked in the questionnaire. The open-ended questions will enable the respondent to give their opinions as precisely as possible in their own words, although they can be difficult to analyse. The questionnaire consists of four sections; the first section has closed ended questions and the last three sections consist of open ended questions (Collis and Hussey: 2003).

Leedy (1997) explained that it is important that clear instructions are provided on the questionnaire to ensure that the respondents understand what is required of them. The researcher must be sensitive to the fact that English is a second language for the respondents and it is therefore imperative that the language used is simple and the wording of the questions is straightforward. The length of the questionnaire should not be too long and complicated and the layout should be well structured to ensure that there is flow. Lastly, the content of the questionnaire must relate to the research objective to ensure that the research problem has been addressed.

### 5.5 Reliability

According to Perry (2001) the reliability of the research refers to the extent to which a researcher can be audited. It is concerned with the findings of the research and an aspect of the credibility of the findings. If the research can be repeated and the same results are obtained in both instances, then the research finding is reliable.
Collis and Hussey (2003) explained that under a phenomenological paradigm, the criterion of reliability may be interpreted in a different way. It is not important whether qualitative measures are reliable in a positivistic sense, but whether similar observations and interpretations can be made on different occasions by different observers.

Reliability was ensured by having one individual involved in administering the questionnaire, namely the author. This ensured a consistency in translation of the data and content analysis. Multiple-indicator measures were also used to ensure reliability by asking a number of questions for each category. A single indicator could potentially capture only a portion of the concept in question or be too general and may not reflect the true state of affairs (Bryman A, Bell E, 2007).

5.5.1 Internal Consistency Method

Collis and Hussey (2003) contend that every item is correlated with every other item across the entire sample and the average inter-item correlation is taken as the index of reliability.

The responses to the questions may turn out to be highly reliable, but the results will be worthless if the questions do not measure what is intended to measure; whereby the validity is low. It is important that the questions that are asked correspond with the explanation given by the respondents regarding the purpose of the study; otherwise they may appear to be irrelevant.
5.6 Validity

Collis and Hussey (2003) described validity as the extent to which the research findings accurately represent the situation. For the effect to be valid, it needs to measure what the researcher claims. In this case, the questions that are to be answered by the sample, namely the NAFCOC executive members, must measure the effectiveness of the current communication strategies on LED results.

Collis and Hussey (2003) continue by stating that research errors, such as faulty research error procedures, poor samples and inaccurate measurement can undermine validity. A positivistic paradigm focuses on the precision of measurement and the ability to be able to repeat the experiment reliability; therefore, there is always a danger that validity will be very low. In other words, the measure does not reflect the phenomena the researcher claims to be investigating. A phenomenological paradigm is aimed at capturing the essence of the phenomena and extracting data which is rich in its explanation and analysis. The researcher's aim is to gain full access to the knowledge of those involved in the phenomenon and consequently validity is high under such a paradigm. Validity can be assessed the following ways:

5.6.1 Face Validity

This is a form of validity which involves ensuring that the measures used by the researcher do actually measure what they are supposing to measure (Collis and Hussey 2003).
5.6.2 Construct Validity

This relates to the problem that there are number of phenomena which are not directly observable, such as motivation, ambition and anxiety. These are known as hypothetical constructs, which are assumed to exist as factors which explain observable phenomena (Collis and Hussey 2003).

5.6.3 External Validity

According to Perry (2001) external validity is concerned with the generalisability of research findings beyond the scope of the cases to the general population. Vogt (1993) described generalisability as the extent to which you can come to conclusions about a population based on information about a sample.

Validity was ensured by following the questions as they were presented. They were consistent, simple and clear. The questionnaire was administered telephonically by the individual conducting the research study. This ensured that the questioned measured what was intended to be measured (Collis and Hussey 2003).

5.7 Summary

The purpose of this chapter was to discuss the research methodology. The method of collecting data was analysed, the population and the sample of the population was identified using a predetermined selection criteria. A combination of open-ended and closed-ended questions is used in collecting the data.
The following chapter documents the findings as well as the results of the study. The contents of the questionnaire will be analysed and the text will be converted to numerical variables for quantitative data analysis (Collis and Hussey 2003).
Results and Discussions

Chapter 6

6.1 Introduction

This chapter will discuss the research findings of the data which were collected in the form of a questionnaire (see appendix A for the sample of the questionnaire used). The survey was conducted from the 4th of September until the 28th of October 2008. The population included NAFCOC members in the NMB region. The sample drawn from the population was the NAFCOC executive members. The sample consisted of 18 executive members and from the sample, 13 executive members responded to the questionnaire. The five members who did not respond were not available during the period the survey was being conducted. Consequently, 72 percent of the respondents responded to the questionnaire, which makes the sample representative of the population.

By analysing the qualitative data, the researcher will quantify the findings through informal methods. A form of scaling will be used by labelling certain data, as well as counting frequencies to determine whether an action normally occurs (Collis and Hussey 2003).

Apart from the findings from the questionnaire, the researcher has included the NAFCOC structure in the document (sourced from www.nafhold.co.za: 2008) which was considered to be relevant information as it provides the reader insight on the formation of NAFCOC.
6.2 NAFCOC Structure

NAFCOC has 156000 members nationally. It is concentrated in merchandising, building, transport, agricultural, services, manufacturing industries, and the informal sector of the economy. It consists of nine Provincial Chambers and has 218 branches nationally. (www.nafhold.co.za: accessed 2008).

According to the President of NAFCOC Nelson Mandela Bay (NMB) (2008), the association consists of 1200 members in the NMB region. He explained that the Forum represents seven regions in Nelson Mandela Bay namely; Port Elizabeth, Despatch, Uitenhage, Coega Industrial Development Zone, Motherwell, Seaview and Van Stadens. Each region has its own Chairperson.

