



## OPEN ACCESS

## EDITED BY

Sijekula Mbanga,  
Nelson Mandela University, South Africa

## REVIEWED BY

Robert Mark Silverman,  
University at Buffalo, United States  
Jucu Sebastian,  
West University of Timișoara, Romania

## \*CORRESPONDENCE

Themba Mfanafuthi Lukhele  
✉ themba.lukhele@ump.ac.za

RECEIVED 20 July 2024

ACCEPTED 17 September 2024

PUBLISHED 09 October 2024

## CITATION

Shongwe MA, Lukhele TM and Zulu HP (2024)  
Exploring the factors of enabling  
environments for business investment  
projects in rural communities: stakeholders'  
perspectives.  
*Front. Sustain. Cities* 6:1467635.  
doi: 10.3389/frsc.2024.1467635

## COPYRIGHT

© 2024 Shongwe, Lukhele and Zulu. This is an open-access article distributed under the terms of the [Creative Commons Attribution License \(CC BY\)](https://creativecommons.org/licenses/by/4.0/). The use, distribution or reproduction in other forums is permitted, provided the original author(s) and the copyright owner(s) are credited and that the original publication in this journal is cited, in accordance with accepted academic practice. No use, distribution or reproduction is permitted which does not comply with these terms.

# Exploring the factors of enabling environments for business investment projects in rural communities: stakeholders' perspectives

Mcolisi Austine Shongwe, Themba Mfanafuthi Lukhele\* and Hlengiwe Patronella Zulu

School of Development Studies, University of Mpumalanga, Mbombela, South Africa

In recent years, the local economic development (LED) planning paradigm has gained widespread acceptance worldwide as a locality-based response to the challenges posed by globalization, devolution, and local-level opportunities and challenges. Noticeably, governments in the Global South are seen to be supporting linkage policies that directly couple profitable growth and investment with redistribution and community development in rural-based localities. To attract potential investors to circulate more resources within the local rural communities, local governments must ensure that the local investment climate (LIC) is functional for business investment. Unlike in urban areas, rural localities, by their nature of periphery location from economic development nodes, prospective business investment projects (BIPs) are often faced with delays and uncertainty. This is mainly because the factors underlying the enabling environments for business investment in rural localities are poorly understood and based on speculation. Against this backdrop, this study therefore set out to explore and unveil the key factors that are fundamental for ensuring a conducive and functional local investment climate (LIC) in rural communities. Through a qualitative case study approach with the application of a conventional content analysis method, performed with coding methods, the study unveiled five key factors presented in a thematic approach. Namely, market and customer needs; government and regulatory support; access to infrastructure and services; land availability and zoning; and participatory community engagement. Understanding these fundamental factors that underpin conducive and operational investment environments is important for viable business decision-making in the feasibility study of investment projects toward LED in rural communities.

## KEYWORDS

business investment, infrastructure projects, local economic development, local investment climate, rural localities

## 1 Introduction

In recent years, the concept and development strategy of local economic development (LED) has gained widespread acceptance around the world as a locality-based response to the challenges posed by globalization, devolution, and local-level opportunities (Rogerson, 2018). LED planning first emerged in Europe and spread to other advanced economies before

reaching late-developing economies in sub-Saharan Africa and Latin America (Blair and Carroll, 2008; Rowe, 2016; Malizia et al., 2021). The significance of this place-based approach to contemporary development planning in the Global South is now widely recognized (Swinburn et al., 2004) as a vital pillar to address poverty and create job opportunities in urban and rural localities. In South Africa, for example, municipalities have engaged in research to identify the competitive and comparative advantages of their locality (Rogerson, 2018) to leverage their economic strategies in their respective localities.

However, there is a perpetual wide gap between the existing LED practices of large cities and small towns, particularly those in rural areas of the Global South countries (Rogerson, 2010; Rogerson, 2018), such as South Africa. Contrary to urban-based LED practices, prospective business investment projects (BIPs) in rural areas are often faced with delays and uncertainty, and even fail to secure potential investment opportunities due to their nature of periphery location from economic development nodes. Though there is extensive research on factors determining conducive investment climate for economic development (Farrell and Rudd, 2009; Phalatsi, 2020), previous studies primarily focus on urban localities with endowed resources and well-established agglomeration economies. Therefore, there is still very little research, if any, to shed insight on the underlying factors necessary for the creation of an enabling environment for local economic development in rural localities, especially in Global South countries where the concept of LED is still relatively new.

To address this gap of knowledge, this study adopted a qualitative case study approach with the application of a conventional content analysis method on real-life setting empirical evidence. The first section of this paper provides an argumentative literature review about an enabling environment for economic linkages and a discussion on stakeholders' engagement. The literature review section is followed by the research methodology and subsequently the discussion of the findings thereof. Then the last section covers the recommendations and conclusion.

## 1.1 Conceptual framework

### 1.1.1 Enabling environment for economic linkages

To achieve progressive and inclusive economic development in the Global South, economic actors in the urban areas of this region are to extend their functional interrelationships and linkages to the rural localities (Malizia et al., 2021) in the form of redistributive development. Notwithstanding the eminent need to link profitable growth to redistributive development through developing economic linkages whereby planning in profitable urban areas is linked to a commitment to invest in impoverished rural localities (Rogerson, 2018), economic linkages are impossible where there is still much uncertainty about the underlying factors that establish the enabling environment for business investment in rural localities. Unlike in urban settings where there are well-established features of agglomeration economies (Rowe, 2016; Malizia et al., 2021), rural localities, by their nature of periphery location from economic development nodes, present unique characteristics and challenges (Rogerson, 2010; Rogerson, 2018).

