

Economic Transformation and Poverty Eradication: A South African Perspective

Module name

Economic Transformation and Poverty Eradication: A South African Perspective

Credit points

5 ECTS credits

Courses

Seminar (2 hours/week): 5 ECTS

Teaching Staff

Professor Pumela Msweli, PhD: Durban University of Technology, South Africa
Dr Fikile Ndlovu, MB ChB, MBA: The Premier's Office, KwaZulu-Natal Province, South Africa

Syllabus Outline

The purpose of this seminar is to discuss and critique the development, institutionalization and evolution of economic transformation policies in South Africa with a special focus on poverty eradication. The seminar draws from institutional theory as a sense-making mechanism to understand economic and current political shifts in South Africa. Students will explore the efficacy of economic transformation policies in addressing the triple challenge of poverty, inequality and unemployment in South Africa. The role microfinance plays in promoting economic empowerment at individual and at household level will be addressed. Issues related to how government institutions acquire legitimacy from the poor communities they service will also be examined.

Educational goals and Learning outcomes

Subject-specific skills

- Students critically evaluate the development, implementation and evolution of the Broad-Based Black Economic Empowerment policies in South Africa with the aim of identifying key successes and weaknesses of the B-BBEE policies;
- Students analyze how government legitimation processes shape the implementation of poverty alleviation and economic transformation policies
- Students reflect on African norms and cultures that microfinance initiatives adjust to for institutional sustainability

Methodological skills

- Students answer independently a research question regarding a particular issue related to economic transformation in South Africa.
- Students critique, evaluate and analyze literature related to microfinance and poverty eradication initiatives in South Africa.
- Students produce a case study that illustrates how a social environment and prevailing myths shape institutionalization of economic policies.

Personal and social skills

- Reflect on how you obtain legitimacy from those stakeholders whose interest must be taken into account when conducting and presenting group assignments.

Seminar Format

Seminar sessions will be interactive, comprising a combination of presentations, discussions and debate, including presentations on the case study by syndicate groups. Reading of prescribed texts before the seminar is essential to ensure meaningful discussion.

Seminar Topic 1: Economic Development Perspectives in South Africa

This session will set forth the development challenges faced in South Africa. Particular attention will be given to conditions, factors and processes that bring about or prevent economic development in South Africa

Reading list for Seminar Topic 1

- Prescribed Reading
 - World Economic Forum (2013) The Africa competitiveness Report. World Bank Publication.
 - African Development Bank. 2012. *Income Inequality in Africa*. Briefing Note No.5
 - Bhorat, H. van der Westhuizen C, & Jacobs, T. 2009. *Income and Non-income inequality in Post Apartheid South Africa: What are the Drivers and Possible Policy Interventions?* Development Policy Research Unit, DPRU WORKING PAPER 09/138.
- Recommended Reading
 - De Villiers B. 2003. Land reform: Issues and challenges – A comparative overview of experiences in Zimbabwe, Namibia, South Africa and Australia. Konrad Adenauer Foundation: Johannesburg.
 - Easterly, W. (2007) “*Inequality Does Cause Underdevelopment: Insights from a New Instrument*” *Journal of Development Economics*, 84, 755-776.
 - Edigheji, O. (2010) “Constructing a Democratic Developmental State in South Africa Potentials and Challenges” Omano Edigheji (ed) 2010
 - Eicher, T., Peñalosa C-G, and Ypersele, T. (2009) “*Education, corruption, and the distribution of income*” *Journal of Economic Growth* (2009) 14:205–231.
 - Hodge, D. 2009. Growth, employment and unemployment in South Africa. *South African Journal of Economics*, 77(4): 488–504.
 - Jenkins, C. & Thomas, L. 2000. *The changing nature of inequality in South Africa*, *United Nations University*, World Institute for Development Economics, Working Paper No 203.
 - Shupp F.R. (2002). Growth and income inequality in South Africa. *Journal of Economic Dynamics & Control* 26: 1699-1720.
 - World Bank (2013) *Growth And Poverty Trends In Sub-Saharan Africa*. Office of the Chief Economist for the Africa region.

Seminar Topic 2: The Poverty Crisis in South Africa

This session highlights human development issues and poverty dynamics and their impact on health and well-being. Participants will be introduced local approaches and mechanisms used by government to fight poverty at household level.

