

Strategies for Improving the Implementation of Special Economic Zoning Programmes in South Africa

Okanga Boniface

South African Institute of Strategic Management and Business Research, Auckland Park, Johannesburg, South Africa

Abstract

The misconception has always been that the successful implementation of special economic zones (SEZs) is only predicted by the promulgation of relevant laws and policies prescribing a package of benefits which the willing and capable investment firms in the zones are to enjoy. However, when an analysis of the successes of SEZs in countries such as Korea, China, India, Mauritius, Brazil and Poland is compared and contrasted with an overview of the trends leading to the failure of the four industrial development zones established by the South African government at Coega, East London, Richards Bay and OR Tambo International Airport, it can be concluded that the successful SEZs' implementation exceeds the mere promulgation of relevant laws and policies. Instead, the practices in the countries of SEZs' success stories indicate that in addition to the relevant regulatory and policy framework, SEZs' successful implementation is also influenced by national competitiveness, linkages with the wider local economy through partnership with the local business enterprises and community, the establishment of the relevant governance and management body, constant marketing and promotion, constant investment in infrastructure and resources' availability. While drawing from these practices, this study posits in its underpinning assumption that considering the conceptual limitations marring the successful SEZs' implementation in South Africa, the use of the strategic framework in Figure 1 that prescribe for the key strategies that include the outline of the SEZs' strategic objectives and goals, considering the SEZs' core strategic determinants, the use of SEZs' measuring techniques and the application of the appropriate improvement measures would provide the appropriate alternative conceptual framework which can be used for improving the implementation of SEZs in South Africa. In a bid to determine the veracity, validity and reliability of this strategic framework, this paper evaluated different concepts and documents on SEZs' implementation in countries of SEZs' success stories and interviewed 50 participants comprising of the managers in the South African Department of Trade and Industry, and the managers of the investment firms in the four industrial zones that encompass Coega, East London, Richards Bay and OR Tambo International Airport. In conjunction to the use of the measures for credibility, dependability and transferability, content and thematic analysis of the different government documents and interview findings produced a framework which is similar and compatible to the strategic framework presented in the underpinning assumption of this research in Figure 1. Based on these findings, it was recommended that the South African Department of Trade and Industry must adopt the strategic framework in Figure 1 as the measure for improving the implementation of the economic zoning programmes in South Africa.

Keywords: Special Economic Zones; SADTI; Investments; Framework; Implementation

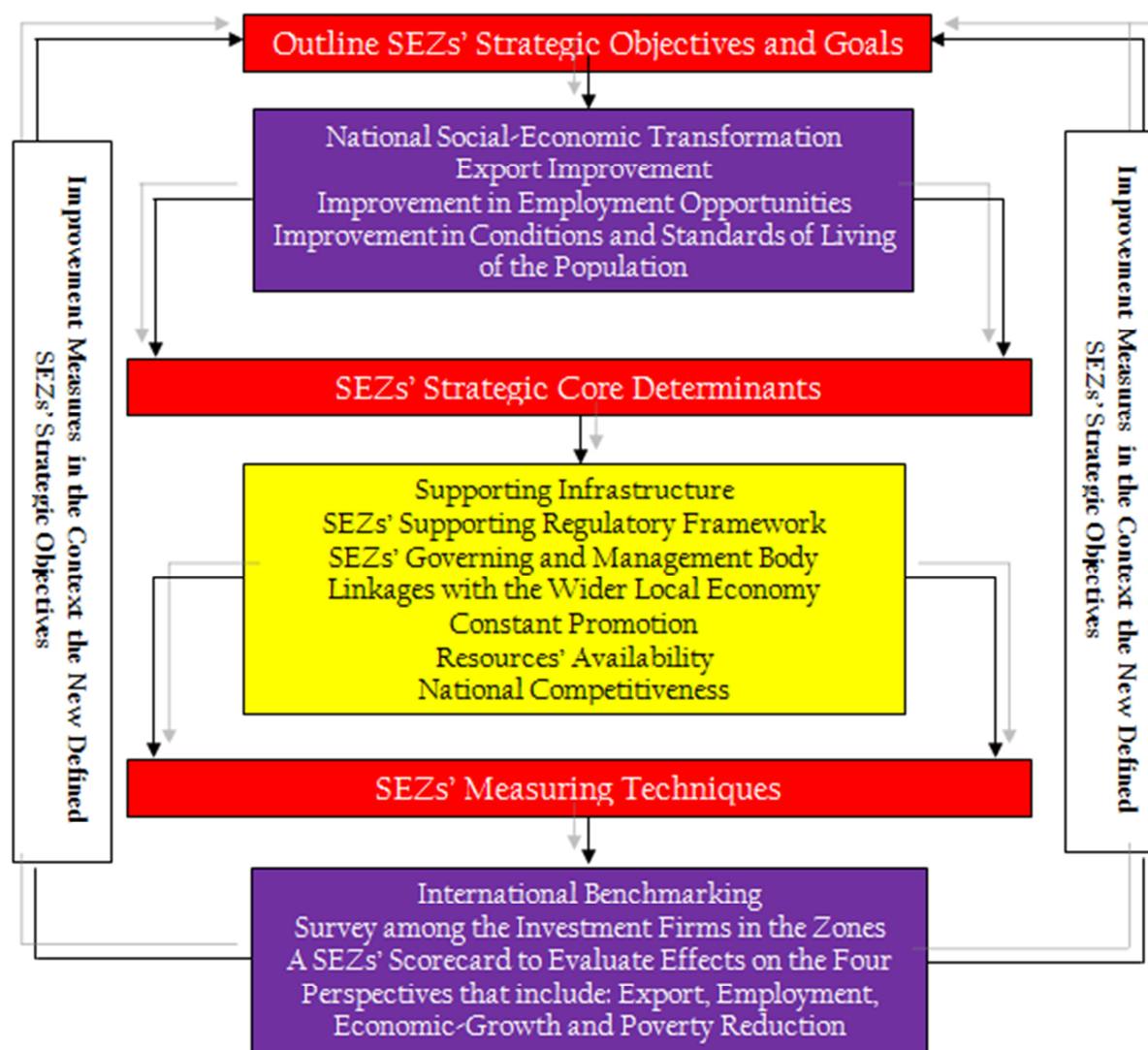
1. Overview: Special Economic Zoning (SEZs) in South Africa