To attain progressive and inclusive economic growth in the Global South, it is imperative to acknowledge that rural businesses are not simply scaled-down versions of their urban counterparts but rather

feature distinct attributes influenced by their local circumstances. Bosworth (2012) argues that rural enterprises frequently rely on a blend of indigenous knowledge, community connections, and an extensive comprehension of local resources to maintain their activities. This highlights the necessity of adopting a customized strategy for establishing conducive conditions in rural areas, which capitalizes on these distinctive attributes instead of trying to duplicate urban models.

Unless the factors of enabling environments are clearly understood, investment in lucrative business opportunities in rural localities toward LED will not be attained. Therefore, there is still a need for literature that will explore and shed insight into the underlying factors for creating an enabling environment for business investment in rural communities, particularly from a stakeholders' engagement perspective.

Furthermore, the significance of cultural and social capital in promoting economic investment should not be underestimated. Ancuța and Jucu (2023) demonstrate that leveraging the value of local cultural assets can promote sustainable rural development by improving the economic feasibility of cultural tourism. This is consistent with the concept of redistributive development, which involves investing in rural areas not only to promote economic growth but also to protect and utilize local resources. By incorporating these components into the strategic planning and implementation of local economic development (LED) projects, stakeholders can establish a more favorable setting for corporate investments that are in line with the particular requirements and possibilities of rural areas.

### 1.1.2 Stakeholders engagement in LED planning

Local authorities, as the sphere of government entrusted with the planning and implementation of LED projects, have turned to engaging a growing number of stakeholders, making the promotion of local economic development a negotiation among different partners and priorities (Ferreira et al., 2024).

As defined in the literature, LED is an ongoing process by which key stakeholders and institutions from all spheres of society, including the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses, and strengthen the competitiveness of local firms (Rogerson, 2010; Malizia et al., 2021). From this conceptual definition, it is evident that the realization of LED initiatives requires stakeholders' engagement, right from the conceptualization of the business investment project until the commissioning of the investment output.

Accordingly, stakeholders' engagement helps to increase the probability of project success by ensuring that stakeholders clearly understand the project goals, objectives, benefits, and risks (Mabelo, 2020) associated with the investment project. Equally, stakeholders' engagement enables the key actors to be active supporters of the project and to help guide activities and project decisions (Project Management Institute, 2017). Stakeholder engagement outcomes would require that developers and the local community engage in a legally binding agreement, requiring the developer to deliver on the agreed-upon set of benefits (Bolongie and Silverman, 2018).

When considering stakeholder engagement, it is crucial to expand the focus beyond conventional collaborations between

public and private sectors to incorporate civic and community-based organizations. [Bosworth and Turner \(2018\)](#) have highlighted that comprehending the interaction between several types of rural capital, such as social, cultural, and financial capital, can offer a more profound knowledge of the factors that contribute to the success of rural enterprises. Involving these varied stakeholders throughout the entire process of planning and implementing projects guarantees that the distinct characteristics of rural economies are thoroughly considered. By adopting this inclusive strategy, the difficulties arising from the peripheral nature of rural areas can be reduced, leading to the implementation of more efficient and long-lasting LED projects.

Worryingly, previous studies turned to focusing on stakeholders' engagement only from the private and public sector's perspective ([Haywood, 1988](#); [Freeman, 2010](#); [Fayas et al., 2021](#)), overlooking the civic and community-based organizations, which also form an integral part of the pivotal stakeholders toward the successful delivery of business infrastructure projects.

In community-based investment projects, this segment of stakeholders has a high level of influence in the creation of the enabling environment and subsequently the delivery of successful business infrastructure projects for local economic development. In the methodology section hereunder, the key stakeholders are presented as key informants.

Increased cross-sector collaboration community-economic development and the creation of a model community benefit agreements (CBAs) were described by this stakeholder as the foundation of a new normal in Cleveland ([Bolongie and Silverman, 2018](#)).

### 1.1.3 The role of business development in driving local rural development

Business development plays a crucial role in driving local rural development by promoting economic growth, generating job prospects, and improving the overall standard of living in rural communities. Utilizing sustainable economic techniques, such as cultural tourism, to capitalize on local cultural assets can greatly enhance rural development by drawing tourists and creating revenue for local communities ([Ancuța and Jucu, 2023](#)). This is consistent with the research conducted by [Mitchell and Hall \(2005\)](#), which highlights the significance of rural tourism as a viable and enduring business model that fosters economic diversification and resilience in rural regions.

[Jucu \(2023\)](#) discusses the conversion of outdated industrial regions into economies driven by the service sector, emphasizing the capacity of business development to rejuvenate local economies and generate fresh prospects for expansion. In rural areas, issues such as infrastructure and service accessibility, land availability and zoning, and community engagement play a crucial role in creating a favorable environment for local investments. [Bosworth \(2012\)](#) defines rural businesses as separate entities that function within and make significant contributions to the rural environment. It highlights the significance of comprehending their distinctive attributes and contributions. The application of a rural capital's framework, as examined by [Bosworth and Turner \(2018\)](#) offers a thorough methodology for comprehending how rural enterprises utilize different types of capital to stimulate development.

Moreover, the study conducted by [Frazier et al. \(2013\)](#) emphasizes the significant impact of local institutions and community support on the prospects of new business survival in rural regions. This discovery aligns with the idea that a robust and encouraging atmosphere is crucial for fostering entrepreneurship in rural regions. [De Guzman et al. \(2020\)](#) highlight the significance of the community's influence on entrepreneurial endeavors, specifically from the viewpoints of young individuals and firm proprietors. These observations strengthen the notion that creating a favorable environment involves more than just physical structures; it also requires nurturing a collective mindset that welcomes and encourages both change and creativity. [Finke and Bosworth \(2016\)](#) demonstrate that rural enterprises must consistently adjust to changes in their surroundings to succeed, highlighting the dynamic character of rural economic development. This requires finding a balance between embracing change and maintaining continuity.