Reading list for Seminar Topic 2

- Aliber, M. (2016). Chronic Poverty in South Africa: Incidence, Causes and Policies. *World Development*, Vol 31, No. 3, (March2003),pp. 473-490. Fort Hare University. Available at <http://www.sciencedirect.com/science/article/pii/S0305750X0200219X>
- Prescribed Reading
 - Leibbrandt, M. et al. (2010). Trends in South African Income Distribution and Poverty since the Fall of Apartheid, OECD Social, Employment and Migration Working Papers, No. 101, OECD Publishing.
 - Statistics South Africa, (2015). *Millennium Development Goals: Country report 2015*, Pretoria. Available at www.statssa.gov.za/MDG/MDG_Country%20Report_Final30Sep2015.pdf.
- Recommended Reading

- Carroll, W., 2014. Achieving Integrated Service Delivery. Policy and Practice, 72(4): pp. 16–18.
- Chitashvili, T. 2015. Rationale for improving integrated service delivery: reduced cost and improved care in Georgia. International Journal of Integrated Care, Vol 15, Issue 8: pp. 19–21.
- Ngidi N.V.E., Kuzwayo B.F.; Ndlovu N.I.; Moonlall R.; Mkhize S.F.; Ngwenya T.N and Behari N. (2013). Operation Sukuma Sakhe and the Social development Perspective. Social Work in an International Perspective: History, views, diversity and human rights. Ed De Kock C; Van Kerckhove C. and Vens E.
- Nleya N. (2011). Linking service delivery and protest in South Africa: an exploration of evidence from Khayelitsha. Africanus 50 (1): 3-13.
- Ndlovu N.I. and Msweli P (2016). Theorising and Institutionalising Operation Sukuma Sakhe: A Case Study of Integrated Service Delivery in KwaZulu-Natal, Journal of Environmental Economics (Special Issue)
- Operation Sukuma Sakhe. Operations handbook 2015. Available on kznonline.gov.za.
- Statistics South Africa (2014). The South African MPI. Report No. 03-10-08. Pretoria: Office of the Statistician General. Available: <http://www.statssa.gov.za/publications/Report-03-10-08/Report-03-10-082014.pdf>.
- Statistics South Africa (2015). 2015 KwaZulu Natal Customer Satisfaction Survey Analytical Report. Pretoria. Available at <http://www.statssa.gov.za/publications/Report-03-00-07/Report-03-00-072015.pdf>.
- Shepperd A. (2011). Tackling Chronic Poverty – The Policy implications of Research and Chronic Poverty Dynamics.
- United Nations (2014). The Millennium Development Goals Report, New York.
- Provincial Growth and Development Plan (2012) KwaZulu Natal Planning Commission. Available on www.kznonline.gov.za

Seminar Topic 3: Economic Transformation in South Africa

The seminar will trace South Africa's economic reform programme from the 1960's to the late 1990's, and how transformation policies ushered in a new era of black economic transformation. The role microfinance plays in promoting economic empowerment financial inclusion will be addressed will be explored.

Reading list for Seminar Topic 3

- Prescribed reading
 - Msweli, P (2012) Broad-based Black Economic Empowerment: A critical Review.
- Recommended Reading
 - Alliance for Financial Inclusion, 2011. Maya Declaration Urges Financial Inclusion for World's Unbanked Populations, www.afi-global.org/news-events/press-releases/maya-declaration.
 - African National Congress (1994) 'The Reconstruction and Development Programme: A Policy Framework'. Umanyano Publications, Johannesburg
 - ASGISA (2006) 'Accelerated Share Growth Initiative for South Africa' (online). Available: www.info.gov.za/asgisa.
 - BEE Commission, 2001 Johannesburg: Skotaville Press.
 - Department of Trade and Industry, 2003. South Africa's economic transformation: A strategy for broad-based black economic empowerment.
 - Department of National Treasury, 2000. Preferential Procurement Policy Framework Act.

