

Moving from a centralised to a network strategy in addressing unemployment: The Mangaung Metropolitan as a case study

Lenie Swanepoel

<https://doi.org/10.22151/politikon.35.2>

Dr Lenie (MP) Swanepoel, 48, from Bloemfontein (South Africa) is a graduate who received her Bachelor's degree in "Communication" at the University of Johannesburg in 1991. In 2004 she obtained her Masters Degree from the University of the Free State's Governance and Political Transformation Programme. She wrote her Masters Thesis on Vigilantism as a feature of political decay: Tendencies and case studies in the post-1994 South African political dispensation. In 2009 she obtained her PhD under the title "Vigilantism as a feature of political decay in the post-1994 South African dispensation: A theoretical perspective". She lectured in the same programme during 2010 to 2015 the module "South African Governance and Political Transformation and has been a research fellow from 2009 to 2017.

Abstract

Unemployment is a challenge for the South African government, including of the Local Government. Many strategies were developed to do so, but with little success. This article argues that this is due to the application of a centralised approach instead of a network one. The centralized strategy is depleting state resources, whilst the private sector has expertise, skills, know-how and credit that could be used. The theory of network governance reiterates that partners are equal and function horizontally, which provides a safe environment for private partners in the network with the government structure retaining the responsibility of coordination and being at the centre of decision-making. This framework is applied to the Mangaung Metropolitan Municipality's Youth Enterprise Development Programme where the private sector was drawn in in line with the network approach. The article concludes that the mode of governance within local government needs to be transformed.

Keywords

Network Governance; Local Government; Policy; Unemployment

1. Background

One of the main objectives of local government is to promote economic development (RSA Constitution 1996: Section 152). With that said, one of South Africa's governance challenges is unemployment, which also drives poverty, and with it inequality. The level of this challenge is illustrated by the fact that 60% of South Africa's unemployed have never been employed (Schwella 2015: 145). South Africa has nearly 36 million employable people, but only 15.5 million have jobs, 5.5 million are out of work, and the rest are not economically active (eNCA money 2015). Government has developed many strategies since the country's democratisation in 1994, but it was accentuated that unemployment remains rife by it being emphasised in the election manifestos of all participating opposition political parties in the run-up to the 2016 Local Government Elections (LGE).

The failure of successfully addressing this challenge cannot be attributed to the lack of strategizing by government, as numerous policies have been developed since 1994. These policies include the Growth, Employment and Redistribution (GEAR) strategy, the Local Government Turnaround Strategy (LGTS) and the Economic Growth Path Strategy (EGPS). It will be argued in this article that the government's failure to address unemployment can be ascribed to a lack of networking. The governance strategy applied here addresses how the challenge of unemployment has been centralised within the structures of government, depleting resources without providing the results set out in its objectives.

The article will analyse how the Mangaung Metropolitan Municipality (MMM) managed the Youth Enterprise Development Programme (YEDP) as a governance structure and, as will be argued, the need for transformation in the thinking of local governments by involving the public sector when it comes to Local Economic Development (LED).

1.1 Purpose

The purpose of the article is to assess the utilisation of network governance principles to address the challenge of unemployment. The principles of network governance allow for the utilisation of both public and private resources, which will increase the resource base in addressing the challenge. To assess this probability the criteria for network governance will be identified and applied to a programme with the aim of developing Small, Medium and Micro Enterprises (SMME). One of the smaller metropolitan municipalities of South Africa was selected for this analysis, the MMM.

According to the Constitution (1996: Section 155), a metropolitan municipality has exclusive legislative and executive authority in its municipal area. Mangaung was elevated to a category "A" metropolitan municipality in April 2011.

LED is outcomes-based, with the aim of creating employment for local residents, and can be defined as a participatory, not coordinating, process. The process encourages and facilitates partnerships between local government and actors from the private sector with a joint design strategy (Canzanelli 2001: 9; Mufamadi 2000: 1; Blakely 1989: 58). Definitions of LED emphasise partnerships and support the principles of the theory of network governance. In a World Bank report (Rodríguez-Pose & Tijmstra 2005: 5), it was determined that South Africa's pro-poor LED strategies at local government level do not involve the local business community in developing strategies; thus, limited pro-poor strategies are implemented because of the lack of information-sharing. The SALGA position paper of March 2010 (Cohen 2010: 25) reiterated that LED projects in the Free State seldom succeed and rarely involve the private sector as an actor within these strategies, resulting in poverty not being addressed.

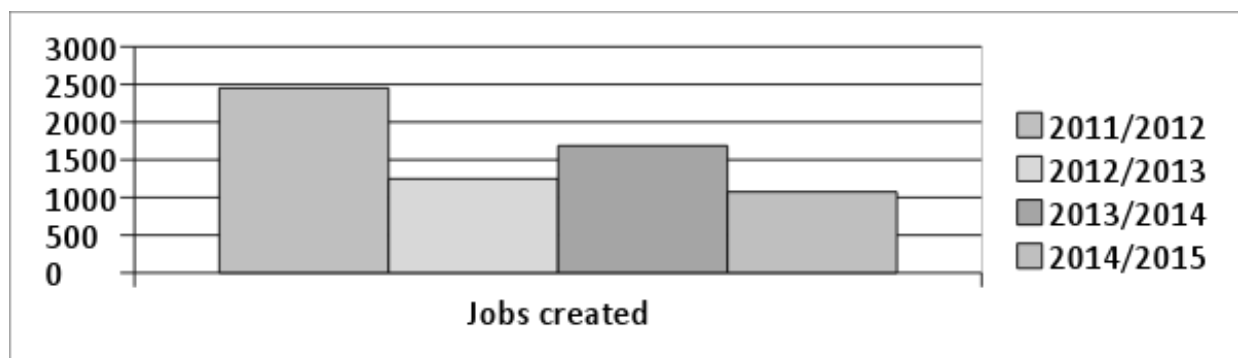
MMM's YEDP fell within the criteria of LED, specifically regarding the involvement of the private sector from the beginning. It also showed potential to have a long-term effect on those provided with the opportunity. This made it vital to explore for the purpose of this article to determine what mistakes MMM made and the successes achieved in its approach in addressing unemployment, using the principles of governance network theory.