The study conducted by [Henry and McElwee \(2014\)](#) expands our comprehension of rural enterprises, providing new insights that are essential for tackling the distinct obstacles encountered by rural enterprises. Their study offers pragmatic ideas on how to improve the coordination between research and policy to enhance rural business growth. In their study, [Yu et al. \(2013\)](#) provided insights into the influence of institutional determinants on rural entrepreneurship in developing economies. They demonstrated how these factors impact the results of entrepreneurial endeavors. Collectively, these studies enhance the theoretical basis of this study, emphasizing the diverse and complex function of business development in promoting sustainable growth and resilience in rural areas.

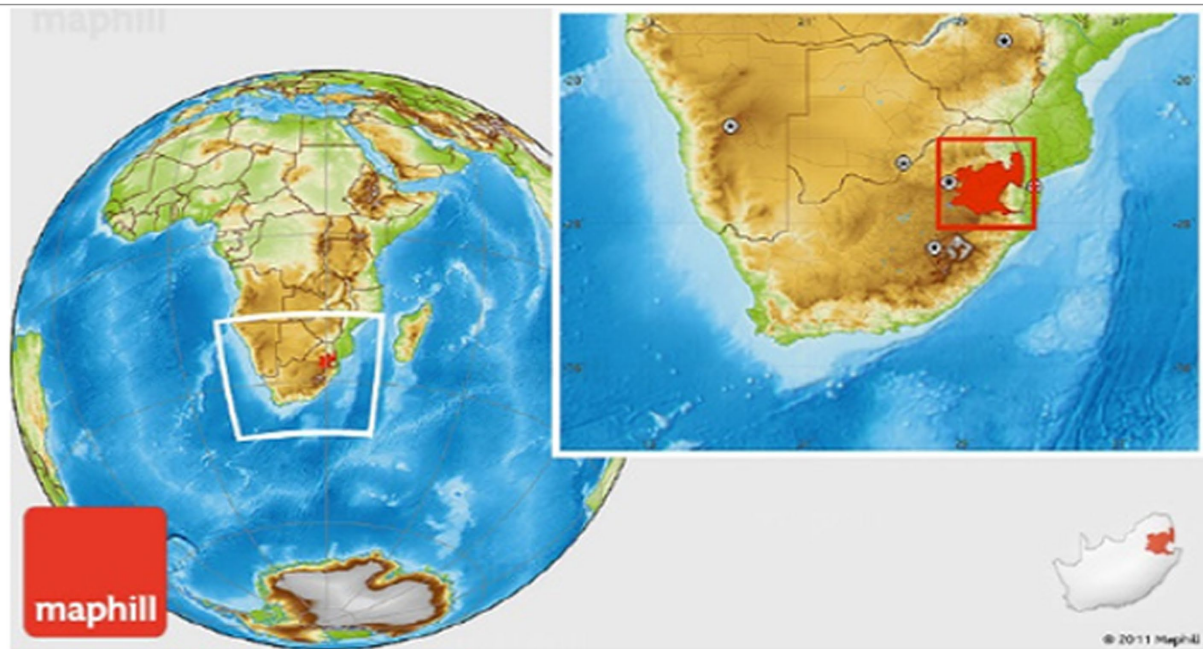
## 2 Research design and methodology

The choice of the research design and methodology in this study was appropriate to allow the achievement of the research objective and ultimately answer the research question ([Cassim, 2015](#)) as pertaining to the underlying factors for the creation of an enabling environment for business investment projects in rural communities toward local economic development.

### 2.1 Case study design

This study adopted a case study design together with the associated qualitative methodology for data collection and analysis thereof. A case study approach is essentially suitable for understanding more about little-known or poorly understood phenomena ([Yin, 2011](#); [Leedy and Ormrod, 2014](#)). Similarly, the factors that constitute an enabling environment for business investment in rural localities are poorly understood, particularly in the Global South region where the amount of scholarly research on LED is still relatively limited ([Rogerson, 2018](#)). Accordingly, to explore this phenomenon, a shopping mall investment project located in one of the periphery rural localities in South Africa in the Mpumalanga Province under Chief Albert Luthuli Local Municipality was selected as a case study. The rationale for choosing this business investment project as the case study is because of the back-and-forth processes and challenges encountered by the stakeholders prior to the development of the business project in the area. Therefore, to acquire





**FIGURE 1**  
 First image presented is a composite of two maps. The first map highlights South Africa’s position on the global stage, with a specific focus on Mpumalanga Province, marked in red, to provide geographical context within the country. The second map zooms in on Mpumalanga, delineating its various districts. Within the Gert Sibande district is Chief Albert Luthuli’s local municipality situated geographically within the study’s scope, emphasizing the research focus’s location. Source: Google Maps.

insights into the phenomenon within its real-life context, an empirical inquiry that investigates the factors that constitute an enabling environment for business investment was conducted with the key

stakeholders involved in the implementation of the project. However, the generalization of results has a limited role in a qualitative study (Yin, 2011) (Figures 1, 2).





TABLE 1 Profile and interests of the interviewed stakeholders.