The fundamental argument in this seminal paper is that the application of the accompanying strategies in Figure 1 would significantly influence the use of the Special Economic Zones Policy DTI (2013) as a measure for improving the implementation of special economic zoning programmes in South Africa. This view is derived from the fact that although empirical evidence confirms that special economic zoning has been able to propel the hitherto poorly performing economies such as Korea, China, India, Mauritius, Brazil and most Central American states to the top of the log of the best performing economies of the modern world, trends also indicate that mostly in Africa, the implementation of special economic zoning programmes has only culminated into failures. The effect is that despite the fact that the major strategic objectives of most of the African governments had been to influence the growth of export led trade and investment so as to cure unemployment, and poor economic growth and development challenges, most of the governments have either achieved so little or almost nothing. Since 2001, these failures are not exceptional to the failures that have been bedevilling the successful performance of the four Industrial Development Zones at Coega, East London, Richards Bay and OR Tambo International Airport which were established by the South African government. Certainly, as these four economic zones were unable to attract significant investments, the South African government failed to attain its objectives of increasing employment opportunities and export led economic growth and development. While acknowledging that it has learnt from its past failures, the South African Department of Trade and Industry proposes in its new policy that it will seek to expand the narrow concept of IDZ to a broader term of "Special Economic Zones" that involves the engagement in diverse sets of exporting generating economic activities. However, the thrust of the argument in this seminal paper is that if it is the present Special Economic Zones

Policy DTI (2013) which will be the sole determinant for the implementation of special economic zoning programmes in South Africa, then it is likely to be marred by the same limitations which have been hampering the successful performance of the established four Industrial Development Zones in 2001.

Attributable to this argument is the fact that Farid (2011:4) points out that the extent to which a country is able to realise the nexus between the establishment of economic zones and the achievement of the desired strategic objectives and goals is measured by how a country goes about the implementation of its economic zoning programmes. Farid (2011:4) concurs with Farroll (2011) that the model used in the implementation of the economic zoning programmes is most likely to influence the extent to which a country is able to achieve enormous economic gains. Farroll (2011) elaborates that strong empirical evidence indicates that the establishment of the economic zoning programmes which are accompanied with neither the constant measures for promoting the zones to the potential investors nor the measures for creating a linkage and integrating it with the local economy is most likely to fail. It is on that basis that this study posits in its underpinning assumption that considering the conceptual limitations marring the successful SEZs' implementation in South Africa, the use of the strategic framework in Figure 1 that prescribe for the key strategies that include the outline of the SEZs' strategic objectives and goals, considering the SEZs' core strategic determinants, the use of SEZs' measuring techniques and the application of the appropriate improvement measures would provide the appropriate alternative conceptual framework which can be used to improve the implementation of SEZs in South Africa.

Figure 1: A Strategic Framework for Improving the Implementation of Special Economic Zoning Programmes in South Africa



Studies conducted by authors such as Riedewaan (2013:1), the Centre for Development and Enterprise (2012), Department of Trade and Industry (2012) and Tang (2013:1) acknowledge that the four main zones created by

the government at Coega, East London, Richards Bay and OR Tambo International Airport have failed to attract sufficient investments to stimulate economic growth and development. However, they provide limited views on how the implementation of the economic zoning programmes in South Africa can be improved. The Centre for Development and Enterprise (2012) suggest that the implementation of the zoning programmes must be accompanied with stronger international promotion initiatives to attract investors. Nonetheless, a single measure is unlikely to influence the attainment of any successes from the economic zoning programmes. Anon (2004:201) argues that the success of economic zones is not only determined by the attractiveness of the conditions within the zones, but also a country's general investment climate and competitiveness. If Anon's (2004:201) views are examined in the light of the failures of the economic zones in South Africa, one would easily interpret that perhaps, the failures of the economic zones in South Africa are related to the poor investment climate in the country arising from endless volatile labour riots, slow customs procedures, poor management of zones and lack of compatibility in a country's laws. Although this study shares similar views with Anon (2004:201), it also differs on the basis that he does not provide any comprehensive framework which can be adopted for improving the implementation of SEZs in South Africa. It is therefore against that backdrop that this study evaluates the effectiveness of the present special economic zones (SEZs) in South Africa in order to develop and postulate a strategic framework which can be used in conjunction with the Special Economic Zones Policy DTI (2013) to improve the implementation and management of SEZs in South Africa. In a bid to attain this motive, the next section evaluates the relevant theories and literatures with the overriding motive of exploring how different concepts and theories support the underpinning research assumption that the effectiveness of special economic zoning programmes is measured by the four discourses in Figure 1.1.

