

THE CONTRIBUTION OF ENTREPRENEURSHIP TO DOMESTIC ECONOMIC GROWTH IN MUNICIPAL DISTRICT OF SOUTH AFRICA

<https://doi.org/10.47743/jopafll-2023-29-27>

MAHLANGU Peter Bongani

Regent Business School, Durban, South Africa
mabuma.pbongani@gmail.com

PATEL Shaiem

Regent Business School, Durban, South Africa.
shaiem.patel@regent.ac.za

Abstract: The primary goal of the study is to look at how entrepreneurship affects regional economic development in the Nkangala District Municipal area. Economic empowerment, income and employment development, economic restructuring, and the eradication of economic inequality can all be achieved through entrepreneurship. Through creating jobs, encouraging creativity, creating effective techniques for utilising resources, and improving people's socioeconomic well-being, entrepreneurship promotes economic progress. This investigation employs a quantitative research approach. There are 55 business owners in the study sample. The data from the study were analysed using SPSS. Regression and correlation analysis were used to quantitatively analyse the research variables. Using Cronbach's Alpha, the results indicated that a coefficient greater than .70 ensures the validity and reliability of the research instruments. The study concludes that building knowledge and abilities in this area, emphasising entrepreneurial education, and considering mentorship initiatives are crucial. Recognising adequate education in the context of the digital economy and the fourth industrial revolution is one of the main principles in this. The use of digital technology affects the environment and creates previously unthinkable exponential development for new participants with a variety of business models and philosophies.

Keywords: Entrepreneurship, Local Economic Development, Job creation, Disparity.

Introduction

The goal of LED is to change the manner in which local governments and businesses make economic and political choices. The goal is to improve local society's quality of life in a way that benefits everybody. It is conducted through formalised negotiating procedures involving regional representatives of the public, business, and civil society who address the many problems the area is facing. Through dialogue, LED aims to use current and conceivably accessible resources more sustainably and efficiently. aims to create socioeconomic possibilities, such as jobs and income, and seeks to improve effective local government (SDC, 2022). According to Croci (2016), entrepreneurship is a discipline that is unique in and of itself. According to Barot (2015), entrepreneurship is a practice that starts with decisions and the founding of a new company and is recognised as a major success. Every person who establishes a brand-new company is doing so by shifting the entrepreneurial paradigm. Diandra and Azmy (2020) asserted that entrepreneurship is a disciplined, independent activity that transforms old habits into new ones. Furthermore, according to Barot (2015) and Hessels (2019), the ultimate goal of the definition of entrepreneurship is to create chances for employment that stimulate economic growth.

According to Madzivhandila and Musara (2020), LED policies are emphasising entrepreneurship as a way to harness local and indigenous potential worldwide. Malecki (2018) also holds the belief that entrepreneurship, in whatever form, is essential for economic growth, poverty reduction, job creation, and economic inclusion.

Background

Even after pursuing a variety of development interventions, such as local economic development, 27 years after South Africa's transition to a democratic state, many of the nation's development and unemployment concerns remain unaddressed (Ndabeni & Rogerson, 2017). While South Africa is considered as one of the world leaders in the creation of LED policy, the majority of local governments have tried to implement the approach. In addition to the method, it would be challenging to claim that the actual outcomes have significantly improved all local communities. According to Ndabeni & Rogerson (2017), LED in South Africa has underperformed, and new approaches are needed to revitalise the market for LED. The Constitution has given local government the broad mission to ensure social and economic growth, which serves as the background for our inquiry. Nevertheless, as is stressed by the National Framework for LED of 2018–2028 (D–COG, 2018), which argues that the activity of LED must go beyond local government and encompass partnerships and the involvement of a variety of different stakeholders (Ndabeni & Rogerson, 2017), the activity of LED must go beyond local government. This study's unique premise is that a more thorough comprehension of the solutions that come from the national system of entrepreneurship and innovation offers an appropriate strategy for inclusive and sustainable development. A comprehensive and integrated strategy is necessary to promote creative and productive entrepreneurship in a way that will enable it to contribute more significantly to LED (Ndabeni & Rogerson, 2017).