Interviewees	Stakeholders' position	Designation	Stakeholders' interests
Participant 1	Property development agent	Private sector	Business opportunities
Participant 2	Community liaison officer	Community	Community employment opportunities
Participant 3	Local economic development manager	Local municipality	Local economic development
Participant 4	Community development officer	Local municipality	Rural development
Participant 5	Local economic development director	Local municipality	Local economic development
Participant 6	Ward councilor	Community	Community development
Participant 7	Ward councilor	Community	Community development

similar patterns (Yin, 2011; Saldaña, 2013) in the process of explaining the phenomenon being explored in this study—factors enabling environment for business investment projects. The emerged thematic concepts are presented and discussed in the following section.

### 3 Discussion of findings

The following section presents and discusses five thematic underlying factors that explain the establishment of an enabling and conducive environment for business investment in rural localities in the context of emerging economies in the Global South region.

#### 3.1 Market and customer needs

According to Gaussian Strategy (2022), understanding and formalizing what your customers truly need is vitally important to your product's success. The findings of this study extend this knowledge by unveiling that the community members in rural areas have a felt need for having their shopping facilities that are easily accessible in proximity to their homes. As expressed by one of the community leaders, the market and customers “needs resulted from traveling costs for the long distances the community is subjected to when commuting to the nearby towns to purchase merely households’ daily commodities and necessities:

“...the community was consistently raising the concern that if they wanted to buy some things most likely they are supposed to go to Ermelo [100km away], which makes them spend more money along the way other than using that money for buying their own groceries. So, they do raise the concern that they actually want their own shopping complex. That they will have so that they can actually shop their own things around their own place, particularly which will actually be easy to access where they can use local transport where they can have to get to it. Is not like it is the government or any organization who stated that there must be a mall, but it is the community itself” [Participant 6].

The research conducted by Adams et al. (2021) contends that the acknowledgment and resolution of customer requirements are not only a corporate tactic but an essential element of community advancement. They emphasize that when businesses synchronize their products and services with the explicitly stated requirements of communities, they cultivate enhanced confidence and allegiance

among consumers, ultimately resulting in enduring economic expansion. The relevance of local input in shaping market offerings is emphasized in the findings of the Gaussian strategy.

In addition, the research conducted by Kim and Mauborgne (2019) on the “Blue Ocean Strategy” further supports this idea by demonstrating how companies that utilize customer insights to drive innovation may establish unique and unchallenged market positions. They contend that comprehending the distinct requirements of marginalized communities, such as those residing in rural regions, can result in groundbreaking solutions that not only fulfill customer expectations but also improve the general wellbeing of the community. This is in line with the views given by the community leader, who clearly expresses a need for shopping facilities that are easily accessible. This indicates a market opportunity that might be effectively handled by strategic efforts that focus on the community.

The evidence that the communities in rural areas primarily need business investment projects that will cater to their daily needs and commodities is illustrated in the response of the potential business investor:

“Well, it starts with the needs and desirability. If you see there's a need and if you see there's a market, then it starts with the anchor tenant [retailers]... and then you always look at a sub-anchor, which is normally a hardware store” [Participant 1].

This result indicates that local economic development in rural localities should embrace the people-centered approach to development that prioritizes the needs and perspectives of local communities (Chambers, 1988). Sienkiewicz (2014) emphasizes the importance of fostering collaboration between the public and private sectors to effectively serve the needs of the community in local economic development (LED) plans. This cooperative strategy not only improves the economic environment but also enables local stakeholders to actively engage in shaping their development results. The investor's statement aligns with the importance of community engagement, as it underscores the need to first understand market demands before commencing business ventures.

In addition, the Reconstruction and Development Program (RDP) emphasizes the importance of creating representative institutions that specifically cater to the economic development needs of the local community (Gabula, 2012). The RDP promotes the use of private sector funding to support community development, ensuring that expenditures are focused on projects that truly benefit the local population. This supports the investor's claim about the significance of acknowledging market demands since it suggests that profitable

investments should be based on the community's preferences and needs.

### 3.2 Government and regulatory support

The finding of this study aligns with the study of Gillard et al. (2017) who emphasizes the importance of intergovernmental collaboration and coordination in facilitating large-scale development projects. This finding underscores the importance of having intergovernmental relations to accelerate the clearance procedures and eliminate bureaucratic red tapes (Hurlbert et al., 2019) as emphasized by one of the key informants:

*"The involvement of all the government stakeholders. Yes. Especially our local municipalities...Because some of the document pertaining to the mall, land agreements, and all that, was supposed to be signed by local municipalities others were supposed to be signed by the province, others were supposed to be signed by the national office."* [Participant 2].

The data highlight the crucial role of various government stakeholders, including local municipalities, provincial authorities, and the national office. These stakeholders play a pivotal role in facilitating the development of shopping malls in rural areas by signing important documents related to land agreements and other regulatory aspects. The South African Constitution emphasizes the significance of cooperative governance, asserting that all levels of government must collaborate to facilitate the developmental function of local governments. The Constitution of South Africa (1996) requires local governments to establish and maintain positive and cooperative relationships with provincial and national authorities. This is to ensure that the specific needs of local communities are effectively considered and addressed within the broader framework of national policies.

Moreover, the literature on stakeholder management emphasizes that the success of initiatives frequently depends on the active engagement of crucial stakeholders. The Project Management Institute (2021) conducted a study that highlights the need to comprehend the interests and impacts of different stakeholders to achieve project success. The active involvement of stakeholders can have a substantial effect on the outcomes of a project.

