

"SA Investment Conference must prioritise local economic development"

The 4th SA Investment Conference must do more to dispel the impression that corporates are deliberately excluding communities and small businesses from the economy.



Source: Supplied. The Minister of The Department of Trade and Industry, Mr Ebrahim Patel, opens the 4th South Africa Investment Conference.

With billions in direct capital investment being announced every year, SMEs and communities that neighbour these developments are asking if anything in the pie is left for them.

One of South Africa's leading business-incubation programmes, Property Point, notes that the perception of economic exclusion is increasing, due to the increased number of site closures by members of communities.

Property Point's founder, Shawn Theunissen said this perception of exclusion was one of the reasons that small businesses, suppliers, and particularly the unemployed and marginalised from the local communities have resorted to shutting down sites in order to be heard.

Disenfranchised communities which include SMEs who have been excluded, have the following criticisms:

- Corporates are shutting out local SMEs based on the assumption that they are incapable and do not have the capacity;

- Corporate entities consistently approach the same sub-contractors and suppliers to do work due to longstanding relationships. They make no effort to proactively engage communities where the developments are taking place; and
- Corporates are creating unreasonable compliance requirements, thus preventing smaller service providers from accessing supply-chain opportunities.

“Most of the businesses within the communities where the looting took place last July offered little economic opportunities to their host or local communities. In the event where the local businesses and suppliers had benefitted from supply-chain opportunities, it would have been easier to protect the assets as was the case in some areas,” said Theunissen.

This gap in the development opportunity has been noticed by some large corporate entities who have subsequently produced a Local Economic Development (LED) policy that guides them towards overall economic inclusion.

Some corporates have taken the lead on LED, but they cannot do it alone. An example is one of Property Point's corporate partners who has introduced an LED policy with the aim of developing and fostering access for disadvantaged businesses in communities within which it operates. Similarly, another partner has leaned towards including local community participation as a criteria in their property-development tenders.

Such steps have seen a substantial improvement in tempering the levels of animosity and frustration as community engagements have been fostered and small black businesses get more opportunities to showcase their capabilities and to grow in the industry.

Theunissen said: “Only by making local communities a part of the agenda of the SA Investment Conference and acknowledging them as an integral part of the investment value chain, will we accelerate our ability to address the inequality and poverty that continues to pervade South African society.

“Should we fail to do so in our most important economic decisions then not only will we exacerbate the dire state of our most vulnerable communities, but we will face the reality of more frequent violent uprisings similar to those that shook the country in July last year.”

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