2. Theories and the Concept of "Special Economic Zoning"

Chee (2011:1) and Nallathiga (2010:62) interpret that special economic zoning connotes the process through which the government in a bid to boost economic growth and development, creates geographical regions which are designed to encourage the establishments of plants that not only produce for exports, but also create enormous employment opportunities for the population in a particular region. Chee (2011:1) explains that the process for the establishment of the special economic zones is usually accompanied by the exemption from taxes, quotas, FDI bans, labour laws and the other restrictive regulatory frameworks in order to attract more and more investors into the region. Although the notion of special economic zones is derived from the term economic zones, Farroll (2011) highlights that the term special economic zones encompasses a variety of concepts that include free trade zones, free ports, foreign trade zones, export processing zones, free export zones, trade and economic cooperation zones and economic processing zones. Despite these different categories of the economic zones, Farroll (2011) points out that they all refer to the demarcated geographical regions within the national boundaries in which the rules of doing business differ from the rules in the other parts of the country. Anon (2004:201) states that as much as the infrastructure quality and trade facilitation within the zones are strongly related to outcomes such as exports and employment, business related licensing and regulations appear to be less critical. In addition to the less critical factors, Anon (2004:201) highlights that the traditional sources of competitiveness for some zones such as low wages, trade preferences and fiscal incentives are increasingly turning less correlated with the success of the special economic zones. In a view consonant with Anon's (2004:201) revelation, Farid (2011:4) posits that the success of the special economic zones is most likely to be measured by the effectiveness of the planning process and how the existing policies support the implementation of SEZs programmes. In terms of the planning process, Farid (2011:4) argues that the establishment of SEZs must be tailored to the economic activities which the country enjoys as the sources of comparative advantage. Citing the African countries in the examples, he states that successful SEZs can be created if African countries tailor their programmes towards the development of the natural resources based sector such as agriculture, minerals, oil and gas, and tourism. According to Farid (2011:4), the creation of SEZs in the areas where a country has a comparative advantage provides a preface for the later successful developments of the other SEZs programmes.

Despite the fact that tailoring SEZs to a country's comparative advantage may allow a country effectively exploit the dynamic potential of economic zones so as to attain the highest multipliers; Farroll (2011) argues that it will also require the application of the effective strategies to improve the competitiveness of the local value chains. Farroll (2011), interprets that unless a country has significant comparative advantage in labour costs or a large internal market, a convergence of a number of factors must be forged for economic zones to be successful for attracting and retaining investments. He explains that these factors include; location, policy, planning, legal frameworks, infrastructure and management. Farroll (2011) further argues that although economic zones are perceived and treated as enclaves of trade and investments, they are in practice the integral part of the national economy against which any factor that affects the effective performance of the national economy is also most likely to impact on the effectiveness of the economic zones. In support of Farid's (2011:4) views, Watson (2001:26) explains that economic zones have not had a catalytic impact on economic growth in

most countries because they have been disconnected from the wider economic strategies. Watson (2001:26) elaborates that instead of integrating the economic zones into the wider domestic economy, quite often economic zones are created and left to operate on their own without little effort to support domestic investments into the zones or create linkages with the domestic economy. Watson (2001:26) notes that unlocking the potential of economic zones requires the implementation of clear strategic integration of the economic zones with the local economy and in certain cases the larger regional economies.

In a view supplementing Watson's (2001:26) assertion, Balchin, Isaac and Chen (2010:215) reveal that long term commitment and dedication of the government is key to the successful implementation of the economic zoning programmes. Balchin et al. (2010:215) state that mostly in African countries, the implementation of economic zoning programmes has been followed with half-hearted commitment from the government with the effect that although all the relevant laws are passed, there have been failures to implement regulations and provide adequate resources for programme management, infrastructure and promotion. They argue that such approach induces poor trade policy coordination and a failure to establish a policy environment that offers investors confidence in transparency and predictability. In a bid to run a successful economic zone, Balchin et al. (2010:215) suggest that governments must work in collaboration and liaison with the private sector organisations. Balchin et al. (2010:215) explain that given the large investments required for zones to be successful and their uncertain return, private sector investment is important for reducing government risks economic zones. Balchin et al. (2010:215) further state that irrespective of the role the private sector plays in zone development and management, the greater private sector participation in the strategic planning and policy decisions must be encouraged. In support of Balchin et al.'s (2010:215) views, Farroll (2011) argues that the commitment and support of government must also be demonstrated through the establishment of the effective regulatory framework as the first step to the successful implementation of the economic zoning programmes. Farroll (2011) notes that clear and transparent legal framework codifies the programme strategy and establishes the rules of the game for all the stakeholders involved in the process of developing the economic zones.

