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A ROLE OF INDUSTRIAL DEVELOPMENT ZONES IN POVERTY ALLEVIATION: A CASE STUDY**Mandisi Matyana^{1*}, Richard Mduduzi Mthethwa², Joana Katina³**^{1*,2} Department of Public Administration, University of Zululand, South Africa³ Department of Business Technologies & Entrepreneurship, Faculty of Business Management, Vilnius Gediminas Technical University, Vilnius, Lithuania³ Institute of Computer Science, Faculty of Mathematics and Informatics, Vilnius University, Didlaukio St. 47, 08303 Vilnius, Lithuania³ Faculty of Electronics and Informatics, Vilniaus kolegija / Higher Education Institution, J. Jasinskio st. 15, 01111 Vilnius, Lithuania^{1*} MatyanaM@unizulu.ac.za (Corresponding author); ² MthethwaR@unizulu.ac.za; ³ joana.katina@mif.vu.lt

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Abstract. According to the Sustainable Development Goals, numerous countries are making every effort to alleviate poverty among their citizenry by 2030. The primary goal of this study was to evaluate how Industrial Development Zones (IDZs), specifically in the province of KwaZulu Natal (KZN), contribute towards the alleviation of poverty in South Africa. Almost half of South Africa's population still lives in poverty, despite the abolishment of the oppressive apartheid regime since April 1994. The majority of the populace is impoverished. KwaZulu Natal is one of the most affected provinces by poverty in the country. Thus, the purpose of this study was to examine how KZN IDZs contribute to alleviate the level of poverty in this province. A qualitative approach was adopted to gather data from the participants of the study. i.e., KZN EDTEA officials, IDZ managers, economic and business analysts, and community members. The triangulation strategy was adopted to analyse the gathered data. The IDZ annual reports were considered to enhance the gathered data and the findings of the study. It was concluded that the IDZs serve to the communities is limited and primarily driven by business interests. They have an inadequate number of projects and activities to help the community because they are profit driven. Foreign Direct Investments influence employment rates because most of the money earned by IDZ enterprises is taken advantage of by foreign investors. Therefore, proper recommendations have been provided by the study.

Keywords: Development; Industrial Development Zones; KwaZulu Natal Province; South Africa; Poverty Alleviation**Reference** to this paper should be made as follows: Matyana, M., Mthethwa, R. M., Katina, J. 2026. A role of industrial development zones in poverty alleviation: a case study. *Insights into Regional Development*, 8(2), 20-32. <http://doi.org/10.70132/j8662289635>**JEL Classifications:** O1, O14, R58**Additional disciplines:** public administration**1. Introduction**

A central concern for the majority of the South Africans including all government operations is to lead an enhanced standard of living. Schedule 4 and 5 of the South African Constitution of 1996, stipulates the government functions for the three spheres, namely, national, provincial, and local government. These duties are undertaken by various institutions within these spheres. According to part A of schedule 4 of the South African Constitution, all spheres of government must ensure, maintain, and promote industry to ensure that the country can develop its own revenue as well as establish approaches to enhance the process.

The South African government established several industrial zones throughout the country, which are referred to as Industrial Development Zones (IDZs). These zones include, *inter alia*, Richards Bay, Dube Trade Port, East London, Coega, Tubaste, Saldana Bay, Atlantis, Musina, Maluti-A-Phofung, Nkomanzi, and Tshwane Automotive. The mentioned IDZs respond to the emerging and growing South African economy which were specifically constructed to generate new investment to increase foreign reserves and exports, whilst simultaneously promote the local trade. Furthermore, the IDZs are linked specifically with ports, that is, sea and the airports to facilitate the exportation of goods and services. Chauke and Ncanywa (2021) hold that South Africa is facing a conundrum of low levels of exportation and overdependence on raw production. Consequently, the promotion of economic complicity and increase in the economic infrastructure is vibrant to support the country's development and to fight poverty. Asuelime and Enaifoghe (2018) concurred with Chauke and Ncanywa (2021) that the SA government must motivate and incentivise to benefit and support Industrial Development Zones in the Republic. IDZs play a progressive role to transform the country's economy and enhance the standard of living. Hence, these zones play a significant role. Therefore, this study was conducted to assess the role of the KZN IDZs to alleviate poverty in the province.