There are six sectoral affiliates, which are the following:

- SALTA - Taverns
- ACHIB - Informal sector
- NAFTU - Transport
- NAFU - Agriculture
- NIC - Manufacturing

6.3 Executive Members’ Profile

The first section from the questionnaire (1.2) of the responses is summarised in table 6.1. The details of the findings are discussed below. This section provides details on the members’ backgrounds regarding age, education and profession in order to place the executive members into context. This enables the researcher to gain insight which will be useful, in the event of making recommendations regarding the primary research study.
Table 6.1: A summary of the profile of the executive members of NAFCOC. Sample size, $n = 13$

<table>
<thead>
<tr>
<th><strong>CATEGORIES</strong></th>
<th><strong>RESULTS</strong></th>
<th><strong>PERCENTAGE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGE</strong></td>
<td><strong>ADULTS:</strong></td>
<td><strong>100</strong></td>
</tr>
<tr>
<td><strong>GENDER</strong></td>
<td><strong>MALE:</strong></td>
<td><strong>90</strong></td>
</tr>
<tr>
<td></td>
<td><strong>FEMALE:</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>RACE</strong></td>
<td><strong>BLACK:</strong></td>
<td><strong>85</strong></td>
</tr>
<tr>
<td></td>
<td><strong>COLOURED:</strong></td>
<td><strong>15</strong></td>
</tr>
<tr>
<td><strong>LEVEL OF EDUCATION</strong></td>
<td><strong>HIGH SCHOOL:</strong></td>
<td><strong>30</strong></td>
</tr>
<tr>
<td></td>
<td><strong>TERTIARY EDUCATION:</strong></td>
<td><strong>70</strong></td>
</tr>
<tr>
<td><strong>OCCUPATION</strong></td>
<td><strong>SELF EMPLOYED:</strong></td>
<td><strong>70</strong></td>
</tr>
<tr>
<td></td>
<td><strong>EMPLOYED:</strong></td>
<td><strong>30</strong></td>
</tr>
<tr>
<td><strong>PERIOD OF MEMBERSHIP</strong></td>
<td><strong>LESS THAN 5 YEARS:</strong></td>
<td><strong>40</strong></td>
</tr>
<tr>
<td></td>
<td><strong>MORE THAN 5 YEARS:</strong></td>
<td><strong>60</strong></td>
</tr>
<tr>
<td><strong>MEMBERS IN OTHER ASSOCIATIONS</strong></td>
<td><strong>OTHER</strong></td>
<td><strong>77</strong></td>
</tr>
<tr>
<td></td>
<td><strong>NAFCOC ONLY</strong></td>
<td><strong>23</strong></td>
</tr>
</tbody>
</table>

Source: Analysis from the questionnaire, October 2008

### 6.3.1 Age

The results revealed that 90 percent of the executive members were over 34 years of age. According to the South African definition, youth includes individuals between the ages of 14 and 34 years; a definition adopted by NAFCOC. Therefore, the results
signified that the executive board was mostly represented by an older group of individuals.

### 6.3.2 Gender

The results indicated that 90 percent of the respondents were male and only 10 percent were female. This signified the dominance of males in the executive board. It is questionable whether the needs of the females are adequately represented.

**Graph 6.1: Analysis of Gender**

![Bar Graph showing gender distribution](attachment:image.png)

Source: Results obtained from analysis of the questionnaire Section 1.2

### 6.3.3 Race

Eighty five percent of the executive members were black, 15 percent were coloured and there were no white executive members. According to the respondents, the reason
NAFCOC was predominantly black and did not have white executive members, stemmed from its history. When the Association was founded in 1947 under the apartheid regime, its objective was to exclusively promote black business (www.nafhold.co.za: accessed 2008).

However, since the apartheid period, (although its objective is still to promote black business) according to the President (2008), NAFCOC has extended itself in order for its objectives to become relevant to today’s circumstances. The General Secretary (2008) stated that there was a similar Association to NAFCOC in the Eastern Cape region known as PERCCI, which was originally open to white individuals. He further explained that today, the organisation had Black members of which some were also members of NAFCOC (as it caters for all business people). The shift NAFCOC has made in including white individuals has been steady, particularly because of NAFCOC’s primary objectives.

The members explained that the two organisations collaborate and work on the same Economic Development projects from time to time. The NAFCOC President stated that NAFCOC and PERCCI may even become a single Association in the future, but at present, their primary objectives were not all similar. NAFCOC was more focused on transformation by promoting Black Economic Empowerment in order to balance the injustice that was created by apartheid, while PERCCI was more focused on Economic Growth.
6.3.4 Education

The results of the level of education amongst the executive members indicated that 70 percent had a tertiary education and 30 percent had a high school education. Seventy percent of the respondents who had a tertiary education comprised of the following in the survey; 14 percent of the members had post graduate qualifications, 7 percent had a law degree, 14 percent had science degrees and another 7 percent had a Bachelor of Commerce degree. The remainder of the respondents had various certificates and diplomas. This signified the calibre of members regarding their level of education.
6.3.5 Occupation

Seventy percent of the executive members were self employed and only 30 percent were not. It is through entrepreneurship that job opportunities are generated and it is also one of the effective means of contributing to unemployment reduction. NAFCOC is an organisation that promotes self employment, specifically for SMMEs; within the Association as well as in the community, which could also explain the reason most of the members are self employed. According to the respondents, NAFCOC created opportunities for SMMEs by providing access to business opportunities, funding, as well as connecting them with the government sector in their related interests. The 30 percent who were employed were all in senior positions in their related fields.


Graph 6.4. Occupation

**6.3.6 Period of Membership**

The results indicated that 60 percent of the executive members had been members of the Association for more than five years and 40 percent of them had been members for less than five years. The results signified that there was a relatively low membership turnover in the Association.

Graph 6.5 Period of Membership
6.4 Representation

6.4.1 The Role of NAFCOC in NMB

Question 1 of section 1.3 in the questionnaire was designed to assess the executive members understanding of NAFCOC’s role in NMB. The following findings discuss the executive members’ response.

Fifty percent of the executive members described NAFCOC as a sector based chamber which focused on small, medium and micro-enterprise. Their role was to support these sectors. However, members who wanted to be part of the mainstream of the business sector were also encouraged to do so and received support and assistance from NAFCOC.

Furthermore, the Treasurer General (2008) stated that the Association brought exposure of business opportunities to individuals. It provided a platform to network with business people who shared mutual interests.