Farroll (2011) elaborates that the clarity of the regulatory framework aids in the addressing of land issues, facilitating the provision of infrastructure, and ensuring compliance with the labour and environmental standards. In the context of Ferguson and Ferguson's (2009:149) revelations, the process of determining the locations and the relevant supporting infrastructures also significantly influence the success of the economic zoning programmes. However, Ferguson and Ferguson (2009:149) note that quite often, the location decisions are influenced by the political considerations, rather than the commercial or economic considerations to render the selection of locations effective for determining the success of the economic zoning programmes. Ferguson and Ferguson (2009:149) points out that across the conducted studies, governments were found to use to economic zoning as the measures for attaining a balanced regional development, but fail to develop the infrastructure connectivity, address labour issues and supply access that these more remote locations face. They note that the effect of such approach has usually been reflected in the fact that the investors shun such locations in favour of the locations where they have readily available infrastructure, access to supplies and skilled labour. They add that the development of infrastructure should not only facilitate the activities within the zones, but also the integration of the zones with the wider domestic economies. Ferguson and Ferguson (2009:149) suggest that one of the most effective and cost efficient ways to ensure the integration between zones and trade gateways is to co-locate them by developing new zones on the locations that are within or adjacent to major ports, airports and other key trade infrastructures. Ferguson and Ferguson (2009:149) states that these must be accompanied by the development of social infrastructures such as hospitals, schools and other amenities to support the influx of the population to the zones. Hand in hand with these key success factors, authors such as FIAS (Foreign Investment Advisory Service) (2008:149), McKenney (2008:16) and Phillip (2010:316) share similar views that the SEZs' implementation must be accompanied with the use of the appropriate measuring techniques to enhance the early identification and correction of deviations.

2.1 Strategies for Measuring and Improving the Effectiveness of SEZs

McKenney (2008:16) and Phillip (2010:316) concur that monitoring and evaluation of the successes of economic zoning programmes is critical for the identification and addressing the gaps in zone programme performance and to more effectively link with policies, strategy and operation. In a bid to accomplish this, Phillip (2010:316) suggest that the independent monitoring and evaluation commission must assess the compliance with the relevant laws in order to identify and address abuses, determine whether programmes have been successful and determine the policy improvements which are necessary for attracting future investments into the zones. In terms of SEZs' operations, Majumder (2003:114) notes that the analysis and evaluation of the structural changes within the special economic zones may also provide a measure for determining the extent to which the SEZs programmes facilitate the sectoral adjustments or hinder it. Majumder (2003:114) explains that this can be accomplished by highlighting different sectors and evaluating how SEZs have improved the competitiveness in such sectors. Without such evaluation, Majumder (2003:114) states that it can be turn difficult for a country to

determine the sectors in which the impact of SEZs have been quite low for the necessary improvements to be put in place. At the same time, Balchin et al. (2010:215) highlight that the evaluation of the effects of SEZs must also examine its successes for dealing with social and environmental issues. Phillip (2010:316) suggests that governments must evaluate the effects of exports resulting from SEZs. He states that the effectiveness and successes of SEZs' exports can be evaluated by assessing the export levels, growth and relative importance of SEZs' exports in the national economy since the establishment of SEZs. Phillip (2010:316) argues that although in the short-run, export volumes resulting from SEZs may be low; the country should not be discouraged. Instead, he posits that countries must use such results to assess where things might have gone wrong in order to determine the improvement measures which can be put in place to stimulate SEZs exports.

In addition to assessing the effects on exports, McKenney (2008:16) notes that the effects on the increment of foreign direct investments is the other area that can be used to measure the effectiveness and successes of the SEZs programmes. McKenney (2008:16) explains that the increase in the foreign direct investments into the prescribed economic zones is most likely to be an indicator of the successful implementation of SEZs and vice-versa. Despite the fact that SEZs has been established to be significantly related to the increment in foreign direct investments and exports, McKenney (2008:16) argues that studies confirm that SEZs do not directly contribute to the increase in employment opportunities. But instead, do have indirect multiplier effects that generate economic growth and development and result into the creation of the employment opportunities in the other sectors of the economy. Nonetheless, McKenney (2008:16) states that the process for evaluating the effects of SEZs on employment creation can be accomplished by assessing the share of the workforce source locally in order to capture the extent to which the zone based firms hire the locally based skilled workforces who are in most of the cases in a position to transfer knowledge and skills across the firms inside and outside SEZs or to employ their knowledge in an entrepreneurial venture. However, Majumder (2003:114) points out that although such measures may provide the indication on whether SEZs use the available skilled labour, it may not indicate whether it will lead to the transfers of knowledge and technology between SEZs based firms and the local economy. He attributes his argument to the fact that the extent of the transfer of knowledge and technology depends on the factors that include the nature of the technology deployed by the firms, the nature of the labour markets, the culture and policies with regard to entrepreneurship. Majumder (2003:114) adds that all these factors can be affected by the policy decisions made by the national governments, and the policies and practices of the firms within SEZs. In terms of the social issues, Balchin et al. (2010:215) posit that the evaluation must examine the SEZs' outcomes in terms of the quality of the employment generated, the extent to which workers' rights are protected in the zones and the gender differentiated effects of the zones.

In a view echoed in Farroll's (2011) assertion, Balchin et al. (2010:215) state that SEZs programmes that fail to offer opportunities for high quality employment and upward mobility of labour trained staff, that derive their competitive advantage from exploiting low wage workers and neglect to provide an environment that addresses the particular concerns of female workers are unlikely to be successful. In a bid to assess the quality of employment in SEZs, Farroll (2011) argues that the evaluator must assess the factors that include lack of job advancement opportunities, difficult work hours and shift structures, and lack of social infrastructures. Although in line with McKenney (2008:16) and Phillip's (2010:316) views, OECD (2012:13) states that the review and evaluation of the policies on SEZs must be accompanied with the application of the improvement measures which require the government to readapt the economic zones in the context of the contemporary vision. OECD (2012:13) explains that this process of readapting the economic zones would demand that the government continuously devise means for attracting foreign direct investments, increasing exports, achieve sustainable development through an inclusive growth green growth strategies, generate the employment opportunities, create linkages with the local economy to improve socio-economic conditions and eliminate regional disparities, and generate tax revenues as the budget deficits increase. In terms of the design and management of SEZs, OECD (2012:13) reveals that governments must move towards the development of SEZs comprising of clusters of industries and services with high value add, establish an independent regulatory body backed by law, provide private sector development and management zones, provide infrastructure financings, cluster zone modelling and supply chain management, and fully integrated zones with on-site residence. OECD (2012:13) also notes that in the process of readapting economic zones, governments must provide the incentives that include the regulatory and administrative incentives, fully integrated single window and one stop shop services and innovative development policy incentives linked to R&D, skills development, SMEs and regional development. OECD (2012:13) adds that the other measures can include the less reliance on tax incentives and more focus on business development services.