Literature Review

Significance of Entrepreneurship to Economic Development

A key factor in economic development is frequently recognised as entrepreneurship. While it is appropriate to see entrepreneurship as a tool for development, it is also crucial to specify the specific kinds of entrepreneurship that have the greatest positive effects on economic growth (van Vuuren & Alemayehu, 2018). Consequently, a number of the most competitive economies in the world realised that improving the business climate is necessary to increase productivity and ensure future prosperity. As a consequence, they focused on fostering entrepreneurship to create jobs, improve access to funding, and expand opportunities. (Vatavu, Dogaru, Moldavn, & Lobont, 2021). One of the key drivers of economic development in every nation is entrepreneurship. Entrepreneurship is the practice of improving the utilisation of resources that have been found to be of low value in order to produce revenue. Real income growth is the primary indicator of economic growth. By identifying and starting viable enterprises, the entrepreneurial community support and advance economic progress. The creation of enterprises expands the employment market (Ranjan, 2019). In the republic, entrepreneurship is regarded as a panacea for all social ills and is considered to be the engine of all booming economies throughout the globe (Holliday, 2019). Small-scale trade is the cornerstone of the established marketplaces throughout the world, according to researchers. Additionally, developing nations foster a business climate that encourages entrepreneurship to thrive

(Spigel & Harrison, 2018). Akinyemi and Adejumo (2018) claim that South Africa's three tiers of government are focusing tangible resources towards advancing entrepreneurship. In a similar vein, improvements that support job development, economic growth, and provide a remedy for the country's economic issues.

Entrepreneurship in South Africa

In comparison to much of the rest of sub-Saharan Africa, South Africa has stronger supporting institutions, which has created a strong basis for its entrepreneurial ecosystem. The South African government has been working hard since the 1990s to get more of its citizens into wage employment or business ownership (GEDI, 2017). One of the hardest places in the world to start a business is South Africa, but as the nation recovers from the economic shocks caused by the Covid-19 pandemic, there are encouraging signs of increased entrepreneurship and more small businesses moving past the startup stage (Bizcommunity, 2022). The lack of focus given to entrepreneurship research in Africa is changing as the continent transforms into a thriving and expanding commercial metropolis (Atiase, Mahmood, Wang, & Botchie, 2018; Dvoulety & Orel, 2019; Ratten & Jones, 2018). Undoubtedly, the commercial mindset and entrepreneurship are becoming increasingly popular across the African continent (George et al., 2016). Despite the fact that many entrepreneurs still encounter difficult ecosystem constraints, Chigunta (2017) concurs that entrepreneurship offers a way out of poverty.

Policy perspectives to entrepreneurship and economic development

When new enterprises generate more jobs through job creation, higher production, and the introduction of innovations into the economy, entrepreneurship is frequently regarded as a key route and engine for economic growth. Therefore, it appears that entrepreneurial activities are positively correlated with economic growth (Aghion, 2017; Lafuente, Szerb, & Acs, 2016; Szerb, Lafuente, Horvath, & Pager, 2018). More scholars are arguing that entrepreneurship is a crucial method for alleviating poverty, particularly in developing and rising nations (Sutton et al., 2019). Lafuente, Vaillant, and Leiva (2018) disagree, arguing that promoting entrepreneurship is not always beneficial for the economy. As a result of incentives that attract hi-tech multinational firms, doing so improves the possibility that additional jobs will be generated. The growth of small and medium-sized businesses and entrepreneurship are topics that the government and other stakeholders are becoming more and more interested in. Along with now being seen and utilised as methods to encourage economic growth and slow the rate of growing unemployment. The components that make up contemporary economic theories of development and progress in any given economy have been identified as include entrepreneurship as a significant or key component (Nwagu & Enofe, 2021). Nwagu and Enofe (2021) also contend that entrepreneurship and innovation must have a resounding endorsement in order to stimulate economic progress. Two facets of the economic environment are frequently encouraged by government policies: venture capital and entrepreneurial activity. To encourage entrepreneurship, governments must provide a beneficial environment in many different ways. Entrepreneurship should be emphasised in education, especially at the university level. The government should encourage students to produce original ideas, and academics should support this effort (Mempel-Sniezyk et al., 2020). Despite these notions, tax policy has a significant influence on the recruitment of entrepreneurs and most come from the business

rather than academic sphere. The depth and familiarity of the investors with particular subjects and regions is an additional crucial feature. Investors are typically more drawn to nations that become hubs of entrepreneurship. Governments now more than ever believe that encouraging entrepreneurship is essential to ensuring regional prosperity (Mempel-Sniezyk et al., 2020).