The study also finds that the enabling environment also means the implementation of supportive policies such as the provision of incentives for small and emerging local businesses to enable and prepare them to also benefit from the establishment of the shopping mall in their locality:

*"So, we are trying by our level best to make sure that we assist them to start their own business. And we've got a number of programs, like the one for incubation. So, we assist those, we see that they've got the potential to grow, and we assist them for the period of three years so that they are going to be sustainable and create jobs to the local people. So, those are the programs that we are trying by all means to implement to our space"* [Participant 3].

CBAs, the template for negotiating linkages between a developer and groups at the community level, are approved by the local

government and integrated into the local planning and development process (Bolongie and Silverman, 2018). They emphasized the crucial significance of community benefit agreements (CBAs) in enabling substantial connections between developers and community groups. CBAs function as a structure for guaranteeing that local companies obtain the essential assistance and resources to prosper alongside major ventures, such as shopping malls. Municipalities can enhance the economic climate by incorporating these agreements into local planning and development procedures, giving priority to the requirements of small enterprises and local entrepreneurs.

In addition, the World Bank (2020a,b) highlights the importance of incubation programs to foster the growth of young enterprises. Advocates contend that providing focused assistance, such as mentorship and access to resources, can greatly enhance the probability of achieving business success and long-term viability. Participant 3 supports the idea of implementing initiatives that help local entrepreneurs become valuable contributors to the local economy.

### 3.3 Access to infrastructure and services

Unlike in the urban areas where there is existing provision of bulk services, in rural localities the provision of infrastructure for bulk services such as water, electricity, and sewer systems remain one of the challenges in the development of business investment projects. The research underscores the substantial discrepancies in infrastructure availability between urban and rural regions, underscoring the crucial role that fundamental services play in promoting economic advancement. The National Planning Commission (2012) states that insufficient infrastructure in rural towns not only obstructs local economic growth but also diminishes the general quality of life for people. They contend that the absence of dependable access to water, electricity, and sanitation hinders rural communities from attracting and maintaining investment, resulting in enduring economic disadvantages.

*"...the issue of services because in the municipality, we are obliged to assist investors to make sure that we've got an infrastructure. Like the issue of bulk water supply, the issue of sewer system needs to be in place because you see, Chief Albert Luthuli is one of the rural municipalities with water shortages"* [Participant 3].

According to Hemson (2016), rural communities encounter significant obstacles in delivering essential services, including logistical difficulties, financial limitations, and insufficient technical capabilities. This is consistent with Participant 3's concerns about the obligation of local municipalities to ensure that infrastructure is adequately established for the success of development projects. The study suggests that numerous rural communities are overburdened by long-standing delays in providing services, which worsen the challenges related to new investments.

*"We are preparing a survey with the working stakeholder actually Eskom which they actually going to come then and supply the power line closer to the mall facility so that the development can actually proceed smoothly and functional"* [Participants 6 and 7].

Though the findings support the idea that access to utilities such as water, electricity, and telecommunications is a critical aspect of any

business investment (Mullin and Kotval, 1992), this study also unveils that in rural areas it may sometimes be difficult to secure those infrastructures and services because of landownership dynamics:

*“like the issue of bulk water supply, the issue of sewer system needs to be in place. We need to assist, because it is our responsibility as a local municipality to assist on that. But if that development, it has got no land to implement that development, it's a fruitless exercise”* [Participant 3].

The World Bank (2020a,b) underscores the significance of cooperative endeavors between local governments and utility companies to enhance service provision in rural regions. They promote the use of comprehensive planning methods that consider the distinct difficulties of rural areas, such as complications arising from land ownership that can hinder the development of infrastructure. The viewpoint is evident in the remarks made by Participants 3, 6, and 7, who emphasize the importance of collaborating with stakeholders such as Eskom to enable the delivery of vital services.

### 3.4 Land availability and zoning

The findings of this study seem to be consistent with previous research, which asserts that the developer would have to pay the landholder directly rather than the state to purchase the land for economic development (Farrell and Rudd, 2009) in rural areas. In addition to the previous study, the findings of this study suggest that rural-based municipalities would have to persuade the traditional leaders, who are the custodians of land administration in rural areas, before the land could be made available and zoned for business investment projects:

*“as the local municipality through our ward councilors we've went to deeper in terms of persuading our chief and you will know by history that this area most likely in Mpuluzi, is not most likely owned by the people but actually the chief so, the majority of the land in our area it is actually owned by the chief but finally there was a challenge of getting that land for development, but finally the chief actually threw out the people that works for him to actually lease out the land and then we've achieved and we've agreed to actually formalize the land”* [Participant 5].

Rokhim et al. (2017a) analyze the potential of remote areas in Indonesia. The findings show that variables that influence the key success factors of LERD in this research are resource endowment, social capital, and local support as independent variables before the rezoning of the land for business investment projects, there must be a formal lease agreement between the developer and the traditional leaders as owners of the land in rural communities. Studies suggest that the patterns of land ownership in rural regions have a substantial impact on the potential for economic development. The South African Treasury (2011) states that the lack of clarity on the authority of the government and traditional leaders creates difficulties in managing land, leading to delays and obstacles for developers who wish to acquire land for their projects. This supports the claim that developers must deal with the intricacies of conventional land management, highlighting the importance of efficient communication and negotiation with traditional leaders.

One of the participants highlighted: *“We spoke to the owners of the land, to make the arrangements to get the land to be of use for the building of the mall, then, the municipality rezoned the land, showing as an agreement that they agreed that the mall could be built”* [Participant 2].

Rokhim et al. (2017b) examined the capacity of distant regions in Indonesia, emphasizing that the achievement of economic progress through land utilization depends on obtaining official leasing agreements with tribal leaders who possess land ownership. This approach highlights the significance of social capital and local support in enabling company investments. The indispensability of these agreements is reflected in the results of this study, which indicate that developers must actively involve traditional leaders and landowners to achieve adherence and collaboration prior to rezoning property for commercial investment projects.