Twenty percent of the members described NAFCOC’s role as an Association which promoted the empowerment of black business people. It provided access to skills, training and education for SMMEs. The Treasurer General (2008) further explained that as part of the educational process, NAFCOC’s role was to assist members on how to fill tender documents, as it was part of their role to influence government on how tender application forms should read. This ensured that filling in a tender application became a painless process for small business persons, who only had limited education or high school education.
The Director of the Youth Chamber (2008) explained that NAFCOC interacted with government to influence policies in the interest of SMMEs. Furthermore, they ensured that SMMEs reaped the benefits provided by Government in facilitating the development of SMMEs.

Forty percent of the executive members explained that it facilitated partnerships for business people seeking suitable business partners, particularly white companies exploring black partners who would match their business requirements. The First Vice President (2008) stated that the Association acted as a lobbyist in facilitating and promoting black business development in the Eastern Cape region.

Twenty percent of the respondents explained that beyond the above mentioned roles, NAFCOC was a platform for young people to obtain relevant information, access to business opportunities and employment.

From the findings there was not a single score that was 100 percent. This indicated that the executive members’ understanding of NAFCOC’s role was limited within the scope of their functions and not in its total complexity.

6.4.2 Roles and responsibilities of executive members

Question 2 in section 1.3 of the questionnaire was designed to assess the positions and job functions of the executive members in order to identify the key people responsible for dissemination of information and to assess job duplications.
The President of NAFCOC (2008) explained that the executive board of NAFCOC consisted of 18 members; eight Regional office bearers, seven Heads of Sectors and three Executive members who did not hold a specific portfolio.

### 6.4.2.1 Regional Office Bearers:

The following information on the roles and responsibilities of the executive members was provided by the members who were interviewed according to their own portfolio. The President (2008) described the roles of the members who were not available during the period the researcher was conducting the survey.

- **President**: The President’s primary responsibility is to provide leadership. He is there to ensure that the structures are in place and that there is unity within the association. Secondly, to protect the associations’ reputation and credibility and lastly, to promote its’ image.

- **Deputy President**: The member’s responsibilities are in line with promoting Small, Medium and Micro-enterprise (SMMEs). In addition, to interact with all the sectors, as well as the Municipality and its services.

- **First Vice President**: The member assists the President with regards to projects the President is involved in, in NMB as well as the Sector Heads in their portfolios.

- **Second Vice President**: He provides support to the President as well as the First Vice President in functions relating to their portfolios and the Forum as a whole.

- **Secretary General**: The member is the Custodian of policies of the organisation. He is responsible for the communication strategy of the Association. He ensures that the Association and its members abide to the policies. He is also responsible in ensuring that the administration of the organisation runs smoothly. He assumes these responsibilities on a local and a provincial level, as he represents NMB and the Eastern Cape.
• **Deputy Secretary General**: The member assists the Secretary General in matters regarding to policies and is a support system of the administration by ensuring that it functions effectively.

• **Treasurer General**: The member is responsible for the management of funds on behalf of the Association. His roles include fund raising for events and for the organisation to run operationally, as it is a non profit organisation. Members pay an annual fee for its functioning purposes. He further explained that he also gets involved in LED events such as Expeditions, where members display their services with sister organisations such as the Port Elizabeth Regional of Commerce and Industry (PERCCI). PERCCI used to be the old white Chamber of Commerce during the apartheid regime, and has since, become a non racial Association. (NAFCOC Executive members: September- October 2008)

6.4.2.2 **Head of Sectors:**

• **Director of Youth Chamber**: The member is responsible for organising business opportunities on behalf of the youth between the ages of 15 years and 34 years. He alluded to the fact that they are guided by the South African definition of youth in the ages that they allocated that fall under this group. He is also responsible for assisting the youth in seeking employment. The sector has a recruitment desk that facilitates on their behalf. Furthermore, he is also responsible for the provision of skills for matriculants and other youth who want to start their own business. He explained that the sector assists with the fund- raising for the initiatives through sponsorships.

• **Director of Sectors**: The member is responsible for sectoral affiliates. He organises them as a collective and attends to them with regards to their requirements and any matters rising. These sectors include everyone who is actively involved in each of the sectors. Through his relationships with government, he is able to connect business with the public sector.

• **Director of Membership**: He is responsible for recruiting members and marketing NAFCOC by doing presentations to business people regarding the role of NAFCOC and the benefits of being a member.

• **Director of International Affairs**: The member collaborates and interacts with other chambers and the Municipalities internationally with regards to Foreign
Direct Investment and foreign trade; whereby he identifies opportunities for Local Economic Development.

- **Director of Sports- 2010 World Cup:** The member is responsible for ensuring that there are business opportunities for SMMEs in the 2010 World Cup event.
- **Director of Tourism:** The member oversees the growth of the tourism sector in the region and promotes SMMEs involved in tourism through the provision of access to opportunities, within the public sector as well as the private sector.
- **Chairman of Plant Hire Sector:** The Director is responsible for seeking opportunities for businesses that would like to venture into the Plant Hire sector; white companies seeking partnership with black companies for empowerment of the previously disadvantaged group as well as for the purpose of compliance (Executive members, Head of Sectors: September-October 2008).

### 6.4.2.3 Executive Members without Portfolios

- **Executive member 1:** The member is involved in assisting individuals who want to start up a business and those who want to grow their existing business.
- **Executive member 2:** The member is involved in assisting individuals who want to work in the Agriculture sector.
- **Executive member 3:** The member is involved in assisting with the growth of NAFCOC membership and marketing its brand to ensure that it receives support from business (Executive members: September-October 2008).

### 6.4.3 Executive Members in other Associations

Question 3 of section 1.3 was designed to assess the value of members being associated with other Forums. The researcher’s intent was to establish whether this would be valuable to NAFCOC regarding information and knowledge of the other Forums involved in the community in NMB.
According to the analysis of the responses, 77 percent of the executive members were involved in other Associations. This would indicate that NAFCOC was informed on other existing Forums in NMB. The significance in these findings was the commonality in the different Associations that the members were a part of. They were orientated towards community development or business interests, which is relevant to NAFCOC. Twenty three percent of the members were only associated with NAFCOC.