Methods and Material of the Study

Research design

Due to its comparative examination of variables using precise measurement (Bless, Higson-Smith, & Sithole, 2016), this study uses a quantitative research technique. It is a methodical, objective approach that uses numerical data to draw generalisations about the topic under investigation (Maree & Pietersen, 2012). This will make it easier to comprehend how entrepreneurship affects regional economic growth using descriptive and inferential statistics (Salkind, 2014). As a suitable technique for providing a quantitative description of respondents' ideas, attitudes, and demographic trends about the research subject, the survey method was chosen as the research methodology for this study.

Data collection

An instrument for collecting data for this study was a questionnaire with five sections, A through E. Out of the 90 copies of the surveys distributed, 80 responders were the intended audience. Of those surveyed, only fifty-five returned survey forms that were fully filled out. It's possible that some potential respondents decided not to participate because the survey is voluntary. The study's target participants answered in sixty-nine percent (69%).

Data Analysis

The study's data was recorded and coded using SPSS version 29.0.0.0 (241) for organising and analysis by running a number of tests. After data collection, data were processed and analysed using descriptive statistics. To determine the internal reliability of the questionnaire items, the Cronbach's alpha was used. To determine the connections between the variables, a bivariate correlation was run. To ascertain the overall level of significance of the research variables, the analysis of variance (ANOVA) was used. To find and assess the level of significance between the dependent and independent variables, regression analysis was used.

Model Specification

Table 1 displays the independent and dependent variables used in this study.

Table 1: Research Variables

Independent Variables		Dependent Variables	
Code	Description	Code	Description
EPSD	The municipality promote SMME development	LED	Local Economic Development
EES	Entrepreneurial support in the municipality is accessible		
EPSB	The procedure for starting business is simple		
EPAS	The procedure for accessing support in the municipality is simple		

ERNBS	The responsiveness of the municipality to the needs of business support is high		
-------	---	--	--

Source: Own Compilation

The economic variables taken into account in this study define the following linear equation: LED is equal to $\epsilon + \beta_0 + \beta_1\text{EPSD} + \beta_2\text{EES} + \beta_3\text{EPSB} + \beta_4\text{EPAS} + \beta_5\text{ERNBS}$ + where β_0 is the constant term, β_1 , β_2 , β_3 , and β_4 are the estimation parameters, and ϵ is the error term. Regression analysis will offer the coefficient for each variable.

Data analysis and Results

Data Analysis Reliability and Validity

Table 2 shows that research variables are valid and reliable since the Cronbach's Alpha coefficient equals .85 which is more than .70 the minimum requirement.

Table 2: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha	Number of Items
.854	.85	20

Source: Own Compilation

Descriptive statistics

Table 3: Descriptive statistics

Descriptive Statistics								
	N	Range	Min	Max	Sum	Mean	Std. Deviation	Variance
The municipality promote SMME development	55	3	1	4	130	2,41	0,740	0,547
Entrepreneurial support in the municipality is accessible	55	3	1	4	124	2,37	0,792	0,627
The procedure for starting business is simple	55	3	1	4	111	2,05	0,855	0,732
The procedure for accessing support in the municipality is simple	55	3	1	4	127	2,35	0,872	0,760
The responsiveness of the municipality to the needs of business support is high	55	3	1	4	132	2,44	0,768	0,591
Local Economic Development	55	4.00	1.00	5.00	131.00	2,42	0,81499	0,664
Valid N (Listwise)	55							

Source: Own Compilation

For the research variables EPSD, EES, EPSB, EPAS, ERNBS, and LED, Table 3 presents the descriptive statistics. 2.41, 2.37, 2.51, 2.35, 2.44, and 2.42 are their respective averages. The sample mean's proximity to the population is shown by the standard deviation. EPSD, EES, EPSB, EPAS, ERNBS, and LED had standard deviations of, respectively, 0.740,0.792,0.855,0.872,0.768, and 0.81499, as shown in Table 3.

Correlation Analysis

According to Table 4, which shows a correlation coefficient of .510, .099, .361, .194, and -.317 at a significance level of 1%, respectively, there is a positive and substantial link between the LED and the independent variables EPSD, EES, EPSB, EPAS, and ERNBS.