The data also reveal the multi-step process involved in securing land for mall development. It begins with seeking approval from the Department of Land Affairs, agreement with the chief, as well as negotiating with the people who are currently staying or located in that area, it is a pivotal step in the process. This approval demonstrates the necessity of the mall and the willingness of the landowners to make their land available for the project.

As the participant notes, *“Then, we also engaged the Department of Rural Development. Yes. So that as well they have to lease an agreement letter or permission of the land to be used.”* This demonstrates the importance of aligning the project with government regulations and policies [Participant 2].

Another Participant also highlighted that *“you need the study of that area, you need to have such documents, you need to get it tightly. It's a long process actually because it involves a number of stakeholders”* [Participant 4].

In summary, engagement with government departments, particularly the Department of Rural Development, is a crucial step in local economic development. As highlighted by Participants 2 and 4, obtaining agreement and permission for land use from this department is part of the necessary regulatory approvals. This emphasizes how crucial it is to match the project's objectives with laws and policies. It also draws attention to how intricate the procedure is, involving numerous parties and necessitating a large amount of paperwork. As a result, successful project implementation depends on efficient communication with pertinent government agencies.

### 3.5 Participatory community engagement

The findings of this study confirm that participatory stakeholders' engagement allows for proactive actions to be taken to win support and minimize negative impacts (Mabelo, 2020) that may arise against the implementation of the project in the community. To create an enabling environment for delivering a business investment project, community members must effectively participate in the investment project's processes. CBAs are negotiated directly between coalitions of community-based groups and developers. These negotiations occur before a proposed project



is approved by the local government, and the local government often serves as a mediator in the negotiation process (Bolongie and Silverman, 2018, p. 309)

*“The project must have this steering committee, and when it has this steering committee, every stakeholder is included... every one of us can actually participate and have a say in whatever project that we may be having... we involve all the stakeholders through community participation”* [Participant 6].

*“Our role is community participation with the ward counsellors... to ensure that our people they are actually involved in any part of development that comes to them”* [Participant 5].

The findings of this study agree with the study of Chambers (1988), who advocates for a people-centered approach to economic development that prioritizes the needs and perspectives of local communities. This study found that community representative individuals are a necessary intervention to create an enabling environment for the successful delivery of the business investment project in rural areas, as alluded by one of the participants:

*“Everyone involved, all stakeholders, but it works through a person that we call the CLO, the community liaison officer. So, we ask the community to present candidates for us and then we have interviews with them and then we appoint a CLO”* [Participant 1].

The Dundonald Mall project, presented an interesting case study of stakeholder engagement and consultation practices as it was a private sector initiative. While the in-house feasibility study approach may provide efficiency and control, it raises concerns about the inclusion of external stakeholders, particularly local communities, and potential customers, who may have valuable insights and perspectives to contribute. Stakeholder theory emphasizes the importance of considering all relevant stakeholders, even those not directly involved in the project, to ensure project success and mitigate potential risks (Freeman, 2010).

The participant emphasizes that the feasibility study for the Dundonald Mall project is conducted entirely in-house, without external consultation. They highlight that this is a private sector project, distinct from public projects funded by government money.

As the participant states, *“Feasibility is in-house. In-house. At Dundonald, the feasibility is completely in-house...Remember, you are asking me now, there’s one thing you must understand. There’s a big difference between a public project with government money and a private sector project. This is a private sector project.”* [Participant 1].

The participant’s emphasis on conducting the feasibility study entirely in-house, without external consultation, highlights the distinction between private and public projects (Freeman, 2010). Private sector projects, often financed through private funds and bank loans, typically have more autonomy in decision-making compared to public projects funded by government money.

The participant further clarifies that the project is financed through private funds and bank loans, and it carries its risks.

*They mentioned, “It’s their own risk, their own money. They go to the bank to get their own loan to do this project”* [Participant 1].

This data suggest that stakeholder engagement and consultation in the context of this private sector project were limited to internal stakeholders. The decision-making process appears to be centralized within the organization conducting the feasibility study. The distinction between private and public projects is emphasized, with different rules and considerations applying to each. This highlights the importance of understanding the nature of a project when considering stakeholder engagement and consultation strategies. This approach aligned with the nature of private sector projects, which are typically financed through private funds and bank loans and carry their risks.

The stakeholder theory emphasizes how important it is to include all pertinent parties when making choices and putting strategic management into practice. Even if external stakeholders may not have participated actively in the feasibility study, they should still be considered for their potential impact on the project’s success. This is especially important if the feasibility study is carried out internally. The potential effects on and responses of external stakeholders such as local communities, potential customers, and regulatory authorities are important considerations that could help mitigate potential risks and enhance the project’s chances of success. The involvement of local government agents in the project steering committee, as highlighted in the data, is a practical application of this theory, demonstrating their role in supporting the project and the people it affects.