2. Background

In South Africa, the IDZs were introduced on December 1, 2000. The Manufacturing Development Act (MDA, 1993) stipulates the establishment of IDZs. Since then, there has been much discourse over the viability of IDZs (Asuelime & Enaifoghe, 2018; Qumba, 2023). MDA prescribes the licensing and registration of the manufacturing businesses to facilitate industrial development. It also prescribes the establishment of the Industrial Development Zone programme. IDZs are recognised as part of the national industrial policy strategy which are established to support the manufacturing sector and integrate global economic initiatives.

Industrial Development Zones support various national masterplans and agreements which were signed by the South African government to support manufacturing in the industry sector. The current active South African master plans include, *inter alia*, Automotive Industry; Retail-Clothing; Textile; Footwear and Leather (R-CTFL); and Poultry sector master plan (dtic annual report, 2019/2020). These masterplans serve as a progressive step for what the South African government envisages to achieve for its citizenry. Therefore, the IDZs must support these master plans and agreements and provide for innovation and adapt planning (United Nation, 2017 cited in Menzori, De Sousa & Gonçalves, 2021). A masterplan is defined as a strategic plan of action by the government of the people to achieve a certain community goal.

IDZs should not only benefit businesses involved in the manufacturing sector but enhance the lives of the underprivileged. Furthermore, to enhance the general development of outcomes, for example, alleviation of poverty (Tim, Cui & Sheng, 2021). Singh and Misra (2022) postulated that the significance of corporation between businesses and the government is to invest in social responsibilities to inhibit, *inter alia*, crises such as food shortages and unequal economic conditions. They further asserted that business operations should collaborate with society in which they operate to create a prosperous economy, as well as ensure the quality of life for the community.

IDZs must play a crucial role in human development by generating employment; both directly and indirectly. Direct employment refers to job opportunities directly available in the IDZs, for example, intensive labour, while indirect employment refers to job opportunities available as the result of the IDZs in a certain community or area, for example, banking, hospitality, insurance, communication, and transport. Zheng (2021) point out that the industrial policies of the country should focus on generating employment and improve the communities' wages. IDZs continue to provide necessary support to the manufacturing sector to boost the Gross Domestic Product (GDP) and expand South Africa's export capabilities (Industrial Development Corporation, 2021) (see Figure 1).

Figure 1. 2021 IDZs economic output

Economic sector	Exports (R billion)	% change (year-on-year)
Agriculture, forestry & fishing	27.2	9.9%
Mining (total):	276.9	85.3%
PGMs	98.7	131.9%
Iron ore	49.5	64.6%
Gold	36.6	47.0%
Coal	22.4	9.4%
Other mining	69.7	121.4%
Manufacturing (total):	256.4	32.0%
Motor vehicles	51.0	46.7%
Iron and steel	27.7	46.5%
Machinery and equipment	22.2	38.6%
Chemical products (e.g., pharmaceuticals)	20.3	53.4%
Processed food	19.0	4.4%
Basic chemicals	17.3	10.3%
Parts and accessories for motor vehicles	16.7	87.8%
Non-ferrous metal products	15.1	34.5%
Other manufacturing	67.0	16.9%

Source: Industrial Development Corporation (IDC) (2021)

In 2021 the IDZs managed to support the manufacturing sector and yielded R256 billion for exports. This value was expected to continue to grow. Hence, the South African GDP is also expected to expand at an annual rate of at least 2.3% for the period between 2022 and 2026 (IDC, 2022). Apparently, the support that South African IDZ's receive from government boosts global trading for the state (Stats SA, 2018). The KwaZulu Natal (KZN) economy was doing well since 1997 (KZN Provincial Treasury Report, 2019/2020). It was further revealed that the KZN provinces were ranked as the second contributor towards the South African economy/GDP after Gauteng Province. This economic growth created job opportunities and absorbed new entrants in the labour market within the province.