1.2 Problem Statement

There has been a steady increase in unemployment in Mangaung, with a decline in job creation. According to the Quarterly Labour Force Survey of the first quarter of 2016 (Stats SA a 2016: xiii), MMM provided 251 000 jobs in the first quarter of 2016 in comparison to 266 000 in 2015. This is a 5.7% decline in employment opportunities. The Free State's official unemployment rate also increased from 30.4% in the first quarter of 2015 to 33.9% in the first quarter of 2016 (Stats SA a 2016: xiii).

MMM has been unable to meet its target for job creation, as set out in its Integrated Development Plan (IDP). In fact, there has been a steady as illustrated in the following table:

Table 1: Mangaung jobs created from 2011 to 2015 (MMM a 2016: 63)



In April 2015, the Metro launched a project to register all unemployed youth living in Mangaung on the Municipal Data Register, initiated by the then Executive Mayor. This was done through the SMME Support Division, which invited all unemployed youth from all regions to register. The aim of these efforts was directed at ensuring employment and economic participation among its young people (MMM 2015). The project fell under the IDP objective for 2014/2015 under economic development with the strategy to support viable and sustainable SMMEs (MMM 2016: 65 & 131). The aim of this strategy was to strengthen support systems for SMMEs in Mangaung so as to create a small business sector. This would increase the sustainability of the local economy, increase the competitiveness of local businesses, generate jobs and broaden the tax base of the Municipality (Seda 2015).

The question that needs to be answered is how best the local sphere of government can address the critical problem of unemployment and if the application of the principles of the theory of governance network may be considered as an effective counter measure to the problem. The value of the application of network governance within local governments will therefore be argued as a viable strategy but that the challenges the MMM experienced be presented as a guidance for future application.

1.3 Methodology

A literature review was conducted to determine the efforts undertaken by MMM to address unemployment up until the 2016 LGE. The theory of network governance was studied as the framework around which the research problem of this article was developed and to develop an understanding of what role MMM is expected to play within such a network to achieve its set programme goals within the YEDP.

In depth discussions were held with the team leader of the YEDP on 27 October 2016, and participants of the Programme's three different projects: on 26 October 2016 a participant of the Fresh Produce Market's refurbishing of trolleys, on 10 November 2016 a focus group of five participants of the Human Settlement Project, and on 14 November 2016 a participant of the Digital Migration Project who was viewed as a representative for the participants of this project based on his experience and leadership. This was done to gain an appreciation of the strategies, processes and limitations, and to determine how the theory of network governance can be applied as a possible viable option in addressing the challenge. The discussions with the participants of the projects also aimed to determine the impact the projects had on them and their experiences of it independently from that of the structure that drove the projects. The individuals discussions were held with were not provided with the research problem so as not to influence the information they provided pertaining to the YEDP.

Criteria will be identified that will be utilised to measure the level of successful application of network governance. The criteria will be utilised to assess MMM's YEDP so as to determine the mistakes made in the attempt to follow a network approach, and also the successes, to indicate that this approach may be more effective in addressing the challenge of unemployment as joblessness is becoming an indication that South Africa is on the path of political decay, rather than political development.

2. Theory of Network Governance

South Africa shows characteristics of political decay: incompetent civil servants, corruption, and insufficient procedures and control measures that inhibit continuous and quality service delivery (Duvenhage, 2003: 47, 51-53) and government struggles to correct these symptoms. These characteristics results in a situation of "politics of survival" where government structures rely only on themselves to solve governance challenges, such as unemployment, due to the fear of losing power or acknowledgement if successes are achieved if entering into equal partnerships. Benvir (2011: 11) explain that governance involves constant movement with a dependent nature of practical political activity. Governance network according to Considine (2013: 443-444) is a structured institutional space and may assist in resolving the problem of transformational change. He concluded that the critical parties need to be included and the authorising environment must be somewhat "insulated from party-political processes".

Governance is an attempt to steer society and the economy through collective actions and forms of regulation that link values and objectives to outputs and outcomes. Governance networks can be seen as a particular mode of governance in which interdependent actors contribute to the production of public governance. Key actors involved should be from the state, economy and civil society. Governance networks are part of the transition from government to governance. It forces focus on political processes and not institutional structures (Torfling 2012: 99-101). Local Government has a degree of independence from central government and therefore ideal for the implementation of network governance.

Social and political actors in governance networks should recognise their mutual dependence, although their participation is voluntary. They cooperate by sharing information, advice, knowledge, ideas, know-how and credit. Coordination and regulation of their actions are however required in order to enhance efficiency to find joint solutions to problems and challenges. The relationship is horizontal, meaning no "One" actor has the power and authority to resolve, single-handedly, disputes that emerge in the network. Outcomes are therefore due to the interaction of many actors who are interdependent. Facilitation of these actions is however needed

with a minimal structural requirement of scheduled meetings to ensure regular interaction (Torfling 2012: 101; Klijn & Koppenjan 2012: 591; Considine 2013: 442).

Networks increase connectedness among participating actors, linking structures, and thus giving them access to different resources. It provides the opportunity to bridge social groups, making the network a crucial phenomenon to government (Considine 2013: 442). According to Denters (2011: 315), widespread participation provides policy makers with extensive information, which makes it easier to better gear local policies and services to the preferences of the citizenry. Therefore, governance can benefit from network governance.

Interaction is through negotiations that involve conflicts, power, and compromise formation. At the beginning, there is no common constitution to regulate the negotiation. Over time, governance networks will become more institutionalised (Torfling 2012: 101). Networks that have a higher chance of succeeding therefore develop over a period of time, have regular interaction with all the actors, show a willingness to compromise and share, and are well facilitated. As Klijn & Koppenjan (2012: 591) indicate, facilitation is needed between the actors in networks, which is done by public authorities. The self-regulatory capacity of networks is therefore limited and constrained by public authorities, who often threaten to take over if governance networks fail to deliver (Torfling 2012: 102). In addition, governance networks operate in the shadow of a hierarchy (Scharpf 1994: 27), which may have a political undertone.