**Graph 6.6 Membership in other Associations**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>77%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Results obtained from analysis of the questionnaire Section 1.3

### 6.5 Local Economic Development

This section responds to part 1.4 of the questionnaire. It investigates NAFCOC’s involvement with Government in LED. Furthermore, it assesses the elements that may have a negative impact on the outcome of LED project results namely; the duplication of projects and the inconsistency in measuring project results.
Question 1 of section 1.4 was designed to assess the extent of NAFCOC’s involvement in LED projects. This question also takes cognizance of the extent of their contribution and level of participation in LED.

**6.5.1 NAFCOC participation in LED**

**6.5.1.1 The Public Sector**

Eighty percent of the respondents contend that NAFCOC had an input in the Government’s initiatives in ensuring that they supported and promoted local business. Furthermore, the Deputy President (2008) stated that NAFCOC was involved in LED by supporting government initiatives, in particular the Accelerated Shared Growth Initiative of South Africa (ASGISA). In chapter 2 page 11, the researcher explained that part of the Municipality’s role in LED was to provide a platform for the community and stakeholder participation (such as NAFCOC) in the planning of LED strategies.

**6.5.1.2 LED Projects**

The General Secretary (2008) explained that NAFCOC deployed the Sector Head members to the appropriate projects to ensure that they represented NAFCOC and provided input. This ensured that the individuals involved in the sectors were informed of emerging opportunities. According to the literature study in chapter 2 on page 10, the Information and Marketing Assistance was one of the most common LED strategies pursued by authorities. In addition, the Executive member who is responsible in marketing the NAFCOC brand stated that NAFCOC had a task team of three ladies that worked with the Municipality in the LED unit (work which is in line with LED projects). Lastly, the Chairman of NAFCOC Senate Council (2008) indicated that in their pursuit of LED intervention, the Association participated with private companies in strategies regarding job creation.
According to the Chairman of NAFCOC Senate Council (2008), the Association selected projects based on the needs of the community and through prioritisation with regard to adding value. The selection of projects was also based on the opportunities in the market as well as the industry sectors that were easily accessible to SMMEs. The Sector Heads had access to information regarding the community’s requirements, as they were in consistent communication with their sectors. The President (2008) stated that he was consulted on all these projects and he engaged projects that involve parties who had an interest in investing in NMB.

6.5.1.3 The financing of SMMEs

The Executive member (2008) who is also an assistant in the Agricultural sector explained that they supported small, medium and micro enterprises by connecting them to financial institutions when necessary. The Deputy President (2008) added that the Sector involved worked with Government institutions such as SETA and the DTI in assisting as a facilitator with regards to finance. According to the literature study in chapter 2 on page 10, Financial Support was also one of the most common LED strategies pursued by authorities.

Furthermore, on the subject matter of financial institutions, the National President of NAFCOC Mthethwa (2007) stated that the Association would open a co-operative bank in order to broaden the economic scope of small, medium and micro-enterprise (SMMEs) and co-operatives. The bank would be designated to meet the business requirements of the country’s population that were not included in the broad business environment. It would be run professionally, like any other financial institution. It would not overlap with existing small business finance entities already available in the market that NAFCOC and its members were utilising.

From the findings collected in the questionnaire, the researcher was able to conclude that NAFCOC’s contribution in LED was to support Government initiatives, LED projects and the development of SMMEs.
6.5.2 Relationships with Government institutions and Organisations

Question 2 in section 1.4 of the questionnaire was designed to assess the extent of NAFCOC’s representation in NMB.

According to the President (2008), NAFCOC has relationships with the following Associations and Districts:

- Eastern Cape district, Jeffreys Bay;
- Coega Municipal Economic Forum;
- Nelson Mandela Bay Agency ;
- Mayoral Advisory Committee ;
- LED Committee Unit ;
- COMSEC- Community Self- Employment Centre (Represents the private sector);
- PERCCI (Port Elizabeth Regional Chamber of Commerce and Industry)

The Director of Sectors (2008) contends that The Head of Sectors in NAFCOC engaged the Associations and Districts according to their industry of interest. They got involved in projects where they shared a common interest and where both parties stood to benefit from the outcome of the projects. These findings were indicative of the magnitude of NAFCOC’s role as a representative of the private sector and a facilitator between business and Government in NMB.

6.5.3 Measurement of Project Results

In chapter 3, figure 3.1 illustrated the feedback loop in the communication channel, which is an important component in the communication channel. In the research study the measurement of projects can be regarded as a feedback loop to inform the stakeholders of its progress and results.
Question 3 in section 1.4 of the questionnaire was also designed to assess the process of the continuous feedback on project progress and results. In chapter 3 on page 31, the researcher discussed the importance of determining the most effective form of communicating results and converting the data into knowledge that was relevant and meaningful to the people involved. Lastly, the researcher discussed that other important information that needed to be known was the objective of the information.

In the research study, this question was also developed to assess how information was disseminated to determine whether the most effective form of communication had been used. Lastly, the question also takes into cognizance whether the results of the projects that NAFCOC got involved in with the public sector were in fact documented and filed.

From the analysis of the questionnaire, 46 percent of the respondents contend that the outcome of projects and delivery on set objectives were neither measured, nor documented and filed. The International Affairs Director (2008) explained that this was because NAFCOC only proved opportunities and therefore they were not involved in the outcome of projects implemented.

In addition, he explained that NAFCOC did not measure the outcome of projects because the Association was not sophisticated enough to measure the output of initiatives related to Economic Development. As a result, it did not have the appropriate resources required to fulfil such a task.

Fifty four percent of the respondents stated that the results were measured, recorded and filed by the executive members in their designated field and the results were communicated in Executive meetings. However, they did not always know the specific results of the projects they participated in. The Treasurer General (2008) further explained that there were times where there was a delay with regards to getting
feedback on the outcome of results because of the nature of the Government’s sluggish pace regarding responses.

The findings showed that there was an ineffective feedback component from the communication channel. This was demonstrated by the inconsistency of the responses regarding whether NAFCOC documented and filed the results of its projects. The findings demonstrated that there was not an effective method of communication used in informing all the members on the knowledge of project results.