Table 4: Correlation Analysis

Correlations							
		The municipality promotes SMME development	Entrepreneurial support in the municipality is accessible	The procedure for starting a business is simple	The procedure for accessing support in the municipality is simple	Responsiveness of the municipality to needs of business support is high	Local Economic Development
The municipality promotes SMME development	Pearson Correlation	1.	.510	.099	.361	.194	-.317
	Sig. (2 Tailed)	-	<.001	.412	.003	.114	.018
	N	55	55	55	55	55	55
Entrepreneurial support in the municipality is accessible	Pearson Correlation	.510	1	.484	.477	.151	-.434
	Sig. (2 Tailed)	<.001	-	<.001	<.001	.218	.001
	N	55	55	55	55	55	55
The procedure for starting a business is simple	Pearson Correlation	.099	.484	1.	.485	.301	-.149
	Sig. (2 Tailed)	.412	<.001	-	<.001	.013	.276
	N	55	55	55	55	55	55
The procedure for accessing support in the municipality is simple	Pearson Correlation	.361	.477	.485	1.	.462	.120
	Sig. (2 Tailed)	.003	<.001	1.	-	<.001	.382
	N	55	55	55	55	55	55
Responsiveness of the municipality the needs of business	Pearson Correlation	.194	.151	.301	.462	1.	.171

support is high							
	Sig. (2 Tailed)	.114	.218	.013	<.001	-	.213
	N	55	55	55	55	55	55
Local Economic Development	Pearson Correlation	-.317	-.434	-.149	.120	.171	1.
	Sig. (2 Tailed)	.018	.001	.276	.382	.213	-
	N	55	55	55	55	55	55
Correlation is significant at the 0.05 level (2-tailed).							
Correlation is significant at the 0.01 level (2-tailed).							

Source: Own Compilation

Regression Analysis

The R square is equivalent to 0.12, as Table 5 below demonstrates. 12% of the Local Economic Development may thus be accounted for by the behaviour of all predictors.

Table 5: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.501	0.25	0.12	0.35
Predictors: The municipality promote SMME development; entrepreneurial support in the municipality is accessible; the procedure for starting business is simple; the procedure for accessing support in the municipality is simple; and the responsiveness of the municipality to the needs of business support is high.				

Source: Own Compilation

Analysis of Variance (ANOVA)

With a P-value of .005, the ANOVA table below shows that the association between the research is not only positive and powerful, but also strongly significant.

Table 6: Analysis of Variance

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.889	5	0.236	1,894	.005
	Residual	5.610	45	0.124		
	Total	7.5	53			
Dependent Variable: Local Economic Development.						
Predictors: The municipality promote SMME development; entrepreneurial support in the municipality is accessible; the procedure for starting business is simple; the procedure for accessing support in the municipality is simple; and the responsiveness of the municipality to the needs of business support is high.						

Source: Own Compilation

Regression model

Table 7 below indicates that the coefficient and the P-value of each research variable.

Table 7: Regression coefficients

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
--	--------------	----------------	--------	---------	-----------	-----------

Intercept	0,693	0,297	2,334	0,024	0,095	1,292
4	0,126	0,066	1,919	0,061	-0,006	0,26
4	0,08	0,089	0,898	0,373	-0,1	0,261
3	-0,225	0,097	-2,307	0,026	-0,421	-0,028
1	0,248	0,09	2,75	0,008	0,066	0,43
3	-0,056	0,09	-0,624	0,535	-0,239	0,125

Source: Own Compilation

Regression model appearance based on the above regression coefficients: $\beta_0 + \beta_1 \text{EPSD} + \beta_2 \text{EES} + \beta_3 \text{EPSB} + \beta_4 \text{EPAS} + \beta_5 \text{ERNBS} + \epsilon = \text{LED}$ (1) The following is how the regression equation changes: $0.317 + 0.752 \text{IEEO} + 0.326 \text{IOGS} - 0.179 \text{IECRI} - 0.268 \text{IECLM} + 0.220 \text{IEPS} + \epsilon$ (2) is the DEG.

Research Findings

Figure 2 shows the aspects of entrepreneurship that support regional economic development based on the statistical analysis and the conclusions from the literature review.

Figure 2: Entrepreneurship elements



Source: Own Compilation

The municipality promotes SMME development

The literature has demonstrated that by creating initiatives to support the growth and expansion of the SMME sector, municipalities may significantly contribute to the promotion of entrepreneurship. In order to meet their obligation to build, maintain, and provide for their residents' fundamental needs, municipalities may acquire products and services from domestic businesses, according to Rogerson (2018). This trade in products and services gives municipalities the opportunity to contract with the private sector to provide facilities on their behalf (Rogerson, 2018). The mandatory relationship between cities and small businesses, according to Bomani and Derera (2018), may also include things like giving local SMMEs resources like real estate, supporting talent development through training and knowledge transfer, and hosting business expos. The development of entrepreneurship is encouraged by these prescriptive linkages. resulting in a large number of people beginning new businesses with municipalities as their main market. Therefore, to encourage the growth of entrepreneurship, municipalities must sustain new and developing entrepreneurial ventures in their local supply chain processes (Madzivhandila & Musara, 2020). In South Africa, there are over two million small businesses. However, the majority of these businesspeople operate in the un-organised sector because of need