Governance networks are stronger at the local level, where public policies are formulated and implemented in collaboration between the public and private sectors (Torfling 2012: 102). Local government authorities often seek to create sustainable new forms of governance so as to perform practical service and build new forms of capacity. Governance networks, in theory, could be applied to achieve this responsibility. This type of network is typically organised around local development. These structures are best underpinned by a “good governance” discourse so as to ensure accountability to citizens and the provision of better services to those in need (Considine 2013: 441).

Torfling (2012: 103) emphasises that in a network state, powers are not reduced, but transformed and exercised in new ways. Rhodes (1997: 57) explains that the “state was always a network” as it is made up of networks of governance and societal actors. Operating in accordance of a network strategy is therefore inherent of governance. Government remains at the centre of decision-making, and plays a leading role. A motivating factor for the utilisation of governance networks is that with these networks, public participation is encouraged as private citizens and organised stakeholders play a more active role in public policy-making. It ensures a well-informed decision-making process because of the sharing of information, know-how and knowledge.

Consequently, innovative solutions are generated, private resources are mobilised and joint ownership of new ideas is created (Sørensen & Torfling 2007: 155, 158 & 244).

It must however also be noted that the risk of governance failure becomes a reality if networks are not formed spontaneously and lead to a stalemate, as well as poor and biased or lack of direction regarding decision consensus. The risk can be reduced by "the regulation of self-regulation", also referred to as meta-governance, which is to manage, facilitate and give direction to traditional forms of hierarchical command and control (Torfling 2012: 107). MMM set out with the intention of involving private actors in their YEDP from the beginning. Networks however connect governmental, private and semi-private actors, making it a complex process (Klijn & Koppenjan 2012: 592).

The complex nature of networks stresses the need for a strong administrative coordinator, who has the responsibility to ensure that each actor plays his/her part, deadlines are met, and goals and aims are achieved, safeguarding success. MMM took on the responsibility of facilitation of the network it had created. The Metro also created a policy and strategic plan, which did not involve the private actors from the beginning. This indicates that the network was not formed spontaneously, and also placed the bulk of the responsibility on the MMM team to ensure the success of the Programme.

2.1 *Relevance of Theory to MMM*

With the theory of network governance, the driving force is the recognition of the mutual dependence of all actors. It is an institutionalised formal and informal resource exchange between government and non-government actors (Davies 2011: 10). This was the reason the YEDP of the MMM was selected, as it reflected this resource exchange in its planning stage.

It must also be accepted that the challenge at hand, in this case unemployment within the area of Mangaung, can only be resolved by a network of actors and not as individual actors. These actors act voluntarily and cannot be forced to act or think in a certain way (Torfling 2012: 61). MMM therefore has to agree that unemployment can only be successfully addressed through networks, which it cannot dominate through its legislative and executive authority, but it has to become an equal partner with the private actors. These can be financial institutions, local business associations, training facilities and community members. Acceptance of mutual interdependence is central to the success of a network, as much as political agendas are not involved, and can transform the MMM by stimulating the local economy and addressing the high unemployment rate.

MMM has acknowledged that projects initiated by the private sector failed because of a lack of coordination. Network governance theory however involves more than the mere activity of

coordination. Low voter turnout, in the case of Mangaung for the 2016 LGE an average of 57.72% (IEC 2016), indicates that all political representations are only partial representations. The network is therefore a technique or mechanism for producing “the People”, who which the elected politicians are supposed to represent (Catlaw 2009: 485), as networks increase public participation.

Cohen (2019: 25) identified the “politicisation” of development as a problem. Networks must be “insulated” from political agendas, which override the greater common good. The influence of a change in political leadership, as witnessed after the 2016 LGE in the MMM, affected the relationship already cultivated within the network.

In this article, network governance theory is tested against the YEDP of the MMM to determine the challenges and best practices observed. This will be done to reach conclusions and provide recommendations on how to transform the core of local governance so as to better address unemployment.

2.2 *Criteria for Network Governance*

Through the analysis of the theory of network governance, certain criteria was identified to assist with measuring the case study in order to determine if the principles of the theory were successfully applied and which challenges/mistakes were observed.

- Inclusion of **Critical Key Parties** from both government and private structures. They are **interdependent** as each brings something unique to the table to ensure success.
- Participation is **voluntary** and the relation between the parties **horizontal**. Actors cannot be forced to participate and the challenge cannot be resolved by only one of the actors.
- The network must be **insulated from Party Political Processes**.
- A **Division of Labour** is required through the sharing of information, advice, and credit, among others.
- **Facilitation** by Public Authorities is critical and require leadership as it is at the centre of decision-making.

3. **The MMM YEDP: A Case Study of Attempted Network Governance Application**

The YEDP formed part of the almost 13 000 SMMEs supported, as indicated in the end of tenure report of the previous Executive Mayor of the Mangaung Metro Council for the period 2011 to 2016 (MMM b 2016: 5). In the IDP, budget and review reports, this Programme was placed under the heading SMME support. The Programme fell under the responsibility of the MMM Planning and Economic and Rural Development Directorate, and was coordinated by a team leader. The Programme was initiated by the mayor of the time and had the support of the

then MMM Executive Management Team. The Programme was a partnership between MMM, Allied Bank of South Africa (ABSA), the Central University of Technology (CUT) in Bloemfontein, and the Skills Education Training Authorities (SETA).

Local media reports in the run up to the launch of the programme indicated that the main partners were presented as being MMM and ABSA (OFM News 2015; Vuk'uzenzele 2016: 4). The Programme is therefore viewed as a governance network in which public and private resources are combined, and it is an applicable example that can be analysed for the purpose of this article.

Two of the most prevalent causes of general business failure amongst SMMEs in South Africa are a lack of management skills and training (Rogerson 2007: 166). Therefore it is noticeable that the ultimate aim of the Programme was to involve training for the participating unemployed youth so as to provide them with relevant skills. Mentoring, coaching and continued support to those who wanted to develop and start SMMEs were also to be provided. It was also noted in the media that one of the aims was to assist the participants to establish businesses that would operate in Mangaung (OFM News 2015; Vuk'uzenzele 2016: 4).