## 4 Conclusion and implications

This study aimed to unveil the factors underlying the creation of enabling environments for business investment in rural localities, particularly in the Global South regions where the concept of LED planning is still relatively limited. Through a qualitative case study approach with the application of a conventional content analysis method, the study unveiled five key factors underlying the creation of a conducive and enabling environment for business investment in rural communities. This paper has argued that understanding these fundamental factors, which underpin conducive and operational investment environments, is important for viable business decision-making in the feasibility study of investment business projects toward LED in rural communities. The findings of this study are inconsistent with those of Bolongie and Silverman (2018), who assert that community-based economic development projects would require that developers and the local community engage in a legally binding agreement, requiring the developer to deliver on the agreed-upon set of benefits. The key practical implication of this study is that unlike in urban localities, the creation of an enabling environment for business investment in rural communities goes beyond the normal public–private sector partnerships for economic development, to embrace the local traditional authorities, as the pivotal stakeholders who are entrusted with the authority to provide for the land for the development project based on a lease agreement prior to the rezoning of the land for the business investment project by the municipality. Further research in the field of LED planning is required to develop a stakeholder-based and prospective Rural Business Investment Model that will assist in guiding the decision-making process of potential investors in rural localities.

CBA's are a relatively new tool used to negotiate linkages in the local economic development process (Bolongie and Silverman, 2018).

## Data availability statement

The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

## Ethics statement

The studies involving humans were approved by the University of Mpumalanga - FREC. The studies were conducted in accordance with the local legislation and institutional requirements. The participants provided their written informed consent to participate in this study. Written informed consent was obtained from the individual(s) for the publication of any potentially identifiable images or data included in this article.

## Author contributions

MS: Writing – original draft. TL: Writing – original draft. HZ: Writing – review & editing.

## References

- Adams, R., Smith, L., and Johnson, T. (2021). Understanding customer needs: a pathway to community development. *J. Commun. Dev.* 45, 123–140.
- Ancuța, C., and Jucu, I. S. (2023). Sustainable rural development through local cultural heritage capitalization—analyzing the cultural tourism potential in rural Romanian areas: a case study of Hârman commune of Brașov region in Romania. *Land* 12:1297. doi: 10.3390/land12071297
- Blair, J., and Carroll, M. C. (2008). Local economic development. 2nd Edn. London: SAGE publications.
- Bolongie, J., and Silverman, R. (2018). Community benefit agreements: a template for negotiating linkages between developers and communities. *J. Urban Aff.* 40, 546–563. doi: 10.1080/10705422.2018.1476427
- Bosworth, G. (2012). Characterising rural businesses—Tales from the Paperman. *J. Rural. Stud.* 28, 499–506. doi: 10.1016/j.jrurstud.2012.07.002
- Bosworth, G., and Turner, R. (2018). Interrogating the meaning of a rural business through a rural capital framework. *J. Rural. Stud.* 60, 1–10. doi: 10.1016/j.jrurstud.2018.02.002
- Cassim, L. (2015). Postgraduate toolkit [DVD]. 2nd Edn. Johannesburg: Layla Cassim ERS Consultants CC.
- Chambers, R. (1988). Normal professionalism and the early project process: Problems and solutions. London: Institute of Development Studies.
- Constitution of South Africa (1996) Chapter 7: local government. Available at: <https://www.justice.gov.za/legislation/constitution/SACConstitution-web-eng-07.pdf> (Accessed August 17, 2024).
- De Guzman, M. R. T., Kim, S., Taylor, S., and Padasas, I. (2020). Rural communities as a context for entrepreneurship: exploring perceptions of youth and business owners. *J. Rural. Stud.* 80, 45–52. doi: 10.1016/j.jrurstud.2020.06.036
- Farrell, A. M., and Rudd, J. M. (2009). Factor Analysis and Discriminant Validity: A Brief Review of Some Practical Issues. Birmingham: Aston Business School Aston University Birmingham. doi: 10.1080/07352166.2017.1360734
- Fayas, A. M., Peiris, M., and Kalugalla, K. G. P. (2021). Public vs private sector owned urban public space performance in terms of user perception in the city of Colombo. doi: 10.31705/FARU.2021.5
- Ferreira, C., Broughton, K., Broadhurst, K., and Ferreira, J. (2024). Collaborative innovation in a local authority – 'local economic development-by-project'? *Public Manag. Rev.* 26, 1405–1423. doi: 10.1080/14719037.2023.2185663
- Finke, H. B., and Bosworth, G. (2016). Exploring the character of rural businesses: performing change and continuity. *Local Econ.* 31, 619–636. doi: 10.1177/0269094216655407
- Frazier, B., Stoel, L., Niehm, L., and Eckerson, N. (2013). Optimism for new business survival in rural communities: an institutional perspective. *J. Small Bus. Entrep.* 26:443462, 443–462. doi: 10.1080/08276331.2013.876761
- Freeman, R. E. (2010). Strategic management: A stakeholder approach. Cambridge: Cambridge University Press.
- Gabula, Z.H. (2012) Factors influencing the construction project success rates of reconstruction development programme (RDP) housing projects in the Eastern Cape: a quality perspective: a census study (doctoral dissertation).
- Gaussian Strategy (2022). Why customer needs are important. Available at: <https://gaussianco.com/insights/why-customer-needs-are-important> (Accessed December 18, 2023).
- Gillard, S., Foster, R., Gibson, S., Goldsmith, L., Marks, J., and White, S. (2017). Describing a principles-based approach to developing and evaluating peer worker roles as peer support moves into mainstream mental health services. *Ment. Health Soc. Incl.* 21, 133–143. doi: 10.1108/MHSI-03-2017-0016
- Haywood, K. M. (1988). Responsible and responsive tourism planning in the community. *Tour. Manag.* 9, 105–118. doi: 10.1016/0261-5177(88)90020-9
- Hemson, D. (2016). Challenges in the provision of basic services in rural municipalities. *South Afr. J. Pub. Admin.* 51, 123–136. doi: 10.10520/EJC-6f5e3e6b4
- Henry, C., and McElwee, G. (2014). Exploring rural enterprise: New perspectives on research, policy & practice. Bingley: Emerald Group Publishing.
- Hurlbert, M., Krishnaswamy, J., Johnson, F. X., Rodríguez-Morales, J. E., and Zommers, Z. (2019). Risk management and decision making in relation to sustainable development.
- Jucu, I. S. (2023). When service-led activities and Tertiariation processes replace old industries and local brownfields: changes, perceptions and perspectives in the northern industrial area of Lugoj, Romania. *Land* 12:37. doi: 10.3390/land12010037
- Kim, W. C., and Mauborgne, R. (2019). Nondisruptive creation: Rethinking innovation and growth. *MIT Sloan Manage. Rev.* 60, 46–55. doi: 10.10520/EJC-6f5e3e6b4
- Leedy, P. D., and Ormrod, J. E. (2014). Practical research: Planning and design. 10th Edn. Harlow: Pearson Education Limited.
- Lukhele, T. M., Botha, B., and Mbanga, S. (2022). Exploring the Nexus between professional ethics and occupational health and safety in construction projects: a case study approach. *Int. J. Constr. Manag.* 23, 2048–2057. doi: 10.1080/15623599.2022.2033498
- Mabelo, P. B. (2020). How to manage project stakeholders. 1st Edn. New York, NY: Taylor & Francis.
- Malizia, E., Feser, E., Renski, H., and Drucker, J. (2021). Understanding local economic development. 2nd Edn. New York, NY: Taylor & Francis.