The KZN province comprises of two IDZs, namely, Richards Bay and Dube Trade Port. However, in 2016, the Dube Trade Port was declared a Special Economic Zone (SEZ) due to the development and services it offers. Among the services that KZN IDZs offers includes warehousing spaces, assemblies for manufactured goods, zones for agriculture referred as agri-zones (the DTIC, 2020). In 2017 the premier of KZN declared the province's IDZs as potential points for investors; both locally and internationally. The premier further declared that KZN IDZs tackles socio-economic issues which the provinces faced. These claims by the premier were also supported by the KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs (2021). The province yielded a high industrial production with a total GDP of R488 billion which was boosted by the IDZs (IDC, 2022). Hence, export increased, agriculture diversified, and manufacturing grew.

The country's industrial policies which support the IDZs must also conform with information and communication technologies which advances manufacturing and production efficiencies (Chung & Chung, 2021). Successful industrial policies also depend on innovation technology to support production and the economy (Chang & Andreoni, 2020; Lerner et al., 2020). According to Fukuda (2020), technology advancements assist many businesses to relate to the speed of the market as well as remain competitive. The introduction of the 4th Industrial Revolution (IR) in the 21st century has created significant opportunities for the world, particularly, social and economic opportunities which also require appropriate responses from the government (Manda & Ben Dhaou, 2019). Furthermore, 4IR provides developing countries with a greater opportunity to enhance development, whilst also align with developed markets through technology.

Several challenges which South African IDZs face, namely: lack of job opportunities for the unskilled citizenry; range of reforms and attempts required for the labour market; inadequate future investment target; financial guarantees for the future; narrow financial support which focuses on the manufacturing infrastructure; limited areas which favour the IDZ's; and retrenchment of staff due to increased utilisation of artificial intelligence. Shahzad, Schneider and Jebli (2021) concurred with the above concerns and postulated that IDZs have the potential to produce carbon emission, which is extremely unhealthy for human health.

Various scholars have raised their scholarly views with regard to the performance of Industrial Development Zones and poverty. Sharaunga and Mudhara (2021) analysed the strategies which could be utilised to improve livelihoods of women. Furthermore, their findings revealed that due to the lack of capital and other socio-economic issues of households with families, especially women's struggle to free themselves from poverty. Therefore, it was recommended that humanitarian and development agencies prioritise contribute towards the enhancement of strategies for women to alleviate poverty. A study by Luiz (2003) conducted to establish how a country's key spatial development could inhibit unemployment and poverty. The findings revealed that the utilisation of industrial decentralisation is important to enhance regional poverty and unemployment because these assist to contribute towards the state's human capital and economic growth. In support of the above assertion, Karambakuwa et al. (2020) established that transition zones (IDZs) and SEZ plays a crucial role to enhance investment and the economy of a particular state, while also ensure the creation of employment opportunities and contribute towards key developmental factors to alleviate poverty.

The IDZs play an important role in the development of the state and its growth. According to the Special Economic Zones Act, the IDZs have an important role to play in the state's economy by ensuring that there is an industrial focus the regional development; arrangements for the provision of infrastructure and development; maintain both local and foreign investments; and generate new economic activities. More importantly, the IDZs should also create opportunities for decent work; provide social benefits for the local inhabitants or citizenry in their location; promote economic participation through Small-Micro-Medium-Enterprises (SMME's); including other cooperatives. The IDZs should also promote skills for either the relevant beneficiaries or stakeholders.

Given this significance of the IDZs in South Africa the above identified key duties of the IDZs endeavour to address various socio-economic issues which South Africa and its citizenry faces. The question is, how? The following aspects are probable solutions, namely, employ locals; give back to the community; provide opportunities for growth to local businesses and SMME's; as well as invest in the development of skills for both employees and local inhabitants. Wang and Zhang (2020) concurred those local investments, especially in communities by the industries could promote both economic and social progression. This is very important because it could alleviate poverty, while enhance the industrial structures and infrastructure, especially in the developing countries which are undergoing crucial phases of development (Raghutla, 2020; Wang & Zhang, 2020).

Although poverty is multidimensional, this study held that scourge that is facing South Africa, particularly in the KwaZulu Natal province is due to failures in the market to accommodate the needs of people. This assertion is supported by scholars such as Jackson and Jabbie (2020) who asserted that the inability of a market to meet optimal production or provide goods and services, results in the markets failure. Hence, the onset of poverty is exacerbated. Therefore, this study endeavoured to investigate the role of how KZN IDZs could maximise their actions alleviate poverty in the surroundings and nearby communities of the province. In countries such as China, sound IDZ management helps to alleviate poverty (Tang, 2008; Naeem, Waheed & Khan, 2020). China's economy has grown exponentially in the past three decades and has supported multiple citizens to be free from poverty (Naeem, Waheed & Khan, 2020).