Although the YEDP's immediate impact was that some young unemployed people were removed from Mangaung's streets, the long-term impact was for them to be provided with the opportunity to develop micro and small businesses. These types of businesses have been shown in developing countries to be engines for private sector development and the reduction of income-based poverty. This is especially true, according to Ray (2010: 5), for developing countries where many people cannot access jobs in existing employment markets, such as in Mangaung. SMMEs have been hailed as the pillars of local development by leading development organisations and industry studies, providing an array of economic and social benefits. SMMEs represent important sources of employment and income, since small businesses are typically more labour intensive than larger enterprises. SMMEs are also sources of economic dynamism, innovation, and entrepreneurship. Furthermore, SMMEs possess an ability to draw on the local workforce, pay taxes to contribute to public investments, and provide local services and goods that are better aligned with the needs of the local market.

Statistics SA views any person between the age of 14 and 35 as part of the youth of the country. According to Statistics SA's Quarterly Labour Force Survey for the second quarter of 2016 (2016 b: 13 & 29), the unemployment rate (of working age between 14 and 65) of the Metro was 28.8%, and for the expanded definition 34.1%, while youth unemployment stood at 37.2% (Stats-SA 2016 b). The unemployment rate among the age group 15 to 19 was the highest with 66.7%, and the age group with the second highest unemployment rate, of 49.4%, 20 to 24 (Stats-SA: 2011). Adding to this, Mangaung has a young population, with the majority of its population in

the 20 to 24 year bracket (HIS Global Insight 2014). MMM used the criteria of all residents between the age of 18 and 35 as part of the youth who could register on its youth unemployed database. A total of 65% of those who registered were between the age of 24 and 31.

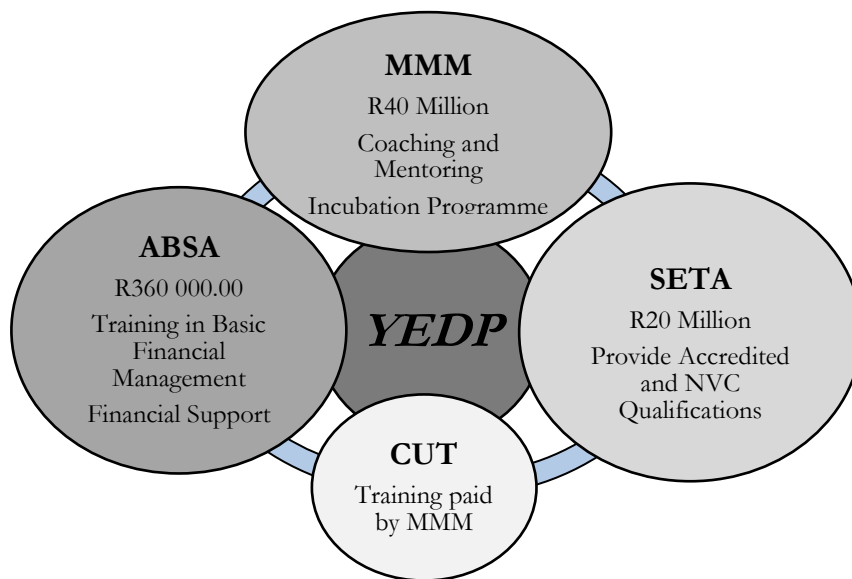
With SMMEs the framework of the National Small Business Act 102 of 1996 is used, which bases the different enterprises on the number of employees, the annual turnover and the gross assets (Abor & Quartey 2010: 221). Micro, but formal, enterprises have a turnover less than the VAT registration limit and lack formality in terms of registration. They include spaza shops, minibus taxis and household industries. They employ no more than five people and struggles to obtain formal credit. Small enterprises have an upper limit of 50 employees, are more established. They are run by their owners and have formal business premises and meet all the registration requirements. Medium enterprises have a maximum number of employees of 200, and are mainly in the mining, electrical, manufacturing and construction sectors. These enterprises are often characterised by the decentralisation of power to an additional management layer (MacIsaac 1996: 6; Kroon 1998: 29). Turning to MMM, the YEDP's aims were focussed on the development and the provision of support to micro and small enterprises.

According to the Department of Trade and Industry (DTI) (2008: 51): "It is as yet unclear just how well individual SMME programmes are functioning and they are not as well-linked as they could be. The result is that rather than it being clear to an entrepreneur or prospective entrepreneur where support services can be accessed, it is a 'hit-or-miss' situation where they may or may not be reached by particular programmes run by separate institutions. It is therefore imperative that a mechanism be developed to coordinate the various interventions and programmes", preferably through a single programme. MMM through the YEDP developed a single well-linked programme, which supports the argument of the DTI, but also supports the research question that network governance may be a better way of addressing unemployment and providing support to SMMEs.

In the IDP of the MMM for the period 2016/2017 (MMM IDP 2016/2017), under its LED strategy, it is said that it is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth. The establishment of SMMEs is part of this process. The aim of the YEDP was to upskill unemployed youth with the necessary technical expertise and on-the-job training with mentoring and financial support through public and private actors. There was a change in thinking in alleviating unemployment and poverty within the area of the Metro from a hierarchically organised system of governance to a horizontally organised system through a network.

The first aim of the Programme was to unlock opportunities for skills training, nurture the skills base of the youth, and create knowledge infusion to improve the employment prospects for unemployed youth in Mangaung. The second aim was to develop youth enterprises and ultimately SMMEs.

With the YEDP the governance network was simplified as the only partners were MMM, ABSA, CUT, SETA and the participating youth. ABSA, CUT and SETA signed a memorandum of understanding with the Metro, committing to their roles and functions within the Programme. The network was envisaged by the MMM as follows:



(Discussion YEDP Team Leader: 14 October 2016)

The MMM team consisted of two permanent staff members of the Metro and five interns. The programme owner was the Executive Mayor, the programme director the City Manager, and the Programme Manager the Head of Planning and Economic and Rural Development. MMM was the sole facilitator and coordinator of the Programme. After the initial agreement, meetings with the different actors took place individually. More than one actor would only be present in a meeting if they had to work together to meet a certain objective of the Programme. Actors were informed of the different responsibilities, but did not operate as an integrated network.