Table 6.2 A summary of the Measurement of Project Results

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>54</td>
</tr>
<tr>
<td>Not Measured</td>
<td>46</td>
</tr>
</tbody>
</table>

Graph 6.7: Measurement of Project Results

Source: Results from analysis of questionnaire Section 1.4
6.5.4 Other Forums that collaborate with NAFCOC

Question 4 in section 1.4 of the questionnaire was designed to assess the executive members' knowledge of other Associations in NMB which are involved in LED projects that NAFCOC also collaborates with.

Sixty nine percent of the respondents stated that NAFCOC collaborated with other organisations that had similar objectives. The General Secretary (2008) identified PERCCI as one of the Associations they collaborated with, which was dominated by White membership, although it had a Black Chief Executive Officer (CEO). As it was mentioned earlier in the document, PERCCI was originally a White organisation and since South Africa became a democratic country, it had evolved, thus the inclusion of Black members.

According to the Secretary General (2008), PERCCI was primarily focused on the interests of mainstream business, whereas NAFCOC's interests were with the small, medium and micro enterprise. There are a large number of small businesses in NMB, and as a result, PERCCI decided to diversify by extending its focus on small business as well, although its primary objective remained to be Economic Growth as to Economic Development. SACOB, another Chamber of Commerce that represents the mainstream business, also partners with NAFCOC when the nature of the project necessitates it.

According to the findings, the researcher was able to establish that 46 percent of the executive members contend that PERCCI was the only organisation that had similar objectives to NAFCOC and as equally recognized by stakeholders in the Eastern Cape. Thirty one percent responded that NAFCOC was the only Forum that represented the private sector and the public sector in Economic Development. Lastly, 23 percent of the respondents stated that there was more than one Association which had similar objectives to NAFCOC in the community.
The inconsistencies in the responses provided by the members on this subject matter signified the lack of knowledge on their involvement with other LED forums as well as the poor communication that existed within NAFCOC on other LED forums. Consequently, the method of communication used in the dissemination of information is ineffective.

Table 6.3: Results of the executive members' response on Forums that collaborate with NAFCOC

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCCI</td>
<td>46</td>
</tr>
<tr>
<td>N One</td>
<td>31</td>
</tr>
<tr>
<td>OTHER</td>
<td>23</td>
</tr>
</tbody>
</table>

Graph 6.8 Results: Forums involved in LED projects

Source: Results from analysis of questionnaire Section 1.4
6.5.5  Duplication of Projects

This section addresses question 6 in section 1.4 of the questionnaire. Project duplication is regarded as a positive indicator of ineffective LED implementation.

From the results, it appears that 38 percent of the members had experienced duplications at least once in their career on projects and 62 percent of them had not. These results are depicted in table 6.4.

Table 6.4 A summary of Duplication of Projects by members

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duplication</td>
<td>38</td>
</tr>
<tr>
<td>No Duplication</td>
<td>62</td>
</tr>
</tbody>
</table>

Graph 6.9 Duplication of Projects

Source: Results from analysis of questionnaire Section 1.4
The respondents explained that NAFCOC experienced duplication of projects when there was another Association involved in the same initiative as NAFCOC. Furthermore, this would normally occur when both parties were not aware that they were taking part in a project with the same initiative, until the event took place.

The President (2008) stated that NAFCOC strived to prevent duplication of projects through cooperation with other Associates. The members believed that the Associations that shared the same niche as them should attempt to speak to the Business sector as a united entity; even if the constituencies were diverse.

The duplication of projects may lead to the cancellation of projects for NAFCOC. This would evidently result in wasted resources that were utilised in the planning stages prior to the project.

The causal factor for the duplication of projects was the lack of communication between NAFCOC and other Associations. Consequently, this is a positive indicator of ineffective LED implementation.

\subsection{6.6 Communication}

This section responds to section 1.5 of the questionnaire. Questions 1 to 7 were designed to assess NAFCOC’s communication strategy. It attempts to evaluate the effectiveness of NAFCOC’s communication strategy within the Forum and in LED.

In chapter 4 on page 43, it was established that the consultation model was the communication medium most commonly used in Government with stakeholders in LED.
Furthermore the effectiveness of this model as a communication strategy was also discussed.

In chapter 3 on page 38 of the literature study, the other different forms of communication applied by government in communicating with stakeholders were addressed, as well as the importance of using the appropriate form of communication according to ones’ target audience and the context of the message.

Questions 8 to 11 of section 1.5 are an attempt to assess the NAFCOC communication strategy and the communication strategy between NAFCOC and LED Forums in effective LED implementation. In chapter 3 on page 31 of the literature review, it was established that a good communication strategy was determining the most effective method of communicating with your audience.

### 6.6.1 NAFCOC Communication Strategy

Question 1 in section 1.5 of the questionnaire was designed to assess the frequency of meetings between the members in order to have an indication of the regularity of their communication. The question was also developed to take into cognizance the objective of these meetings.

The President of NAFCOC (2008) explained that the NAFCOC board members held executive meetings every month and they held Senate meetings every quarter. The executive members conducted these meetings to update the members on the current projects they were working on, as well as anticipated future projects.
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The Annual meetings that occurred once a year were attended by all members. Apart from the consistent form of communication through meetings, NAFCOC has an administrator that manages the dissemination of information to members as and when required. The executive member who is responsible for the Communication strategy in the Association is the General Secretary.

Question 2 in section 1.5 was designed to evaluate the different forms of communication used by NAFCOC. The results of the findings discussed below confirm that the most common form of communication medium is short messaging services, particularly regarding the dissemination of information. Based on the results from the analysis, it was contended that it was the most reliable form of communication, as it ensured consistent receipt of information to all members. This process is managed by the designated administrator at the NAFCOC NMB offices.

The General Secretary (2008) explained that the driving factor that made short message services the most common form of communication was that not all members had access to electronic mail (e-mail) (e-mail is one of the most common form of communication in business) (Cunningham et al. 2007). Nevertheless, he added that NAFCOC was aware of the disadvantages of not making use of e-mail as a communication medium.