3. Literature review

IDZ performance can be influenced or affected by certain aspects. According to Singh and Kumar (2021), the following factors could affect the performance of IDZs: GDP per capita; role of research institutions; population growth; inflation; market structure; capital investments; infrastructure development; and worker level of education. These factors could result in an imbalance to develop the state if not taken care of. Therefore, government intervention is very important through fiscal incentives and promote competition to ensure quality development (Yin et al., 2019). Wang et al. (2021) concurred and hold that the occupation of land by industries is sharply influenced by institutional factors and government control which relates to the market demand/s.

IDZs make a huge contribution towards the country's GDP due to its ability to encourage international trade (Grytten, 2020). High GDP automatically contributes positively to the infrastructure, economic growth and social welfare IDZs have been instrumental in promoting infrastructure development, which in turn facilitates economic growth (Haq, Saeed & Akram, 2021; Sichoongwe, 2025). A sound GDP also plays a crucial role to manage social-economic issues such as poverty (Kompa, 2021); and promote socio-economic development (Tram & Ngoc Huy, 2021). The functions of IDZs should conform with the aforementioned national country goals to ensure national stability for every constituent. Furthermore, IDZs should be able to eliminate developmental challenges faced by local sounding villages.

Supporting legislation and policies: Industrial Development Zones

In South Africa, the IDZs are governed and supported by several legislation and policies, which are listed, and explained below:

- South African Constitution of 1996
- Manufacturing Development Act No. 187 of 1993
- National Development Plan 2030
- Special Economic Zones Act No.16 of 2016
- Industrial Policy Action Plan (IPAP)
- National Industrial Policy Framework

Schedule 4-part B of the Constitution of 1996 prescribes the significance to promote industry in the Republic because it can support and advance the industrial economy; as well as provide a competitive advantage for persons and businesses involved in the industrial sector. The promotion of industry is important to advance the general wealth and create jobs for the constituents to boost the overall economic growth of the country and to fight poverty and other socio-economic issues.

In 1993, the Manufacturing Development Act was promulgated in South Africa. This Act aimed to support the industrial development zone programme throughout the country. It focused on IDZ operations and enterprises. IDZ administration comprises of a board; development and operations; determines its restrictions; activities and goods; provides customs rules and procedures to trade; as well as settles disputes.

The National Development Plan (NDP) aims to tackle inequality, poverty, and unemployment in South Africa. The NDP is a national policy which is South Africa's 'dream' for 2030. In chapter three, the policy focuses on the enhancement of the economy and employment. According to the NDP, to eliminate poverty and alleviate inequality, South Africa has to raise levels of employment and through productivity, grow the earnings of its workforce. The policy asserts that South Africa could achieve this by accelerating its exports; motivate and support the locally produced goods and services; solve challenges which the labour market faces, for example, the lack of skills, and better control of fiscal and monetary policies.

In 2014, the Special Economic Zones Act was introduced by the Department of Trade, Industry and Competition (DTIC) to enhance the IDZs and also focus on the regional trade. Special Economic Zones were introduced because of new developments in trade agreements through Brazil, Russia, India, China and South Africa (BRICS) agreements. However, the aim was not to abandon IDZs but to enhance their inadequacies because of new developments in the trade agreement. The Special Economic Zones Act provides for the expansion of the industrial focus to cover regional development; clear, systematic, and predictable framework for wider development; extended financing framework to allow planning; and governance arrangements beyond the provision of the infrastructure. The Industrial Policy Action Plan (IPAP) also plays a mainstay role in the development and operation of IDZs in South Africa. This action plan accentuates the significance of an increasing GDP per capita, which is characterised by slow movement into non-traditional tradable goods and services that are competitive in the domestic and export market; adapt to the South African economy into the 21st century; ensure the long-term intensification of industrialisation processes; and promote broader-based paths in the industrialisation sector to promote participation, especially of the historically disadvantaged majority. The National Industrial Policy Framework (NIPF) also plays a vital role for IDZs in South Africa. This policy framework was designed to outline the government's approach to manage the industrialisation trajectory and align private and public sector efforts towards one state or development goal. NIPF primarily focuses on enhancing growth and employment, while much consideration is given to low-skill intensity industries for non-traditional tradable goods. This policy framework encourages coordination across all government departments to achieve the industrial development goals in consideration with the macro-economic and educational objectives. NIPF covers thirteen strategic programmes including industrial financing; trade policy; industrial upgrading; skills and education for industrialisation; innovation and technology; coordination, capacity, and organisation; as well as finance and services to small enterprises.