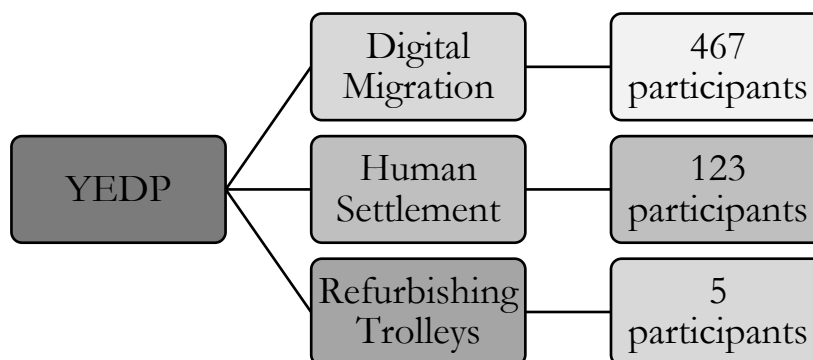
The Programme had a budget of R40 million, which was obtained from the maintenance budgets of the different directorates of the Metro. Each directorate was requested by the then Executive Mayor to make a contribution to the Programme from these specific budgets. MMM's Human Resource Development Unit was also to provide coaching and mentoring and the SMME support unit developed an incubation programme to prepare the graduated participants to start their own micro businesses. ABSA had to provide R360 000 for the second phase of the Programme for those attending the entrepreneurial courses and had to prepare participants to start

their own micro business through training that covered basic business management, financial literacy and personal financial management. ABSA also committed to provide loans to participants of the Digital Migration Programme after they successfully completed their training, submitted business plans, and provided proof of contracts obtained from the Department of Telecommunications. CUT was contracted to provide training, paid by MMM; CUT did however not provide any funding. SETA committed R20 million towards the Programme to provide training to 500 youth and to contribute to stipends during the periods of training. SETA was to provide recognised qualifications to the graduates and do assessments of participants who completed on-the-job training. SETA also agreed to provide New Venture Creation (NVC); NQF 2 learnership qualifications to 26 unemployed participants with no formal qualifications and a full learnership on NVC; NQF 4 to 366 participants; and an apprenticeship in plumbing, electrician, painting and decor to 206 participants.

A total of 8 000 unemployed youth in Mangaung registered on the unemployed youth database coordinated by the SMME support unit of the MMM. Participants became aware of the database through local radio stations and on social media. The Programme was intended to run for three years, through different phases.

The project was launched during a youth summit on 26 June 2015. Only 845 of those registered on the database attended the launch, who also became the start-up group of the Programme. Three development categories were identified, in which the start-up group were divided as follows: participants with qualifications (228/27%), participants with experience but no formal qualifications, such as on-the-job training (355/30%), and participants with no qualifications or experience (362/43%).

Skills training areas were identified in which the participants were divided, according to existing qualifications, skills and interests. Participants were divided between three projects within the Programme.



(Discussion YEDP Team Leader: 14 October 2016)

The **first project** was **digital migration**, for which digital terrestrial television training was provided at CUT. There is a high need for digital migration as in future certain television sets will

not be able to function without a digital decoder. It was determined that South Africa faces a major digital skills talent shortage, as there was a pool of just under 12 000 registered installers servicing a pay television market of about six million people. The majority of installers are concentrated in urban areas. With a limited period of only 18 months, at the time, 15 million households had to migrate to high definition. This emphasises the reality of a dire shortage of digital skills; hence, the MMM took the opportunity to train youth for this market. It was also indicated that the youth who were receiving this training were already receiving requests for services from the public, even before they had obtained their qualification. Some of the youth showed an interest in establishing small businesses within Mangaung, based on the demand.

Unique skills were emphasised in the YEDP. This included the Fresh Produce Market trolley repair initiative and the welding and spray-painting training. One of these welding and spray-painting participants was employed by Transnet afterwards, due to the interest in this specific skill.

The Programme therefore identified training in areas where opportunities for the participants would be available after completion of the training. The Digital Migration participants, in particular, obtained unique skills; however, without accreditation this skill could not be formally utilised, such as starting a SMME.

Existing businesses in the digital migration sector in Mangaung will not be able to cope with the required migration. A market was thus identified by MMM to ensure the sustainability of possible micro businesses that resulted from the Programme. These micro businesses might even grow into small businesses.

Under human settlement, a project for MMM building maintenance was identified in which internships in plumbing, electricity, painting and decor were offered. This involved on-the-job training.

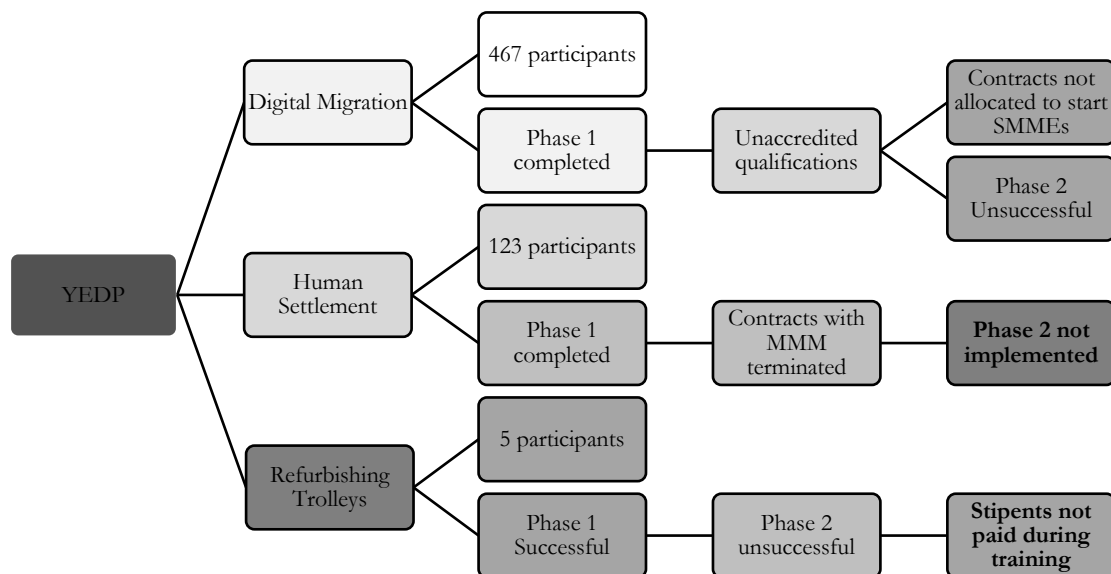
The **third project** involved the **Fresh Produce Market's refurbishing of trolleys**. This was also a NVC learnership programme, with a NQ level 4 Qualification. Participants were to receive one year entrepreneurial training after their internship at the Fresh Produce Market. One of the participants who had completed his training was employed at Transnet as he obtained the skills also utilised by Transnet for the refurbishing of train trucks.