Question 3 in section 1.5 was designed to determine whether NAFCOC had a formal Communication Strategy. According to the President (2008), the NAFCOC Communication Strategy was developed in 2005 and workshops were ran nationally by the National Head of Communications and Media to orientate the branches of its contents. However from the orientation going forward, it was the responsibility of the local Head of Communication to ensure that it was implemented. The President (2008) explained that the lack of knowledge of the Communication Strategy by most of the executive members, (62 percent of the executive members) was due to the fact that there was no appropriate communication medium accessible to members that was utilised by NAFCOC to accommodate the distribution of documents. He further
explained that it appeared to impair the implementation process on the part of the General Secretary.

With the lack of access to e-mails and fax machines by most members, the International Affairs Director (2008) explained that the Association continued to have difficulties in distributing correspondence to members, even though the NAFCOC offices were properly equipped with the above equipment and processes. On the most part, the administrator does make an attempt of using all forms of communication at her disposal to ensure that all members are reached effectively.

The Director of the Youth Chamber (2008) stated that most of the members who were self employed owned Spaza shops and Cafes did not require sophisticated equipment for communication purposes to operate their business efficiently. Furthermore, from NAFCOC’s perspective, it was aware of the value the use of e-mail brought to the organisation as a communication medium for all its members. However, it is constrained by financial resources as it is a non-profit organisation, and consequently it is unable to provide its members with internet access that would be payable by them.

According to the findings, it was established that 62 percent of the members received communication through SMS, 31 percent through telephone communication, 15 percent through faxing and only 8 percent was through email. These results are depicted in table 6.6.

The respondents explained that when there was information that was relevant to the community at large, NAFCOC needed to select a medium that would effectively reach its audience. This necessitated them to make use of mass media such as television, internet, radio or the newspaper. In their instance, the most effective medium in reaching their audience is the radio and the local newspaper. Most of the community that is relevant to NAFCOC primarily have access to these forms of medium.
Table 6.5 A summary of the different Form of Communication in NAFCOC

<table>
<thead>
<tr>
<th>Categories</th>
<th>Results in Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SHORT MESSAGE SERVICES</td>
<td>62</td>
</tr>
<tr>
<td>TELEPHONE</td>
<td>31</td>
</tr>
<tr>
<td>FACSIMILE</td>
<td>15</td>
</tr>
<tr>
<td>ELECTRONIC MAIL</td>
<td>8</td>
</tr>
</tbody>
</table>

Graph 6.10 Form of Communication

Source: Results obtained from analysis of the questionnaire Section 1.5

The results depicted in graph 6.10 illustrate that the forms of communication utilised were not sufficient, and consequently this could have a negative impact on the effectiveness of NAFCOC’s communication with Government.
6.6.1.1 Communication process in meetings

Chapter 4 on page 47 of the literature review stated that LED was planned and developed across all spheres of Government through oral communication in the form of consultation with its stakeholders. This form of communication was convenient and relevant regarding the context of the environment as it required the input of all stakeholders.

From the findings on question 5 in section 1.5 of the questionnaire, the respondents confirmed that the consultation model was applied in meetings within NAFCOC and in matters regarding LED. Nevertheless, they contended that communication from Government was very impromptu, which resulted in inefficient planning and execution of LED in their attempt to achieve successful implementation.

6.6.2 Communication with LED Forums

Question 8 of section 1.5 was designed to assess whether NAFCOC met with other LED Forums on a pre-planned schedule regarding LED projects, emerging opportunities in NMB and in addressing the needs of the community. The respondents contended that they only met with other Forums on a needs basis, therefore their meetings were impromptu. There was no set schedule for consistent communication on LED between NAFCOC and other LED Forums. This can be viewed as a positive indicator of ineffective LED implementation.

Question 9 of section 1.5 was designed to evaluate the formal or informal work relationships that existed between NAFCOC and Government in LED. The respondents explained that they had various Memorandum of Understanding with the Municipality regarding terms of engagement in LED projects. They also had an allocated desk at the LED Unit of the Municipality that facilitated in supporting SMMEs, intervened in policy formations and other LED related matters. The findings are indicative of a regular active
engagement working relationship between NAFCOC and Government. This would appear to be a positive indicator of effective LED implementation.

6.6.3 Communication strategy between the Private Sector and the Public Sector

This section addresses question 10 and 11 in section 1.5 of the questionnaire. It evaluates the communication between the private sector (which is represented by NAFCOC in the research study) and the public sector. In chapter 4 on page 54 the researcher discussed the importance of a strategic communication approach in LED. A strategic communication approach is relevant in cultivating a culture whereby stakeholders become involved by staying informed and making an input in the decision making process.

Communication between the private sector and the Government sector is critical in ensuring facilitation and intervention regarding economic development. Ineffective communication between the two stakeholders may have a negative impact in LED implementation. It is therefore imperative to assess the level of effective communication between the two stakeholders.

The summary of findings from the respondents tabulated in table 6.6 below, depict the level of effective communication between the private sector and the Government sector.
Table 6.6 Communication between the Private Sector and the Government Sector

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>46</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>23</td>
</tr>
<tr>
<td>Inadequate</td>
<td>31</td>
</tr>
</tbody>
</table>

6.6.3.1 Good

Forty six percent of the respondents viewed communication between NAFCOC and the Municipality as good because they had developed a solid relationship. They were conscientious of the fact that they operated in different environments with respect to their work culture, therefore it was expected that they would not always share the same views in reaching certain objectives.

The relationship between NAFCOC and the Municipality is sustained by a shared common goal- LED implementation. The respondents stated that the Municipality was cooperative with NAFCOC in their consulting sessions on LED. They engaged them on emerging initiatives as well as potential opportunities that would be of interest to them. Furthermore, they valued their input as the representatives of the business sector.

6.6.3.2 Satisfactory

Twenty three percent of the members contended that communication between the government sector and the private sector was satisfactory. However there was certainly room for improvement as they experienced problems which they expected could be avoided.

The respondents explained that communication and feedback on initiatives was continuous on consultations between NAFCOC and Government representatives.
Consequently it was not always efficient regarding feedback on updates of projects and honouring deadlines it had committed to.