In general, it can be stated that theories on special economic zoning support the fundamental argument in the underpinning research assumption for this study that in conjunction to the use of the Special Economic Zones Policy DTI (2013), the South African government will also need to consider the four discourses which are outlined in the strategic framework in Figure 1.1 in order to improve the implementation and management of its special economic zoning programmes. The next section describes the process research method and techniques

which were used to explore the additional constructs and variables which can be used to modify the SEZs' strategic framework in Figure 1.

3. Methodology (Interpretive and Realism Research Paradigm)

In a bid to accomplish the primary research process, this study uses the interpretative and realism research paradigm. Welman, Kruger and Mitchell (2005:226) posit that the interpretive and realism philosophies refers to a process of investigation which requires detailed and in-depth non-numeric responses to enhance the understanding of the issues underlying the topic of the study. In the process of accomplishing this, Welman et al. (2005:226) add that the interpretive and realism philosophers argue that the process of inquiry must apply the methods that include observation, interviews and detailed analysis of archives. In direct contrast to the interpretive and realism research paradigm, Moon, Dillon and Sprengle (2000:357) state that the positivist or logical positivist research connotes a research process which seeks for structured quantifiable answers in response to a prior stated research hypothesis or a priori specified measurement model. Despite the existence of these two research paradigms, this study uses the interpretive and realism on the basis that as compared to the positivist paradigm, it was anticipated that the use of the interpretive and realism philosophies would enable this study explore the detailed factors that explain the limitations and the facilitators of the process for the implementation of SEZs in South Africa. Through this, it was expected that the study would be able to gain in-depth detailed information to enable the comparing and contrasting of the key research findings and the strategic framework in Figure 1.1 so as to determine the kind of the strategic framework which must be postulated and recommended for improving the implementation of SEZs in South Africa. The target population for the study comprised of the 80 managers in the Department of Trade and Industry and 472 managers of the investment firms in the four main zones created by the government at Coega, East London, Richards Bay and OR Tambo International Airport. Using a combination of the non-probability sampling techniques encompassing convenience sampling, snow-balling, random purposeful and stratified purposeful, the study sampled 20 out of the 80 managers in the Department of Trade and Industry and 30 managers out of the 472 managers of the investment firms in the four main zones created by the government at Coega, East London, Richards Bay and OR Tambo International Airport. The interview processes were accomplished using a questionnaire designed in line with the four discourses in the strategic framework in Figure 1.1 that include SEZs' strategic objectives and goals, the core SEZs' core strategic determinants, the use of SEZs' measuring techniques and the application of the improvement measures. Despite taking into consideration the measures for credibility, dependability and transferability, the obtained interview data was analysed using a combination of two techniques that include the Fetterman's (2009:19) Five Stage-Framework for thematic analysis and content analysis. While using Fetterman's (2009:19) Five Stages' Framework, the analysis of the collected qualitative data was accomplished according to the five steps that encompass familiarisation, identifying a thematic framework, indexing, charting, and mapping and interpretation. In line with Mostyn's (2005:115) interpretation, content analysis was accomplished according to the four steps that include reading interview transcripts and government documents and making a list of important key points, identifying key themes and sub-themes, review to confirm themes, comparing and contrasting in order to determine fitness and link between the themes and mapping the resulting from framework. The findings were as presented and discussed in the next section.

4. Findings, Interpretations and Discussions

Generally, the findings seem to confirm the assertion in the overriding assumption of this research that the challenges marring the effectiveness of the economic zoning in South Africa can be addressed by considering the four discourses which are outlined in Figure 1 to include the outline of the SEZs' strategic objectives and goals, considering the core SEZs' core strategic determinants, the use of SEZs' measuring techniques and the application of the improvement measures in the context of the new defined SEZs' strategic objectives and goals. This is echoed in the fact that the illustrations in Table 1 illustrates reveal that the thematic analysis of the interview findings indicate that an average of 79% of the 50 interviewed participants agreed that the outline of the clear SEZs' strategic objectives is one the key constructs that would determine the successful implementation of the SEZs in South Africa. It is also indicated that approximately 66% of on average indicated that the considering of certain core SEZs' strategic determinants is also part of the key factors that determine the successful SEZs' implementation. The extent to which this underpinning assumption is confirmed in the interview findings is further reflected in the fact that despite indicating that an average of 31% of the interviewed participants highlighted the need for the use of the appropriate SEZs' measuring techniques, Table 1 also indicates that 100% of the 50 interviewed participants explained that the application of the appropriate improvement measures is another key discourse that influence the successful implementation of SEZs. As indicated in Table 1, 38% of the 50 interviewed participants noted that socio-economic transformation is one of the objectives that they wish the government effectively considers in the implementation of SEZs programmes. These interviewed participants stated that considering the enormous economic roles that SEZs have been playing

in the other countries, linking SEZs to one of the strategies for socio-economic transformation would significantly influence the extent to which SEZs can be used to achieve the objective of socio-economic transformation.