and are primarily motivated by South Africa's high unemployment and inequality. Few of these small firms offer long-term employment, with just 15% of South African small businesses growing into profitable multinationals (Allen Grey Orbis Foundation, 2019). The aforementioned claim is confirmed by the study's findings, which show a relationship between SMME development and entrepreneurial assistance in the municipality. The two-tailed significance test results with a value of $p < 0.05$ indicate that the link between these variables is statistically significant.

Entrepreneurial support in the municipality is accessible

South Africa's economy has grown after equitable reform, according to research on entrepreneurship. According to data, the country struggles to fully realise the promise of free enterprise. An aspect and proficiency economy is being replaced by a competence economy in South Africa. Evaluations of the Global Entrepreneurship Monitor indicate the possibility of a digital revolution (Herrington et al., 2017). Local governments have a major impact on the socioeconomic growth of many populations (Bomani & Derera, 2018; Lauermaann, 2018). Municipalities are in charge of ensuring that initiatives are planned and carried out in this manner. The municipalities may utilise the integrated development plan to carry out coordination responsibilities (Madzivhandila & Musara, 2020). Municipal governments should play a significant role in fostering an entrepreneurial climate in addition to their other organisational responsibilities. This entails making investments in company growth and giving aspiring entrepreneurs access to resources (Madzivhandila & Musara, 2020). According to Rogerson (2018), local administrations should be responsible with establishing and upholding agreements in the societies they serve. This obligation is important for maintaining business convenience and promoting entrepreneurship (Nieuwenhuizen & Nieman, 2018). Creating investment possibilities in the local communities is another significant method that towns may promote the growth of entrepreneurship. To satisfy their obligation to promote public and economic prosperity, municipalities might provide possibilities for private sector investment. (Madzivhandila and Musara, 2020). For operationally sustainable growth, municipalities should promote their entrepreneurial role in the LED plans. Plans for LED should be connected to entrepreneurial development in order to range with sustainable growth. According to the study's findings, support for SMME growth and entrepreneurship are positively correlated. The availability of municipal assistance for business owners and the simplicity of the application process for municipal assistance are also positively correlated. The results of the two-tailed significance test showed that the association between the variables was statistically significant

The procedure for starting business is simple

An average of 5.8 full-time equivalents are employed by 68% of South African technology start-ups, according to Venture Capital for Africa (2018) research. One potential solution to South Africa's economic and social problems, according to Anwana and Anwana (2020), is to promote technologically driven, high-growth entrepreneurship as a means of fostering economic growth (Allen Grey Orbis Foundation, 2019). The government has realised the importance of establishing a supportive atmosphere for small enterprises, especially for the black majority, who were previously marginalised, after apartheid ended and democracy was established. The most recent and significant policy document is the Integrated Strategy

for Small Business and Entrepreneurship Promotion. It is a plan of action with an emphasis on increasing demand for SMME products and services, reducing regulatory barriers, and providing non-financial and financial help. Municipalities will have to make these platforms accessible in order to help small business starts. The study's findings indicate a significant positive correlation between the claims that starting a business is simple and that the municipality is accommodating of requests for business assistance. This implies that the association between the variables has statistical significance.

The procedure for accessing support in the municipality is simple

The integrated development plan, a five-year plan, is something local governments are supposed to do to account for the changing demands of their communities. Local governments' involvement in planning shouldn't be restricted to only carrying out the integrated development plan. However, bringing together community members who would participate in agendas for entrepreneurship expansion is also important (Madzivhandila & Musara, 2020). Municipalities should play a significant role in fostering an entrepreneurial climate. Making investments in company growth and giving aspiring entrepreneurs access to resources are examples of this (Madzivhandila & Musara, 2020). The creation and maintenance of arrangements in the communities they serve should be the responsibility of municipalities, claims Rogerson (2018). According to Nieuwenhuizen and Nieman (2018), this responsibility significantly contributes to maintaining the ease of doing business and promoting entrepreneurship. The study's findings suggested a connection between the municipality's strategy for assisting the community and how SMMEs are promoted inside the municipality. The fact that there is a correlation between the municipality's technique for getting assistance and the factors indicating the availability of entrepreneurial support in the municipality lends credence to this idea.

