

How can large and medium manufacturing firms contribute to inclusive growth in South Africa

Key findings from survey data of firms in eThekweni

Background

In the context of South Africa's struggling economic growth and high unemployment rate, inclusive growth is important for reducing the country's levels of poverty and inequality. With manufacturing contributing substantially to national GDP – and almost 25% in the greater Durban area – the role of this sector is critical as, despite upheavals of past years, it also contributes close to 20% of total employment.

Objectives

The objective of this project was to provide a fresh evidence base for public and private collaboration around an action plan for enhancing the greater Durban manufacturing sector's contribution to inclusive economic growth in the eThekweni Municipality, KwaZulu-Natal Province, and South Africa as a whole. The survey focuses on manufacturing as this continues to be a critical sector for economic growth. It is also embedded in South Africa's industrial policy, although it is still chiefly articulated on the ground around sector-specific support and interventions.

Methodology

In order to understand firms better in their context, data was collected in 2013/2014 from a subset of manufacturing firms in an economically important metro region of South Africa, eThekweni, which falls under the ambit of the eThekweni Metro Municipality and encompasses the City of Durban as well as a number of economic centres and smaller towns around that city. Information related to a wide range of key firm dimensions was obtained through a survey, including how firms see their economic environment, what external and internal factors influence expansion of production, what the barriers to firm growth are, what key aspects of labour relations are at play, and so forth.



UNIVERSITY OF KWAZULU-NATAL

CONTACT

Prof Sarah Bracking
sarah.bracking@ukzn.ac.za

GRANT AMOUNT
ZAR 1,100,000
CALL FOR PROPOSALS 2 (CfP2)

For the full report and to find out more about other PSPPD-funded policy relevant research, visit the PSPPD Poverty & Inequality Knowledge Repository at:
<http://psppdknowledgepository.org/>.

Conclusions

There are a number of areas where policy-makers can intervene more forcefully to help firm growth, such as:

- Helping firms export more
- Helping medium firms access lower cost credit
- Ensuring that experts are available to provide information on how more effective energy-saving production techniques and technologies can help reduce costs.

Policy-makers also need to pay attention to the neglect of industrial estates, as good land for industrial purposes is scarce in the main cities of South Africa. Medium and large manufacturing firms in eThekweni have strong localisation advantages. The findings of this study call for a distinct role for local government; one that would help ensure that firms derive benefits from being located near other firms. In addition, with industrial policy fundamentally seen as the domain of national policy-makers, opportunities might be missed by local and provincial policy-makers to tackle local issues – issues which are of significant importance for the growth of manufacturing firms.



planning, monitoring & evaluation
Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



PSPPD
PROGRAMME TO
SUPPORT PRO-POOR
POLICY DEVELOPMENT