Table 1: Themes and Sub-Themes resulting from the Interview Findings

Themes and Sub-Themes for the Successful SEZs' Implementation	Number Out of the 50 Participants	Percentages per Sub-Theme
Main-Theme: SEZs' Strategic Objectives		
Socio-Economic Transformation	38 (50)	76%
Export Improvement	50 (50)	100%
Employment Creation	50 (50)	100%
Improvement in Conditions of Living	28 (50)	56%
Improvement of Standard of Living	32 (50)	64%
Economic Growth and Development	40 (50)	80%
	Average =	79% (100%)
Limitations: SEZs' Strategic Objectives		
Poor Governmental Commitment	26 (50)	52%
Poor Linkage with SEZs' Operation	47 (50)	94%
Insufficient Funds and Resources	50 (50)	100%
	Average =	82% (100%)
Main-Theme: SEZs' Strategic Core Determinants		
Supporting Infrastructure	32 (50)	64%
Regulatory and Policy Framework	50 (50)	100%
Governance and Management	33 (50)	66%
Linkages with the Wider National Economy	27 (50)	54%
Resources' Availability	50 (50)	100%
National Competitiveness	22 (50)	44%
Marketing and Promotion	18 (50)	36%
	Average =	66% (100%)
Main-Theme: SEZs' Measuring Techniques		
International Benchmarking	17 (50)	34%
Survey	20 (50)	40%
SEZs' Four Perspectives Scorecard(Export, Employment, Economic Growth and Poverty Reduction)	50 (50)	100%
	Average =	31% (100%)
Limitations: SEZs' Measuring Techniques		
Lack of Commitment	32 (50)	64%
Poor Data	26 (50)	52%
Insufficient Skills	34 (50)	68%
Insufficient Resources	47 (50)	94%
	Average =	69% (100%)
Main-Theme: SEZs' Improvement Measures		
Review of SEZs' Policies and Laws	50 (50)	100%
Infrastructure Development	50 (50)	100%
	Average =	100% (100%)

In addition to the views of these 38 of the 50 interviewed participants, Table 1 indicates that the other objectives which the 50 interviewed participants highlighted that the government must strive to achieve include exports' improvement (50 of the 50 interviewed participants), employment creation (50 of the 50 interviewed participants), improvement in the conditions of living of the population (28 of the 50 interviewed participants), improvement of the standards of living of the population (32 out of 50 interviewed participants), and economic growth and development (40 of the 50 interviewed participants). Although these findings are consonant with the underpinning assumption in Figure 1, most of these views comprise of the wishes of the interviewed participants that such key factors were considered in the implementation of SEZs in South Africa. In practice, most of the 50 interviewed participants expressed concerns that most of these objectives only exist in theories without the real initiative of ensuring that they are attained. In reference to the failure of the implementation of the economic zones at Coega, East London, Richards Bay and OR Tambo International Airport, 26 of the 50 interviewed

participants heralded that the failures are attributable to the lack of government commitment and follow-up to ensure that the outlined SEZs' strategic objectives are achieved. These interviewed participants pointed out that the government initially was mistaken that the mere creation and launching of these economic zones would definitely lead to success. However, as they stated, it turned out that the successful establishment of economic zones is influenced by not only constant marketing and promotion among the local firms and the international firms. These 26 of the 50 interviewed participants feel that instead of marketing international, the concept must first be accepted by the local firms in order for it to gain international footing.

Besides, poor governmental commitment, Table 1 also indicates that 47 of the 50 interviewed participants also argued that although SEZs' objectives could be well outlined in the Department of Trade and Industry's policy for the implementation of economic zoning programmes, the objectives seem to lack a link on how SEZs would facilitate the attainment of certain goals. Primarily, they identified lack of a strategic framework as one of the reasons for the failure of such a linkage. At the same time, 50 of the 50 interviewed participants highlighted insufficient funds and resources one some of the reasons that explain why the achievement of most of these outlined objectives have not been possible. Despite the need for resources for marketing and promotion, these 50 of the 50 interviewed participants reveal that funds are needed for continuously developing the zones and linking them to the other parts of the country. Unfortunately, they pointed out that such required funds have not been forthcoming, thereby limiting the extent to which the attributes that influence zoning can be upgraded. In other words, the views of these interviewed participants corroborate the opinions of the average of the 66% of the interviewed participants who hinted that the successful implementation of SEZs is influenced by certain core strategic determinants. As Table 1 illustrates these SEZs' core strategic determinants include the supporting infrastructure (32 of the 50 interviewed participants), the regulatory and policy framework (50 of the 50 interviewed participants), governance and management body(33 of the 50 interviewed participants), linkages with the wider local economy (27 of the 50 interviewed participants), resources' availability (50 of the 50 interviewed participants), national competitiveness (22 of the 50 interviewed participants), and marketing and promotion (18 of the 50 interviewed participants). In other words, the interview findings imply that without the use of a combination of these factors, it is unlikely that SEZs' implementation can be success. Most of these 50 interviewed participants noted that the development of world class infrastructure can influence the attraction of investments to the zones even in the midst of minimal marketing and promotional activities. Whereas the establishment governance and management body is most likely to influence the establishment of a link through which the investment firms in the zones can related with the government, these 50 interviewed participants stated that the creation of national competitiveness is not only measured by the conduciveness of the conditions within the zones, but in the entire national economy.