Poverty in the African continent and in South Africa

Poverty is defined as a process of being extremely poor. One can say poverty is whereby a person cannot afford basic necessities or have adequate financial support to maintain the standard of living. Poverty can be attributed to various factors such social, economic, and political (Matyana & Thusi, 2023). The alleviation of poverty has been the focus of the debate for many governments across the globe (Fransman & Yu, 2019). Governments are trying by all means to alleviate and tackle the scourge, because it creates poor conditions of living for the state constituents. Different economic goals and programmes have been compiled and implemented by many governments to ensure the alleviation of poverty. The Sustainable Millennium Development (SDGs) goals adopted by the United Nations (UN) in 2017 pledges to ensure zero percent poverty in Africa by 2030. Africa is the leading continent globally that faces poverty, and it is envisaged that this crisis will impact severely on its growing population. Poverty on the African continent is one of the most visible and escalating socio-economic issues facing most citizens. They further hold that government policies must be formulated such that these respond to the alleviation of poverty.

Previous studies have revealed that the world is currently making significant strides toward the eradication of global poverty. Furthermore, the fact that a portion of the population is financially susceptible affects the economic development of a country. It has affected people who live below minimum standards globally and has become a social, political, and economic challenge, particularly in developing and third-world countries. Poverty results in hardship and deprivation every day (Thusi, Matyana & Jili, 2023). Since poverty is on the increase globally, it is a significant issue which needs to be addressed by the world at large (Matyana & Mthethwa, 2022).

This study perceived poverty from the monetary aspect, social exclusion and political participation. Monetary aspects examine the lack of financial means to purchase or meet needs to survive. Furthermore, household income and individuals' expenditure are considered. On the other hand, it was also held that poverty is as a result of the country's political dynamics and social exclusions. Political dynamics could be the decisions and actions taken by those in power which could exacerbate poverty (Brady, 2019; Myeni, Matyana, & Mthembu, 2024). A social

exclusion involves breaking social links, restrict access to institutions, eliminate possibilities for social engagement, and weaken social cohesion and solidarity (Orum, 2019). Both it and poverty are a result of it. In addition to age, gender, sexual orientation, disability, poverty, unemployment, and other stigmatised factors, exclusion may be based on cultural identities (Brady, 2019; Matyana & Sibiya, 2025). These several exclusion-related dimensions could collide or accumulate over time and space. Spatial manifestations of social exclusion amplify the effects of other dimensions. Insiders and institutions use physical barriers, as well as social and metaphorical ones to exclude and withhold resources and connections. Furthermore, this study perceived poverty in a Keynesian school, which holds that poverty is as a result of selected issues, for example, unemployment. In other words, it is involuntary. It is due to market failure and requires government to regulate the latter, more especially at the macro level.

4. Problem statement

South Africa is a developing state faced with several developmental issues. Therefore, various attempts should be undertaken by the government to ensure that the citizenry lives an improved quality of life. Poverty is dominant in the of these developmental issues, which requires strategic attempts towards a holistic movement. To establish these movements, globally, countries have gathered to share ideas and knowledge, for example, the Sustainable Development Goals (SDGs). These plans require coordination between government and the private to enhance future development and outputs for the country.

The South African government has worked very hard to promote Industrial Development Zones (IDZs) in South Africa since 1994 (Department of Trade, Industry and Competition, 2020/2021 Annual Financial Report). According to Tang (2008), Industrial Development Zones are considered important vehicles to create employment; attract international investment and boost exports. Tang (2008) holds that these zones are vital so that the economy can perform better, as well as promote an enhanced standard of living for its constituents.

