

# Chapter 24

## Inclusive Markets and Enterprise Growth Through Public–Private Partnerships for Local Economic Development

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### **ABSTRACT**

*Collaborative partnerships have become a source of hope in tackling complicated and complex societal issues such as underdevelopment facing many local authorities. Through public-private partnership (PPPs), remove interventions between the government, private organizations, and civil society, obstacles impeding business growth in these localities can be removed successfully. Whereas donor agencies and governments in developing countries increasingly propagate local economic development (LED), there are limited cases of LED success. Using an exploratory descriptive case study research design, this chapter explores the reasons why inclusive markets and enterprises' development are unsuccessful in Oshakati and Luderitz and why local authorities aimed at identifying suitable recommendations for improvement. The study concludes that entrepreneurs in Oshakati and Luderitz are unable to diversify and grow their business ideas to achieve inclusive markets due to lack of institutional support, access to finance, innovation, necessary expertise, and other necessary business support services.*

### **INTRODUCTION**

Contemporary global thinking on development appears to emphasise place and locality driven initiatives. In an environment characterised by reduced central government involvement and control of development processes; Local economic development (LED) represents a move towards a more decentralised, bottom-up approach to economic development. LED originated as an alternative development paradigm dating back to the 1960s (Rodriguez-Pose & Tijmstra, 2007) in the high-income countries of the west. It is an intervention in which local governments, community-based organisations and the private sector form

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partnerships for managing existing resources to create jobs and stimulate the economy of a well-defined region (Fiseha & Oyelana, 2015). Recently LED initiatives have received much attention in developing countries including sub-Saharan Africa underpinned by significant social and economic challenges. These challenges include the failure of traditional top-down development paradigms in addressing local problems, slow economic growth and increasing poverty, changes in national and international economy, failed structural adjustment programmes, and inability of states to effectively intervene at the local level among others (Mensah et al., 2013). LED implies the replacement of traditional development approaches by new and modern development thinking that tend to adopt more strategic and contingency-based approaches to development (Tulder & Rosa, 2011).

Literature points out linkages between LED and entrepreneurship. For example, Helmsing (2003) argues that in sub-Saharan Africa, three new generations of LED strategies are identifiable: community economy, enterprise and locality development. New enterprises contribute to economic development in a number of ways: as a channel for converting innovative ideas into economic opportunities, revival of social and productive networks' competitiveness, source of new employment, and productivity enhancement (Kantis, Ishida & Komori, 2002). Whereas various definitions exist for entrepreneurship, recently Schumpeterian concept of entrepreneurship appears popular: the entrepreneur as an innovator and source of disequilibrium (Fischer & Nijkamp, 2009). Also, the Organisation of Economic Cooperation and Development ([OECD], 1998) positions entrepreneurship as an essential change agent especially in market driven economies. By fuelling the drive for new economic and technological opportunities for efficient and effective use of resources, entrepreneurship promotes growth through the generation, dissemination and application of innovative ideas which link knowledge capital to economic growth – arguably the missing link in the endogenous growth models (Acs, et al., 2004). This broad conceptualisation of entrepreneurship arguably is central in understanding the contribution of entrepreneurship for circular economy and LED (Fischer & Nijkamp, 2009).

According to Heshmati (2015), the importance of entrepreneurship and sustainability for social-economic development is well recognized. Circular economy (CE) underpinned by theories of cleaner production (CP), industrial ecology, and ecological modernisation is a sustainable development strategy currently embraced to tackle urgent problems of environmental degradation and resource scarcity. CE represents a reaction against the traditional linear production and consumption patterns ('take-make-dispose') which are currently constrained by resources availability and environmental conservation concerns. International organizations including the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD) and the World Economic Forum (WEF) increasingly call for a new development paradigm. Paradigms that prioritises pathways for poverty reduction and improved standards of living, while promoting resource efficiency and easing pressure on natural resources and the environment (Preston, Lehne, & Wellesley, 2019). From the concept of entrepreneurship involving uncertainty-bearing, innovation, opportunity-seeking, management and enterprising (Iversen, et al., 2007); the concept of a circular economy could be the main source of competitiveness for future business organizations and LED activities. Successful implementation of circular economy demands innovation featuring new product and process design which are central to entrepreneurship.

According to UNDP (2007), overcoming barriers that prevent markets from operating more inclusively include strategies not only for promoting entrepreneurship, enterprise development and investment promotion, but also for creating sustainable market infrastructure and services. These strategies support equitable and transparent rules and institutions for effective market operations. As markets are prone to a number of well-documented sources of market failures (Jackson & Jabbie, 2019), inclusive market

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