In other words, these interviewed participants reveal that as much as these investment firms are restricted in the zones, they do significantly interact with the wider environment with the national economy. On that basis, these interviewed participants explained that incompatibility of laws in certain other areas such as customs procedures, ban on imports, labour laws and financial transaction laws, and general hostility of the population and political climate are most likely to undermine the national competitiveness and subsequently the success of SEZs in South Africa. Table 1 further illustrates that most of the 50 interviewed participants identified that the SEZs measuring techniques that can be used include international benchmarking (17 of the 50 interviewed participants), survey (20 of the 50 interviewed participants), and the use of the scorecard to evaluate SEZs' effectiveness on the four perspectives that include export, employment, economic-growth and poverty reduction (50 of the 50 interviewed participants). However, some of the interviewed participants noted that the effective use of these SEZs' measuring techniques is being undermined by lack of commitment (32 of the 50 interviewed participants), poor data (26 of the 50 interviewed participants), insufficient skills (34 of the 50 interviewed participants), and insufficient resources (47 of the 50 interviewed participants). Despite the fact that Table 1 also indicates that these 50 of interviewed participants highlighted that the improvement measures that can be applied include the review of SEZs' policies and laws, and infrastructure development, most of the 50 interviewed participants stated that limitations such as insufficient fund and resources, and lack of commitment can also mar the effective application of such improvement measures to ensure that SEZs' implementation result in the achievement of the outlined strategic objectives and goals.

5. Conclusion and Recommendations

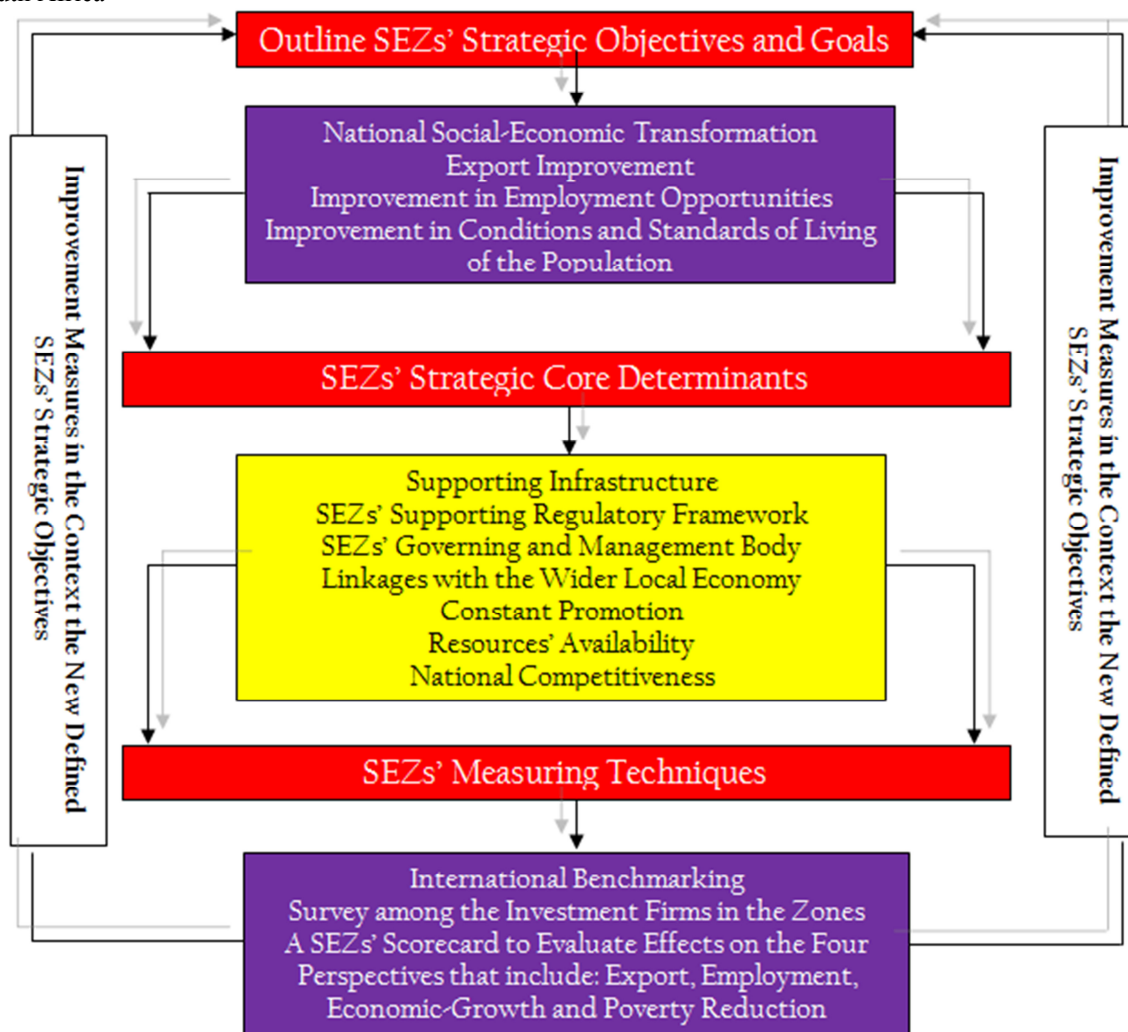
It is clear from the abstract and introduction of this research paper that the overriding motive of this research was to develop and postulate a strategic framework which can be recommended for improving the implementation of economic zoning programmes in South Africa. In a bid to achieve this overriding motive, it is pointed out that this research posited in its underpinning assumption that the challenges marring the effectiveness of the economic zoning in South Africa can be addressed by considering the four discourses which are outlined in Figure 1 to include the outline of the SEZs' strategic objectives and goals, considering the core SEZs' core strategic determinants, the use of SEZs' measuring techniques and the application of the improvement measures

in the context of the new defined SEZs' strategic objectives and goals.