6.6.3.3 Inadequate

From the findings depicted in graph 6.11, 31 percent of the members responded that communication between the two stakeholders was inadequate. The Director of Sectors (2008) concurred that NAFCOC highly depended on the Public sector with respect to initiatives in Local Economic Development. In addition, the Chairman of NAFCOC Senate Council (2008) explained that there was a lack of consistent communication from government, as meetings were not set according to a predetermined schedule between the stakeholders. This evidently resulted to a lack of consistent communication between the government sector and NAFCOC.

The high dependency on government consequently becomes an issue of concern as NAFCOC is subjected to the unfortunate inconsistencies in communication being fed to the organisation. It appears that it would have a negative effect in their service delivery, since they look to government in order for the organisation to work efficiently.
Graph 6.11 Communication between the Private sector and the Government sector

Source: Results from analysis of questionnaire Section 1.5

In chapter 4 on page 55 of the literature study, it was established that there was a communication strategy between the private sector and the Government sector in LED implementation. However, the findings revealed that the communication process regarding feedback and forms of communication between the stakeholders was dysfunctional and ineffective in LED implementation.

6.7 SUMMARY

This chapter dealt with the findings from the analysis of the questionnaire. The results of each section of the questionnaire have been summarised and analysed by the researcher. Furthermore they have been interpreted through tabulations and graphs, which represent the responses of NAFCOC executive members. The last chapter will discuss the main findings and assumptions and lastly, suggest recommendations.
7.1 Introduction

In chapter 6 the researcher conducted a primary study by developing a questionnaire for the respondents. It contained closed ended questions as well as open ended questions in order to address the main problem in the research. This chapter will make recommendations based on the findings of the primary study.

The purpose of the research study was to improve LED through effective communication strategies between Local Government and Private sector in Nelson Mandela Bay.

The following sub-problems had been developed in order to address the research strategy and make recommendations:

- Describe the communication strategy between the stakeholders;
- Describe the ineffectiveness of the communication strategy regarding LED implementation results;
- Describe other elements that may be a contributing factor to the ineffectiveness of LED implementation results;
- Make recommendations to improve the communication strategy.
The first sub-problem was addressed from the literature review in chapter 4. The second sub-problem was addressed from the primary study in chapter 6. The third sub-problem was addressed in the literature review in chapter 2 and the primary study in chapter 6. The last sub-problem is discussed in this chapter.

### 7.2 Main Findings

Communication is composed of various elements which should be functional for communication to be effective. Furthermore, they should be operational at all levels of LED participation as illustrated in figure 7.1.

**Figure 7.1 Levels of Communication in LED**

Source: Developed by the Author, November 2008
Chapter 7: Main Findings, Recommendations, and Conclusion

The levels of communication can be described as follows:

1. Communication between NAFCOC members;
2. Communication between NAFCOC and other Associations;
3. Communication between other Associations and NAFCOC;

It should be noted that the third level of communication above, was not discussed because it was not part of the primary study. The rest of the levels of communication will be discussed in detail and recommendations will be made.

7.2.1 Communication between NAFCOC members

The following factors are the outcome of the results which assessed the level of communication between NAFCOC members.

7.2.1.1 The role of NAFCOC in NMB

The results detailed in chapter 6 on page 74, showed that there was not a single score that was 100 percent with respect to the executive members’ understanding of NAFCOC’s role. The members defined the role of NAFCOC based on their positions rather than as a collective. In this instance, the concept should be communicated as a single idea.

7.2.1.2 Measurement of Project Results

The results on the measurement of project results regarding LED demonstrated on chapter 6 on pages 83 depicts that 54 percent of the executives’ members, stated that results were measured and the remainder (46 percent) stated that the results of projects were not measured by the Association. The inconsistency of feedback regarding project results is indicative of poor communication within NAFCOC. The poor communication
can be attributed by the dysfunctional communication methods used by the Association. A procedure of documenting and filing of project results could not be identified from the main findings.

### 7.2.1.3 Communication Medium

The main findings on page 91 indicated that the most common form of communication used within NAFCOC was short message services (sms). Emails were the least form of communication used, which was a disadvantage for NAFCOC in communicating with external stakeholders.

In chapter 6 page 90, the Director of the Youth Chamber (2008) alluded to the fact that although it would be preferable that all executive members have access to email, the Association does not have the financial resources to provide all members with desk tops and the monthly costs of internet services. This is indicative of a poor communication strategy because, the methods of communicating with stakeholders are insufficient which has a negative effect in LED implementation.

### 7.2.2 Communication between NAFCOC and other Associations

The following factors discuss the outcome of the results of the level of communication between NAFCOC and other Associations

#### 7.2.2.1 Collaboration between NAFCOC and other Forums

The main findings on page 85 demonstrated that there were inconsistencies in the responses provided by the members with respect to collaborating with other Forums. Forty six percent of the executive members contended that NAFCOC only collaborated with PERCCI, 31 percent concurred that the organisation did not collaborate with other
Forums and 23 percent stated that they collaborated with PERCCI as well as other Forums on LED projects. These results are indicative of the lack of awareness in their involvement with other LED forums. Therefore the method of communication used in the dissemination of information is ineffective.

7.2.2.2 Duplication of Projects

The results from the analysis on page 86 illustrated that 38 percent of the executive members had experienced duplication of projects with other Associations. Project duplication is a positive indicator of ineffective LED implementation attributed by the ineffective communication between NAFCOC and other Associations.

7.2.2.3 Communication with LED Forums

The main findings regarding communication with LED Forums in chapter 6 stated that there is no set schedule for continuous communication in LED between NAFCOC and other LED Forums, with respect to planning and execution of LED projects that addressed the needs of the community. It was also concluded that this was a positive indicator of ineffective LED implementation.

7.2.3 Communication between NAFCOC and Government

This section is the most critical part of the primary study. The researcher’s primary focus in the elements that may be a causal factor to the failure of LED implementation is; the maximising of communication strategies between the private sector and the public sector. The following factors discussed reveal the outcome of the results of the level of communication between the stakeholders.
7.2.3.1 Communication Medium

The results in chapter 6 on page 88 revealed that the most common communication model between government and NAFCOC was a consultation model. It demonstrated that it was an effective model. However it was not sufficient for all forms of communicating, as the appropriateness of a model of communication is dependant on the context of the message.