Aftercare was part of the strategy of the Programme, with ABSA to assist with start-up funding on credit for those who completed the digital migration training. The participants involved also had to provide proof of a contract received from the Telecommunications Department to do subsidised digital migration for those identified as indigent. With the other participants, ABSA was to assist with the opening of bank accounts and ongoing coaching and mentoring for those that

were interested in starting a micro business. SETA was also to be involved in the aftercare of the participants by assisting with the establishment of businesses.

4. Evaluation and Assessment of Programme in Terms of Network Governance Criteria

The outcomes of the Programme has been summarised in the following table:



(Discussions: YEDP Team Leader and Participants: 14 and 26 October 2016, 10 and 14 November 2016)

Utilising the criteria for network governance identified, the case study of MMM's YEDP will be measured to determine the level of successful application of the principles of the theory of network governance, as well as the challenges experienced.

4.1 Inclusion of critical key parties that are interdependent within the network

MMM's YEDP serviced the unemployed youth of Mangaung. At the time, the MMM consisted of Bloemfontein, Botshabelo and Thaba Nchu. MMM and the unemployed youth were interdependent actors. The unemployed youth were dependent on MMM for opportunities and MMM had the responsibility, according to its mandate. The Programme was driven by the mayor, who had the ability to bring outside actors such as ABSA, CUT and SETA on board because of the relationship he had with them. The Metro could be strengthened with outsourcing and incorporating public actors. The CUT was a paid actor and MMM was a client of ABSA. ABSA agreed to become an actor to ensure an economically beneficial relationship with the Metro and agreed to play a certain role. SETA fulfilled its responsibility, according to its mandate, but bought

into the Programme and made certain promises; thus it was not an interdependent actor, but an invested actor.

Although the actors were not classically interdependent actors, they were the critical key parties. The Metro however made the mistake of not including the Department of Telecommunications, as it was the only government department that could allocate contracts for the digital migration process. Digital migration training formed an integral part of the first project. This oversight by the Metro resulted in the digital migration project being unsuccessful, and it was moved to the second phase of the Programme.

4.2 *Voluntary participation within a horizontal relation*

Participation of all the actors was voluntary. However, a lack of interest by most of the unemployed participants in developing their own businesses resulted in expectations that MMM would employ them on a full-time basis, which was not the aim of the Programme.

The relationships among the actors was horizontal as not one actor could complete the Programme on his/her own. In hindsight, stronger managerial skills to manage the actors might have resulted in more positive results. In this new network environment public officials must know how to act. New policies therefore need to be developed by the MMM (Benvir 2011: 11).

4.3 *Insulated from Party Political Processes*

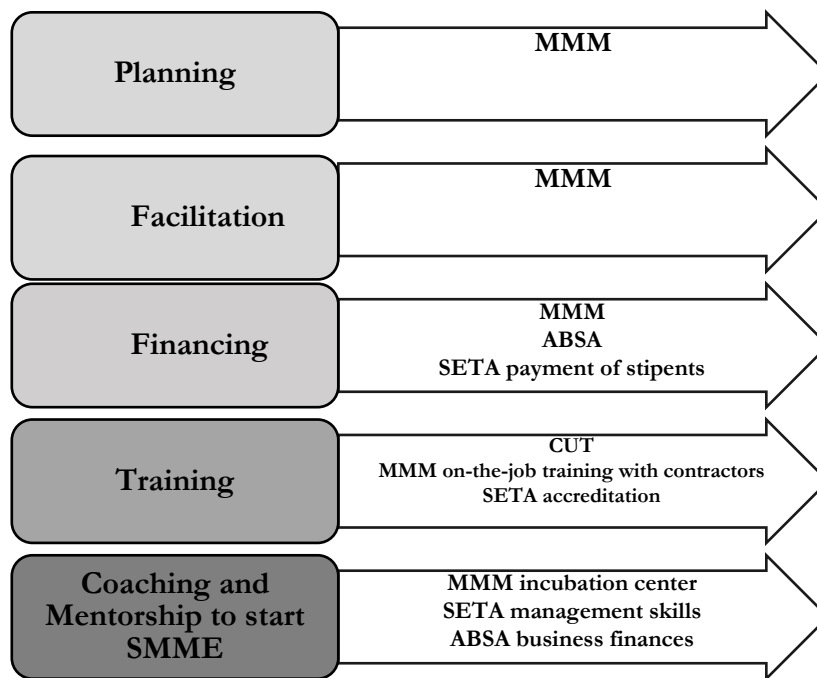
There was, according to the team leader, no interference from political leadership in the Programme, such as who was to benefit as participants. The change in political leadership after the 2016 LGE however brought uncertainty, and the new mayor did not support the Programme. The coordinator of the network therefore changed the game plan mid-point, which resulted in its collapse.

4.4 *Division of Labour*

Although there was a clear division of labour from the beginning, as illustrated above, the facilitation and administrative part of the network fell behind. This result in ABSA withdrawing from the Programme, leaving a vacuum regarding their labour tasks that were not being performed.