The responsiveness of the municipality to the needs of business support is high

According to Herrington and Coduras (2019), it is time to fundamentally rethink present government policies in favour of a broader perspective that underlines the necessity of institutional re-organisation to assist economic progress. Investors are typically more interested in investing in a nation that becomes a hub for entrepreneurship. As a result, governments are beginning to recognise that a supportive environment for entrepreneurs is essential to ensuring regional prosperity (Mempel-Sniezyk et al., 2020). Municipalities now have a duty to organise and facilitate problems relating to responsiveness to address policy limitations that are restricting access to help for enterprises, notably SMMEs. The results of the study demonstrated a strong, favourable, and statistically significant relationship between the municipality's ability to provide business support and the technique for requesting assistance there. There may be statistical significance across the variables given the positive relationship between the municipality's high degree of response to requests for business help and the simplicity of starting a firm.

Local Economic Development

Through dialogue, LED aims to use available resources more sustainably and effectively. According to Blakely and Leigh (2017), economic expansion establishes a minimum standard of living for everyone and steadily improves the standard of living. Recognising the requirement for a minimal standard of living in economic growth results not only in the

creation of jobs but also in those that pay living wages high enough to lift people and families out of poverty. The local government in South Africa, should see to it that LED schemes provide local enterprises more leverage. They should assist business owners from the initial stages up till commercialisation. The results of the study demonstrated a substantial relationship between entrepreneurship and LED. Entrepreneurship is also seen to be a method of creating new job possibilities and a catalyst for better economic conditions.

Recommendations and Conclusion

Recommendations

To manage entrepreneurial support in the NDM successfully, these recommendations are given in light of the study's findings. To form the results of this inquiry and profile a full defense of the management arrangements they create, it is necessary to take into account a thorough assessment of entrepreneurship support initiatives throughout local municipalities within NDM. To determine how particular rules and interpositions will affect various groups and cultures, analysis of the geographic and sociological settings of entrepreneurship support management is necessary. Precise dedication should be assumed when dealing with collections that have been factually disregarded. Create a full grasp of the many connections between towns and the expansion of small businesses, and then assist action by describing the value chains and stream processes. To improve the completeness, acceptability, and efficacy of policies, focus all entrepreneurship management efforts on the active public interaction with entrepreneurs. Given the expanding number of start-ups, particularly in the digital sector, protect and promote entrepreneurship since it offers South Africa's best opportunity for job development. The NDM may help small and micro enterprises grow and encourage entrepreneurship by improving the business climate, the ecosystem for entrepreneurship, access to finance, and skill development. Measures that focus on labour market outcomes and have the potential to influence how soon employment are produced must be taken into consideration by NDM. Focus on exports and sophistication are the main drivers of long-term economic growth. NDM has to promote export competitiveness and aggressively look for regional growth opportunities in order to benefit from local and global value chains for export growth. Exports with cutting-edge technology, in particular, are crucial for structural transformation because they enable the economy to shift from low- to high-productivity industries. In order to encourage investment in LEDs, municipalities must play a role in assuring the quality of infrastructure and services. Make sure that education is focused on entrepreneurship, especially at the university level.

Conclusion

The literature review brought to light how entrepreneurship is typically viewed as the primary driver of economic growth even if it makes sense to perceive it as a tool for development. It is critical to pinpoint the precise forms of entrepreneurship that significantly advance the economy. As a result, some of the most competitive economies in the world recognised that enhancing the business climate is essential to raising productivity and ensuring long-term success. As a result, they concentrated on promoting entrepreneurship in order to increase possibilities, increase access to funding, and generate jobs. Entrepreneurship is one of the most important factors in the economic growth of any

country. The growth of small and medium-sized businesses is crucial to South Africa's strategy for economic prosperity, and public policy focuses a lot of emphasis on entrepreneurship. LED is seen to as an open strategy with the intention of empowering the general public. Self-reliance enables individuals to establish and maintain their local socioeconomic success. To lessen the severity of poverty, unemployment, and inequality, LED aims to promote local economic growth. Securing South Africa's economic competitiveness and global integration are more important than ever. The researcher took into consideration a number of theoretical frameworks for LED, including the theories of endogenous growth, location, empowerment, and economic basis.