## Funding

The author(s) declare that financial support was received for the research, authorship, and/or publication of this article. This study has received a financial support from the National Research Foundation (NRF) and the University of Mpumalanga in South Africa\_ Refence Grant number PMDS22072545405.

## Conflict of interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

## Publisher's note

All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers. Any product that may be evaluated in this article, or claim that may be made by its manufacturer, is not guaranteed or endorsed by the publisher.

- Mitchell, M., and Hall, D. R. (2005). Rural tourism as a sustainable business: key themes and issues. Bristol: Channel View Publications, 3–16.
- Mullin, J., and Kotval, Z. (1992). When the mall comes to a small town: how to shape development with carrots and sticks. Waterbury, CT: Small Town, 14.
- National Planning Commission (2012). Economic infrastructure. Available at: [https://www.nationalplanningcommission.org.za/assets/Documents/NDP\\_Chapters/NDP%202030-CH4-Economic%20infrastructure.pdf](https://www.nationalplanningcommission.org.za/assets/Documents/NDP_Chapters/NDP%202030-CH4-Economic%20infrastructure.pdf) (Accessed August 17, 2024).
- Phalatsi, F. (2020). Proposed Strategy for Micro-Enterprise development: A case of immigrants and locals in Tembisa & Ivory-Park. Johannesburg: University of Johannesburg (South Africa).
- Project Management Institute (2017). A guide to the project management body of knowledge (PMBOK guide). 6th Edn. Newtown Square, PA: Project Management Institute.
- Project Management Institute (2021). A guide to the project management body of knowledge (PMBOK® guide). 7th Edn. Newtown Square, PA: Project Management Institute.
- Rogerson, C. M. (2010). Local economic development in South Africa: strategic challenges. *Dev. South. Afr.* 27, 481–495. doi: 10.1080/0376835X.2010.508580
- Rogerson, C. M. (2018). Local economic development in the changing world. 1st Edn. New York, NY: Taylor and Francis.
- Rokhim, R., Wahyuni, S., Wulandari, P., and Pinagara, F. A. (2017a). Analyzing key success factors of local economic development in several remote areas in Indonesia. *J. Enterp. Commun. People Places Global Econ.* 11, 438–455. doi: 10.1108/JEC-09-2015-0049
- Rokhim, R., Wahyuni, S., Wulandari, P., and Pinagara, F. A. (2017b). Key success factors of local economic development in remote areas. *Sustain. Dev.* 25, 347–358.
- Rowe, J. (2016). Theories of local economic development. 1st Edn. New York, NY: Taylor and Francis.
- Saldaña, J. (2013). The coding manual for qualitative researchers. 2nd Edn. Los Angeles, CA: SAGE Publications Incorporation.
- Sienkiewicz, L. (2014). Local economic development as an employment strategy. Available at: <https://researchspace.ukzn.ac.za/server/api/core/bitstreams/e43b4f2f-0ca0-4f58-845c-5723e68c4eca/content> (Accessed August 17, 2024).
- South African Treasury (2011). Local government budgets and expenditure review. Available at: <https://www.treasury.gov.za/publications/igfr/2011/lg/15.%20rural%20services%202011%20lgber%20-%20final%20-%209%20sept%202011.pdf> (Accessed August 17, 2024).
- Swinburn, K., Porter, G., and Howard, D. (2004). *Compreh. Apha. Test*. doi: 10.1037/t13733-000
- World Bank (2020a). Improving service delivery in rural areas: a framework for action. Available at: <https://www.worldbank.org/en/topic/ruraldevelopment/publication/improving-service-delivery-in-rural-areas-a-framework-for-action> (Accessed August 17, 2024).
- World Bank (2020b). The role of incubation in supporting small and medium enterprises. Available at: <https://www.worldbank.org/en/topic/competitiveness/brief/incubation-support-for-smes> (Accessed August 17, 2024).
- Yin, R. K. (2011). Qualitative research from start to finish. New York, NY: The Guilford Press.
- Yu, J., Zhou, J. X., Wang, Y., and Xi, Y. (2013). Rural entrepreneurship in an emerging economy: reading institutional perspectives from entrepreneur stories. *J. Small Bus. Manag.* 51, 183–195. doi: 10.1111/jsbm.12012