MMM boasted of success with the third group, who received on-the-job training. The success was based on improved facilities of MMM, as participants of the human settlement project assisted with the maintenance, revamping and building of municipal property. The contracts of these participants were however terminated shortly after the 2016 LGE and they could not complete the second phase of the project, which would have provided them with the tools to start

up a SMME. This brings us back to the issues of “politics of survival” not supporting the efforts of the previous leadership and not building on it.



(Discussions: YEDP Team Leader and Participants: 14 and 26 October 2016, 10 and 14 November 2016)

4.5 Facilitation

The facilitation of the Programme was the responsibility of the MMM, who was also the initiator of the entire programme. MMM developed a new Youth Development Policy (YDP) in 2015. The aim of the Policy was to guide the Municipality in doing its planning and budgeting, and to provide guidelines on how best to take into account the priorities of youth development, as required by the National Youth Development Act (NYDA) (MMM YDP 2015: 3). Although a policy was developed, the Programme was not reflected in the IDP of the Metro on its own but added to the responsibilities of the Planning and Economic and Rural Development Directorate under the function of SMME support. There was also no budget for the Programme and all departments had to contribute to the R40 million needed for the Programme from their allocated budgets under maintenance, as instructed by the mayor. This begs the question of how well planned the Programme really was and if it was a spontaneous request from the mayor.

Meetings among actors took place individually, and not as a collective network. The lack of regular scheduled meetings with all the actors attending is viewed as a challenge to the coordination function of the MMM within the network. This resulted in actors not playing the role set out in the strategic plan, and some even withdrawing.

The Programme had the support of the mayor and the Executive Management of the MMM. However, insufficient human resources were allocated to the project and reiterates the fear of losing power or giving acknowledgement to a private partner causing a threat to LED. This complex situation resulted in stipends not being paid on time and unaccredited qualifications being awarded to participants.

There was sufficient funding available to complete the Programme. However, poor facilitation, lack of communication, insufficient administrative capacity, strategic planning falling behind, ABSA withdrawing, qualifications not accredited and SETA not being able to pay stipends due to poor administration on the side of the MMM left the Metro as the only remaining actor within the network as CUT had completed its role.

5. Conclusion and Recommendations

Network governance is a possible solution to governance problems due to the access it provides to private resources and skills. In the case study under discussion, ABSA, SETA and CUT provided financing and specialised know-how. Networks have to be initiated by government as it is unnatural for the private sector to seek out government to form a network to address governance challenges, as the private sector is profit driven. Government must however ensure a strong facilitation team to hold the network together and ensure its aims are achieved.

Motivation must be provided to the private sector to become involved in a governance network, apart from it being a social responsibility. Within MMM, the mayor had good relationships within the private sector and could therefore make requests to his contacts to become part of a network to address one of the region's biggest challenges. Government facilitators will however have to pick up their pace when it comes to such networks and keep to deadlines as in the private sector "time is money". On the positive side, this can provide momentum to projects.

The massification of the YEDP was identified as one of the main reasons the project had limited success. Numbers were pushed to make political impact, whilst negligible social impact occurred. Opportunities should be provided to smaller groups at a time and participants should be identified on the grounds of interest and ambition to have his or her own business. If this was not done, the Municipality may be left with large groups of youth demanding to be employed on a permanent basis; this could lead to social instability. The public and private resources used for participants that have no interest in the objectives of the Programme is wasted. Such programmes, broadly speaking, should therefore be streamlined with private actors playing a more active role as they will be stimulating the participants in becoming part of the business sector, striving to make a

profit, instead of only earning a salary. Moreover, the success of such government projects should be measured according to impact and not numbers.

No SMMEs flowed from the Programme. Participants felt abandoned as they were under the impression that they had a contract with the MMM, and thus were employed by the Municipality. From the discussions, it was clear that it was not the ambition of the majority of the participants to become the owners of SMMEs. Due to the high unemployment rate, they made use of the opportunity afforded to them, although the objectives of the Programme were clear to them from the onset.

Although a network is a way to attract greater public participation in governance programmes, the YEDP lacked a strong administrative structure. The administration of such a network can be enhanced by bringing private actors on board with these tasks. Although government has the main role of facilitating and coordinating, lack of human resources can be outsourced to other actors. Some power over the project will then have to be released but, in turn, government will obtain expertise and skills to ensure a higher success rate. Therefore, the private sector must be roped into facilitating and driving projects to address governance challenges, such as unemployment, in order to make a noticeable impact.

There must be little or no political interference in governance networks so as to ensure success. The programmes must be beneficial to the affected communities, and not to politicians. The change in political leadership after the 2016 LGE and the lack of interest in programmes initiated by the previous leadership illustrated a lack of interest in the needs of the communities.

More regular interaction between all the actors is needed in order to determine as soon as possible that an actor is not keeping to the agreement reached or is experiencing challenges. The facilitator must be in the position to ensure that the agreements are met; this can best be done if all the actors are more regularly involved in strategic meetings as one actor's slackness can result in the programme failing. The failure of the programme means that the resources made available by the private actors have been wasted. This will also result in the private actors being reluctant to be involved in such a network again to assist with resolving governance challenges, such as unemployment. Networks that have a higher chance of success therefore have regular interaction with all the actors. This interaction did not exist with the YEDP as the Municipality took on most of the responsibilities, which it was unable to handle. Although government should remain at the centre of a network, it must drive the process with energy and with a commitment to succeed.

The MMM attempted network governance, but it did not apply the basic requirements, which resulted in an unsuccessful YEDP. The high number of SMMEs reflected in the mayoral end of tenure report 2011 to 2016 therefore rather reflected attempts to develop SMMEs, and not

actual successes. In regard to the YEDP, the network unravelled as ABSA withdrew before completing its involvement, SETA was not managed properly, the Metro had insufficient administrative ability, and CUT was only a paid partner, whereas its resources could have been better utilised.

In conclusion, it is recommended that managers and political leaders at local government level be trained on how to develop and utilise network governance to the benefit of their constituencies and address the challenges for which they need outside assistance. The private sector need to be included when addressing governance challenges, especially with a challenge such as unemployment that might affect social stability in the long run. The core of governance therefore needs to be transformed to strengthen the state.