References

1. Aghion, P. (2017). Entrepreneurship and growth: Lessons from an intellectual journey. *Small Business Economics*, 48(1), 9–24. <https://doi.org/10.1007/s11187-016-9812-z>
2. Akinyemi, F. O., Adejumo, O. O. (2018). Government policies and entrepreneurship phases in emerging economies: Nigeria and South Africa. *Journal of Global Entrepreneurship Research*, 8(1), 35. <https://doi.org/10.1186/s40497-018-0131-5>
3. Allen Grey Orbis Foundation. (2019). The State of Entrepreneurship in South Africa. [Blog] Allen Grey Orbis Foundation Blog. Available at: <https://www.allangrayorbis.org/category/entrepreneurship-blog/>
4. Anwana, E., Anwana, T. (2020), Enhancing the Entrepreneurship Framework in South Africa. *International Journal of Entrepreneurship*. Volume 24, Issue 3, 2020.
5. Atiase, V. Y., Mahmood, S., Wang, Y., & Botchie, D. (2018). Developing entrepreneurship in Africa: Investigating critical resource challenges. *Journal of Small Business and Enterprise Development*, 25(4), 644–666. <https://doi.org/10.1108/JSBED-03-2017-0084>
6. Barot, H, (2015). Entrepreneurship - A Key to Success. *The International Journal of Business and Management*, Vol.3, No.1, January 2015; 163-165.
7. Bizcommunity, (2022), State of SA entrepreneurship: More early-stage startups growing into established businesses. <https://www.bizcommunity.com>.
8. Blakely, E.J. & Leigh, N.G. 2017. *Planning Local Economic Development Theory and Practice*, 6th edition. Los Angeles: Sage.
9. Bless, C., Higson–Smith, C. & Sithole, S. L. (2016), *Fundamentals of Social Research Methods, an African Perspective*, Fifth, Edition.
10. Bomani M and Derera E (2018) Towards developing a strategic framework for stimulating rural entrepreneurship in KwaZulu-Natal, South Africa: A case study of three municipalities. *International Journal of Economics and Finance Studies* 10(1): 150–166.
11. Chigunta, F. (2017). Enterprise as a possible solution to youth unemployment. *Labour and Learning*, 433– 451.
12. Croci, Cassidy L., (2016). "Is Entrepreneurship a Discipline?". Honors Theses and Capstones. 296. cited from <https://scholars.unh.edu/honors/296>. University of New Hampshire Scholar's Repository.
13. Department of Cooperative Governance, (2018). *The National Framework for Local Economic Development: Creating Innovation Driven Local Economies, 2018-2028*.
14. Diandra, D., Azmy, A, (2020), Understanding Definition of Entrepreneurship, *International Journal of Management, Accounting and Economics* Vol. 7, No. 5, May, 2020 ISSN 2383-2126 (Online).
15. Dvoulity, O., Orel, M. (2019). Entrepreneurial activity and its determinants: Findings from African developing countries. In *Sustainable Entrepreneurship: The role of collaboration in the global economy*. Springer.
16. GEDI, (2017), *The Entrepreneurial Ecosystem of South Africa: A Strategy for Global Leadership 2017*.
17. George, G., Corbishley, C., Khayesi, J. N., Haas, M. R., & Tihanyi, L. (2016). Bringing Africa in: Promising directions for management research. 377-393.