- Amenta, E. and Ramsey, K. (2010). Institutional Theory. In: Leicht, K.T. and Jenkins, J.C. eds. *The Handbook of Politics: State and Civil Society in Global Perspective*. New York: Springer, 15–40.
- Department of Trade and Industry, 2007. *Broad-Based Black Economic Empowerment Act – The Codes of Good Practice Interpretive Guide* June.
- Department of Trade and Industry, 2003. *A strategy for Broad-Based Black Economic Empowerment*, www.thedti.gov.za .
- Department of Trade and Industry, 2007. *Broad Based Black Economic Empowerment Codes of Good Practice*.
- Faulkner, D. and Loewald C. (2008). *Policy Change: A case study of South Africa*. Policy Paper.
- Republic of South Africa (2009) 'New Growth Path – The Framework' (online). Available: www.infor.gov.za/view.
- Republic of South Africa (2010) 'Industrial Policy Action Plan, Economic Sectors and Employment Cluster, Department of Trade and Industry (online).
- National Planning Commission (2011) 'National Development Plan' (online). Available: www.npconline.co.za.
- Republic of South Africa (1996). *Growth, Employment and Redistribution – A Macro-economic Strategy*. Government Printers, Pretoria.
- United Nations Economic Commission for Africa. *Microfinance in Africa: Combining the Best Practices of Traditional and Modern Microfinance Approaches towards Poverty Eradication*, <http://www.un.org/esa/africa/microfinanceinafrica.pdf>

Seminar Topic 4: Institutionalising Economic Transformation and Poverty Alleviation Policies in South Africa

Institutional theory is used as a lens to explore how transformation and poverty alleviation policies have been institutionalized, and how the economic institutions have maintained and defended legitimacy in the 20 years post democracy.

Reading List for Seminar Topic 4

- Prescribed Reading
 - Rustem Nureev (2011) *Evolution of Institutional Theory and its Structure*. Available at <http://rustem-nureev.ru/wp-content/uploads/2011/01/254-a.pdf>
- Recommended Reading
 - Battilana, J., Leca, B. and Boxenbaum, E. (2009). *How Actors Change Institutions: Towards a Theory of Institutional Entrepreneurship*. *The Academy of Management Annals*, Volume 3, Issue 1: 65–107.
 - Dacin MT, Goodstein J and Scott (2002). *Institutional Theory and institutional change Introduction to the special research forum*. *Academy of Management Journal* Vol. 45, No. 1, 45-57.
 - Fernández-Alles M. and Valle-Cabrera R. (2006), "Reconciling institutional theory with organizational theories", *Journal of Organizational Change Management*, Vol. 19 (4): 503 – 517.
 - Hwang, H. and Colyvas, J.A. (2011). *Problematizing Actors and Institutions in Institutional Work*. *Journal of Management Inquiry*, Vol. 20: 62-66.
 - Jensen, J.L., (2003). *Policy Diffusion through Institutional Legitimation : State Lotteries*. *Journal of Public Administration Research and Theory: J-PART*, Vol. 13, No. 4: 521-541.
 - Meyer, J.W. and Rowan, B. (2007). *Institutionalized Organizations : Formal Structure as Myth and Ceremony*. *American Journal of Sociology*, Vol. 83, No. 2 (Sep, 1977): 340-363.
 - Powell, W. W. and Colyvas, J. A. (2008). *Micro-foundations of institutional theory*. *The SAGE Handbook of Organizational Institutionalism*. Available at

Assessment: Group Assignment

Write an assignment of approx. 5000 words on any one of the following topics:

1. Contrast and compare the structure of the South African economy with the structure of the economy of any country of your choice. Discuss the challenges and risk patterns in the South African economy and provide recommendations on how economic development challenges can be mitigated.
2. Discuss the pros and cons of introducing economic transformation policies in South Africa from an institutional theory perspective. In your arguments address the following question: Has the South African economy transformed?
3. What are the factors that explain poor service delivery and high levels of poverty in South Africa? What policy implications can you draw from your analysis?
4. What role can micro finance play in eradicating poverty in South Africa? How would you design a financial inclusion programme to address poverty?
5. Why is inequality a concern for the South African economy? How does inequality aid or hinder poverty reduction efforts in South Africa? How would you design an economic development intervention to address the issue of inequality in this economy?
6. Discuss how the Operation Sukuma Sakhe concept has been used to eradicate poverty; and how the concept is being used to achieve development objectives of the country?