While guided by these four discourses, the theoretical findings indicated that authors such as Chee (2011:1) and Nallathiga (2010:62) note that a special economic zoning refers to the process through which the government in a bid to boost economic growth and development, creates geographical regions which are designed to encourage the establishments of plants that not only produce for exports, but also create enormous employment opportunities for the population in that region. The analysis of the theories by authors such as Farroll (2011), Farid (2011:4) and Anon (2004:201) revealed that the core strategic determinants of effective SEZs include the policy intent behind the economic zoning programmes, the effectiveness of the strategic planning process, governmental commitment and regulatory framework, and the location and the relevant infrastructures.

Authors such as McKenney (2008:16), Phillip (2010:316) and Majumder (2003:114) were noted in the discussions to concur that the strategies for measuring and improving the effectiveness of SEZs encompass the review of SEZs' policies, strategy and operation, the evaluation of the effects of SEZs on exports, the evaluation of the effects of SEZs on employment and readapting SEZs in the context of the contemporary vision. The discussions in this paper indicates that it is not only theoretical findings that supported the underpinning assumption of this research that the successful implementation of SEZs' programmes is influenced by the four constructs in Figure 1, but also the results of the interview findings in Table 1. On the basis of these findings, it is recommended that the South African Department of Trade and Industry must adopt the strategic framework in Figure 1 as a measure for improving the implementation of the economic zoning programmes in South Africa.

Figure 1: A Strategic Framework for Improving the Implementation of Special Economic Zoning Programmes in South Africa



References

Anon, A. (2004). Economic Growth Clusters; A Strategy for Integrated Development, Bombay Chamber Bulletin, Vol. 4 (2), Bombay Chamber of Commerce and Industry, Bombay, India.

- Balchin, P.,N.,Isaac, D., and Chen, J. (2010). *Urban Economics: A Global Experience*. Palgrave Books, United Kingdom, London.
- Centre for Development & Enterprise (2012). *Special Economic Zones: Lessons for South Africa from International Evidence and Local Experience*. CDE Round Table Number 19, June 2012. CDE, Johannesburg
- Chee , K., L. (2007). *A Tale of Two Countries: Openness and Growth in China and India_ Dynamics, Economic Growth, and International Trade (DEGIT) Conference Paper*.
- Department of Trade and Industry. (2012) . *Policy on the Development of Special Economic Zones in South Africa*. Government Gazette No. 34968, 23 January 2012. DTI, Pretoria.
- Farrid, S. (2011). *South Africa’s proposed Special Economic Zone Policy*. *Journal of International Business and Investments*, Vol. 24 (6), 4-56.
- Farroll, T. (2011). *Special Economic Zones in Africa: Comparing Performance and Learning from Global Experience*. World Bank, Washington, DC.
- Ferguson, P.R., & Ferguson, G.J. (2009). *Industrial Economics; Issues and Perspectives*. Macmillan Press Ltd, London, United Kingdom.
- Fetterman, D. M. (2009). *Ethnography: Step by step*. Newbury Park, CA: Sage Publications.
- FIAS (Foreign Investment Advisory Service). (2008). *Special Economic Zones Performance, Lessons Learned and Implications for Zone Development*. Washington, DC; World Bank.
- Majumder, S. (2003). *SEZs; Go the Chinese Way, The Business Line*. The Hindu Group of Publications, Mumbai, India.
- McKenney, I. (2008). *An Assessment of China’s Special Economic Zones*. Executive Research Project. The Industrial College of Armed Forces. National Defence University, Washington, DC, India.
- Moon, S. M., Dillon, D. R. & Sprenkle, D. H. (2000). *Family therapy and qualitative research*. *Journal of Marital and Family Therapy*, 16(4), 357–373.
- Mostyn, B. (2005). *The content analysis of qualitative research data: A dynamic approach*. *The research interview*; London: Academic Press, Vol. 2 (1); 115-145.
- Nallathiga, R. (2010). *Potential of Special Economic Zones in Promoting Industrial and Regional Economic Development: An Analysis*. The Icfai University Press.
- OECD (2012). *Designing Economic Zones for Effective Investment Promotion*. Working Group 1: Investment Policies and Promotion 15-16 February 2012; mena oecd Investment Programme.
- Phillip, C. (2010). *Evolutionary Processes and Regional Practices*. *The Associational Economy: Firms, Regions and Innovations*. Oxford University Press, Oxford, United Kingdom.
- Riedewaan, J. (2013). *South Africa - Cape Town zoning schemes and By-laws challenged in the Informal Sector*. The Legal Resources Centre, Cape Town.
- Watson (2001). *Planning and Zoning Regulation*. Australian Retail Industry. TCI's Conference was entitled: *Clusters Meeting the Challenge of Globalisation* .
- Welman, M, Kruger, W. & Mitchell, N. (2005:52). *Research Methodology*. Oxford University Press. Southern Africa.

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