7.2.3.2 Communication Effectiveness

From the analysis of the questionnaire, the results depicted that only 46 percent of the executive members responded that communication between the stakeholders was good.

The most common cause that resulted in poor communication from the analysis was the lack of consistent communication from Government and the lack of access to formal communication systems within NAFCOC, which may have an impact in accessing information from Government.

7.3 Recommendations

7.3.1 Synergy between NAFCOC and Government

The following recommendations were suggested to enhance communication strategies between NAFCOC and Local Government:

- There should be synergies between the government and NAFCOC communication strategies to ensure effective LED implementation. Their communication mediums should match to ensure compatibility.
• A single formal agreement regarding a communication strategy that all the stakeholders should commit to should be formed. The formal agreement can be developed in the form of a policy.

7.3.2 NAFCOC Communication Strategy

NAFCOC should develop a comprehensive communication strategy which includes:

• Proper documentation of project results which may be posted on the website. They should include ‘lessons learnt’ which will assist in improving the planning of future projects;

• To purchase an effective and efficient medium of communication. It should be cost effective for NAFCOC to communicate with other stakeholders. The researcher suggested a wireless solution such as a Blackberry which will accommodate their most common form of communication (sms) as well as emails;

• The NAFCOC offices should have posters of the mission and vision of the organisation displayed in the main areas, such as the waiting area and the boardrooms. The objective of this initiative is to improve the members’ knowledge of NAFCOC’s role and ensure that they all share the same concept of what it represents. The Secretary General who is the person responsible for communication in the organisation should be the key driver of this process.

7.3.3 Government Communication Strategy

The Local Government is the central body in the participation of LED projects with NAFCOC and other Associations. Therefore it should be the one to provide information on projects to all Associations. This access to information can be achieved as follows:

• The Municipality may provide electronic news letters that can be accessed on their website;
• The government should form links on their websites that can be accessed by NAFCOC and other Associations.

The above recommendations will prevent the duplication of projects as all Associations will have access on all the projects taking place in NMM.

7.4 Conclusion

Effective communication is critical in successful LED implementation. The literature review indicated that the most common model of communication between government and the private sector was a consultation model. It also indicated that it was an effective medium of communication in LED implementation.

Furthermore the literature review indicated that NAFCOC has Communication guiding principles that are applied in the organisation regarding communication with stakeholders on LED projects. Lastly, it also indicated that the Local Government has a Communication strategy to ensure successful communication.

The primary results revealed that NAFCOC’s communication medium is ineffective in the delivery of successful LED implementation. They also indicated that the communication medium between the private sector and government was not sufficient in achieving successful LED implementation. Their communication strategies were not in synergy, nor were they compatible.

Collectively, the results suggested that ineffective communication contributed by the above mentioned factors, can affect the successful implementation of LED.
Practical recommendations were suggested to improve communication among the stakeholders. The secondary factors, which included, the communication strategies within NAFCOC and Government communication strategies, were addressed and evaluated, and recommendations were suggested.
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APPENDIX A

Improving Local Economic Development through effective communication strategies between Local Government and Private sector in Nelson Mandela Bay

1.1 Introduction

This questionnaire has been designed to gather information from NAFCOC executive members of the Nelson Mandela Bay Region. The purpose of gathering this information is to evaluate the LED communication strategies between the Nelson Mandela Metropolitan Municipality and the private sector.

1.2 Personal Information

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<table>
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<tbody>
<tr>
<td>1. Age:</td>
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<td>2. Gender:</td>
<td></td>
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<td>3. Race:</td>
<td></td>
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<tr>
<td>4. Level of education:</td>
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<tr>
<td>5. What is your occupation?</td>
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<tr>
<td>6. How long have you been a member of NAFCOC?</td>
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</table>

1.3 Representation

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1. How would you define the role of NAFCOC in Nelson Mandela Bay?</td>
<td></td>
</tr>
<tr>
<td>2. What is your role as a member of NAFCOC?</td>
<td></td>
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</tbody>
</table>
1.4 Local Economic Development

1. What is NAFCOC’s mandate with regards to the LED projects, and at what level do you participate? For example, do you facilitate or do you get involved or both?

2. Which forums of LED does NAFCOC participate in?

3. Are the outcomes of LED projects measured and if that is so, how are they measured?

4. Are you provided with information of other LED Forums you don't participate in, with regards to the projects they're involved in?

5. If that is so, how is this information received?

6. How does one manage duplication of projects that may occur as a result of being implemented or facilitated by yourselves and other Forums that also represent LED in Nelson Mandela Bay, held in the same area?

1.5 Communication

1. How often do you meet as NAFCOC?

2. What form of communication is used in informing members of the meetings?

3. Is there a formal communication strategy in place with regards to managing communication internally as well as with other Forums you participate with outside NAFCOC?

4. Is there a designated member who’s responsible for the dissemination of information to its members in NAFCOC?

5. How does communication take place during the process of the meetings?
<p>| | |</p>
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<tbody>
<tr>
<td>6.</td>
<td>If so, in what format is it received?</td>
</tr>
<tr>
<td>7.</td>
<td>Is the receipt of feedback consistent?</td>
</tr>
<tr>
<td>8.</td>
<td>How often do you meet with the LED Forums you participate in?</td>
</tr>
<tr>
<td>9.</td>
<td>Are there formal agreements in place with regards to working with other districts or Municipalities on certain LED projects?</td>
</tr>
<tr>
<td>10.</td>
<td>In your own words, please explain the communication process that occurs between the Private sector and the Public sector with regards to Economic Development projects?</td>
</tr>
<tr>
<td>11.</td>
<td>Do you think the communication process has been consistently effective with regards to the results it aspires to achieve or do you think that there is room for improvement?</td>
</tr>
<tr>
<td>12.</td>
<td>What are your suggestions?</td>
</tr>
</tbody>
</table>