References

- Abor, J. & Quartey, P. 2010. Issues in SME development in Ghana and South Africa. *International Journal of Finance and Economic*, 39, 218-228.
- Bevir, M. 2011. *SAGE Handbook of Governance*. London: SAGE Publications Ltd.
- Blakely, E.J. 1989. *Planning Local Economic Development*. Newbury Park: SAGE Publications Ltd.
- Canzanelli, G. 2001. Overview and Learned Lesson: Local Economic Development, Human Development and Decent Work. Documentation. International Labour Organisation, (ILO), Geneva, Switzerland.
- Catlaw, T.J. 2009. Networks at the Limits of Representation. *The American Review of Public Administration*, 39(5), 478-498. <https://doi.org/10.1177/0275074008323975>
- Cohen, O. 2010. SALGA Position Paper: Key Issues in Local Economic Development in South Africa and a Potential Role for SALGA.
- Considine, M. 2013. Governance Networks and the Question of Transformation. *Public Administration*, 91(2), 438-447. <https://doi.org/10.1111/j.1467-9299.2012.02065.x>
- Davies, J.S. 2011. Challenging Governance Theory: From Networks to Hegemony. https://papers.ssrn.com/sol3papers.cfm?abstract_id=1873419 (Downloaded 2016-08-15).
- Denters, B. 2011. Local Governance (In: Benvir, M. Ed. *The SAGE Handbook of Governance*). University of California, Berkeley: Sage. <https://doi.org/10.4135/9781446200964.n20>
- Department of Trade and Industry. 2008. Annual Review of Small Business in South Africa 2005-2007. Pretoria.

Duvenhage, A. 2003. Politieke verval as 'n patroon van politieke verandering: 'n teoretiesverkennde perspektief. *Journal for Contemporary History*, 28(3), 44-71.

eNCA money. 2015. South Africa has been hit by a double whammy. <http://www.enca.com/money/unemployment-rate-rises-264-q1-2015> (Downloaded 2016-10-15).

HIS Global Insight. 2014. Regional eXplorer.

Independent Electoral Commission (IEC). 2016. Voter Turnout Report. LGE 2016. Free State. Mangaung. All wards. <http://www.elections.org.za/content/LGEPublicReports/402/Voter%20Turnout/FS/MAN.pdf> (Downloaded 2016-09-22).

Klijn, E-H. & Koppenjan, J. 2012. Governance network theory: past, present and future. *Policy & Politics*, 40(4), 587-606. <https://doi.org/10.1332/030557312X655431>

Kroon, J, 1998. Entrepreneurship: Start your own business. Cape Town: South Africa.

MacIsaac, N. 1996. Principles of small business management. USA: McGraw-Hill.

Mangaung Metropolitan Municipality. 2015. Mangaung Youth Development Policy 2015.

Mangaung Metropolitan Municipality. 2015. Notice of registration of all unemployed youth living in the Mangaung area. (<http://www.mangaung.co.za/2015/04/13/notice-registration-of-all-unemployed-youth-living-in-the-mangaung/>) (Downloaded 2016-02-14).

Mangaung Metropolitan Municipality a. 2016. Annual Report 2014/2015.

Mangaung Metropolitan Municipality b. 2016. Mayoral end of tenure Report. 2011-2016.

Mufamadi, F.S. 2000. Guidelines to institutional arrangements.

OFM News. 2015. Youth Enterprise Development Programme launched. <http://www.ofm.co.za/article/167463/Youth-Enterprise-Development-Programme-lau...> (Downloaded 2016-12-06).

Ray, E.N. 2010. Small and Medium Enterprise (SME) finance in South Africa: Implications for private sector-led development. Unpublished Master's Thesis, Dalhousie University, Canada.

Rhodes, R. 1997. Understanding Governance. Buckingham: Open University Press.

Rodriguez-Pose, A. & Tijmstra, S. 2005. Local Economic Development as an alternative approach to economic development in Sub-Saharan Africa. London. London School of Economics.

Rogerson, C.M. 2007. Finance, Training and the Regulatory Environment. Report for the Department of Trade and Industry. Pretoria.

Scharpf, F.W. 1994. Games real actors could play: Positive and negative coordination in embedded negotiations. *Journal of Theoretical Politics*, 6, 27-53. <https://doi.org/10.1177/0951692894006001002>

Schwella, E. 2015. South African Governance. Oxford: Oxford University Press.

Small Enterprise Development Agency (Seda). 2014. Mangaung Economic Development Strategy. <http://www.seda.org.za/AboutFS/Pages/MBranch.aspx#Develop> (Downloaded 2016-04-16).

Sørensen, E. & Torfling, J. 2007. (eds) Theories of Democratic Network Governance. Basingstoke: Palgrave Macmillan.

South Africa (Republic). The Constitution of the Republic of South Africa Act 108 of 1996. Pretoria: Government Printers.

Statistics South Africa. Census 2011. www.statssa.gov.za/publications/P03014/P030142011.pdf (Downloaded 2016-05-11).

Statistics South Africa, a. Statistical release P0211. Quarterly Labour Force Survey. Quarter 1: 2016.

Statistics South Africa, b. Statistical release P0211. Quarterly Labour Force Survey. Quarter 2: 2016.

Torfling, J. 2012. Governance Networks (In Theoretical lenses). Pp. 99-128.

Vuk'uzenzele. 2016. Mangaung Metro driving development. <http://www.vukuzenzele.gov.za/mangaung-metro-driving-development-0> (Downloaded 2016-12-06).

Abbreviations

Allied Bank of South Africa (ABSA)

Central University of Technology (CUT)

Department of Trade and Industry (DTI)

Economic Growth Path Strategy (EGPS)

Growth Employment and Redistribution (GEAR)

Integrated Development Plan (IDP)

Local Economic Development (LED)

Local Government Election (LGE)

Local Government Turnaround Strategy (LGTS)
Mangaung Metropolitan Municipality (MMM)
National Youth Development Act (NYDA)
New Venture Creation (NVC)
Skills Education Training Authorities (SETA)
Small, Medium and Micro Enterprises (SMME)
Youth Development Policy (YDP)
Youth Enterprise Development Programme (YEDP)