18. Heerington, H., Kew, P., Mwangi, A. (2017). South Africa Report 2016/2017: Can Small Businesses Survive in South Africa. Global Entrepreneurship Monitor. [online]. Available at: <https://www.gemconsortium.org/report/49833>.
19. Herrington, M., & Coduras, A. (2019). The national entrepreneurship framework conditions in sub-Saharan Africa: a comparative study of GEM data/National Expert Surveys for South Africa, Angola, Mozambique and Madagascar. *Journal of Global Entrepreneurship Research*, 9(1), 60. <https://doi.org/10.1186/s40497-019-0183-1>
20. Hessels, J., Naudé, W., (2019). The Intersection of the Fields of Entrepreneurship and Development Economics: A Review towards a New View. *Journal of Economic Surveys*, Vol.33, No.2, 2019; 389-403. <https://doi.org/10.1111/joes.12286>
21. Holliday, G. D. (2019). *Technology Transfer to the USSR. 1928-1937 and 1966-1975: The Role of Western Technology in Soviet Economic Development*. Routledge.
22. Lafuente, F., Vaillant, Y., & Leiva, J. C. (2018). Sustainable and traditional product innovation with scale and experience, but only for KIBS. *Sustainability*, 10(4), 1169. <https://doi.org/10.3390/su10041169>
23. Lauermaun J (2018), Municipal statecraft: Revisiting the geographies of the entrepreneurial city. *Progress in Human Geography* 42(2): 205–224. <https://doi.org/10.1177/0309132516673240>
24. Madzivhandila, TS., Murasa, M. (2020), Taking responsibility for entrepreneurship development in South Africa: The role of local municipalities. *sagepub.com/journals-permissions* <https://doi.org/10.1177/0269094220922820> *journals.sagepub.com/home/lec* Vol. 35(3) 257–268, SAGE.
25. Malecki EJ (2018) Entrepreneurs, networks, and economic development: A review of recent research. In: Katz J and Corbett A (eds) *Reflections and Extensions on Key Papers of the First Twenty-Five Years of Advances*. Bingley: Emerald Publishing Limited, pp.71–116.
26. Maree, K., Pietersen, J. (2012), *First Steps in Research*, 11th Impression. Van Schaik, Pretoria, South Africa.
27. Mempel-Śnieżyk, A., Derlukiewicz, N., Dyjakon, A., Stanisław, M. (2020), How do Clusters Foster Sustainable Development? An Analysis of EU Policies. *Sustainability* 12(4):1297 <https://doi.org/10.3390/su12041297>
28. Ndabeni, LL., Rogerson, CM. (2017). *The Role of Science, Technology and Innovation in Local Economic Development: International Debates, South African Evidence*. Report Submitted to the Department of Science and Technology, March 2017.
29. Nieuwenhuizen C and Nieman G (2018) *Entrepreneurship: A South African Perspective*. Van Schaik: Pretoria.
30. Nwagu, N., Enofe, E. (2021). *The Impact of Entrepreneurship on the Economic Growth of an Economy: An Overview*. Research-gate.
31. Ranjan. A. (2019), *The Role of Entrepreneurship in Economic Development*. *American Journal of Management Science and Engineering*. Vol. 4, No. 6, 2019, pp. 87-90. <https://doi.org/10.11648/j.ajmse.20190406.11>
32. Ratten, V., & Jones, P. (2018). Bringing Africa into entrepreneurship research. In *African Entrepreneurship* (pp. 9–27). Cham: Palgrave Macmillan.
33. Rogerson CM (2018) Pro-poor local economic development in South Africa: The application of public procurement. In: Nel EL and Myles C (eds) *Local Economic Development in the Changing World*. Abingdon: Routledge, pp.101–130.
34. Salkind, N.J. (2014), *Exploring Research*, Eighth, Edition. Pearson.
35. Spigel, B., & Harrison, R. (2018). Toward a process theory of entrepreneurial ecosystems. *Strategic Entrepreneurship Journal*, 12(1), 151-168. <https://doi.org/10.1002/sej.1268>
36. Sutton, C., Bruton, G. D., & Chen, J. (2019). Entrepreneurship as a solution to extreme poverty: A review and future research directions. *Journal of Business Venturing*, 34, 197–214 <https://doi.org/10.1016/j.jbusvent.2018.06.003>
37. Swiss Agency for Development and Cooperation, (2022). *Employment and Income Network*. Retrieved from <https://www.shareweb.ch/site/EI/Pages/PSD/Topics/Local-Economic-Development.aspx> Accessed on the 30 July 2022.
38. Szerb, L., Lafuente, E., Horvath, K., & Pager, B. (2018). The relevance of quantity and quality entrepreneurship for regional performance: The moderating role of the entrepreneurial ecosystem. *Regional Studies*. Retrieved from <https://doi.org/10.1080/00343404.2018.1510481>

39. Tiganasu, R., & Lupu, D. (2023). Institutional quality and digitalization: Drivers in accessing European funds at regional level?. *Socio-Economic Planning Sciences*, 90, 101738. <https://doi.org/10.1016/j.seps.2023.101738>
40. Van Vuuren, J., Alemayehu, B.Z., (2018), The role of entrepreneurship in transforming efficiency economies into innovation based economies', *Southern African Journal of Entrepreneurship and Small Business Management* 10(1), a140. <https://doi.org/10.4102/sajesbm.v10i1.1>
41. Vatavu, S., Dogaru, M., Moldovan, NC., Lobont, O (2021), The impact of entrepreneurship on economic development through government policies and citizens' attitudes, *Economic Research-Ekonomska Istraživanja*, <https://doi.org/10.1080/1331677X.2021.1985566>



This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution - Non Commercial - No Derivatives 4.0 International License.