South Africa is almost three decades into democracy, but still faces serious unemployment, poverty, and poor Gross Domestic Product, which deprives the majority of its citizenry from living a comfortable life (Masipa, 2018). In the State of the National Address (SONA) 2022, the honourable president acknowledged that the country was facing a burden of socio-economic issues, for example, high poverty, and unemployment. The president also accentuated that as government, they are working tirelessly to ensure that the South African Industrial Development Zones are well-managed to contribute towards the GDP and encourage foreign investment to manage the country's developmental concerns.

The IDZs play an important role in the state development and growth. According to the Special Economic Zones Act, these zones contribute towards the state's economy by focusing on industry to develop the region; strategise provisions for the infrastructure and its development; maintain both local and foreign investments; stimulate new economic activities. More importantly, the IDZs should also create decent work opportunities; provide social benefits for the local inhabitants in its vicinity; promote economic participation through Small-Micro-Medium-Enterprises (SMME's); and other cooperatives. The IDZs should also promote skills whereby both the recipients and the stakeholders could benefit. Given this importance of the IDZs in South Africa, one can note that the above identified key duties of the IDZs endeavour to address various socio-economic issues which South Africa faces. However, the question is how? Possibly by employing locals, give back to the communities, provide opportunities for growth for local businesses and SMME's, as well as invest in skills development programmes for both employees and local inhabitants. Wang and Zhang (2020) concur that local investment or investing to the community by the industries promotes both economic and social progression. This is very important as it boosts the alleviation of poverty, while enhances the industrial structures and infrastructure, more especially in developing countries because they are under critical phases of development (Raghutla, 2020; Wang & Zhang, 2020). The rate of poverty has been increasing disproportionately in South Africa. The KwaZulu Natal province,

Limpopo province and Northwest province are the most affected by high poverty rates in South Africa. Given the high rates of poverty in these provinces, the government is expected to provide financial support to uplift the citizens. It is evident from the above discussions that no study had been conducted to analyse the role of IDZs to alleviate poverty, particularly, in KZN. Furthermore, China has proven that regular maintenance of Industrial Development Zones contributes towards the GDP which in turn helps to alleviate poverty (Sun et al., 2020; Chen, Su, Wang, Wang and Zhao, 2021). Therefore, this study assessed the role played by Industrial Development Zones to alleviate poverty in the country, particularly in the KwaZulu Natal Province.

5. Methodology

The study's participants' data was gathered using a qualitative methodology, particularly interviews were used. For example, IDZ managers, KZN EDTEA officials, business and economic analysts, and community people were interviewed. The collected data was analysed using the triangulation technique, where the annual reports for KZN IDZs were consulted. The IDZ annual reports were thought to improve the data collected and the study's conclusions. This study comprised of a total of 48 participants (refer to Table 1 below). The data was collected from all study participants in person on scheduled interviews. The ethical clearance was issued by the University of Zululand Research Ethics Committee. Questions were differed for the participants, for example government officials were asked about government strategies to keep IDZs viable for the South African economy, while community citizens were asked about the services and support, they get from the IDZs.

Table 1. Sample size of participants

Participant/s	Number of participants	Reason for inclusion
Government officials from the KZN provincial Department of Economic Development, Tourism and Environmental Affairs (kznedtea).	2	Provincial government officials are included in this study because they regulate and oversee IDZ policies. They also liaise with national government with regard to IDZ operations. The following officials were targeted: Deputy Director General responsible for IDZs and the community engagement or liaison officer.
IDZ management	6 (3 in Dube Trade Port SEZ; 3 in Richards Bay IDZ)	The IDZ management oversees the day-to-day functioning thereof. The researcher selected these officials based on their occupation or roles within the IDZs. The production or operation unit official within the IDZ (operational manager), followed by the second official from the community engagement or liaison office, and lastly an official from human resource (HR) division.
Economic and business analysts	10	Economic and business analysts were included because of their expertise to analyse and comprehend the economy. The objective was to acquire their perceptions of how South African IDZs respond to socio-economic issues, particularly poverty; and probable strategies they intend implementing to enhance coordination in the near future. The study endeavoured to acquire these analysts at universities, particularly, lecturers. At least 5 potential lecturers at University of Zululand, 5 at University of KwaZulu Natal were selected.
Community citizens	30 (15 in Richards Bay city; 15 in Durban)	Citizens were also included in this study because they are affected by poverty. Their perceptions are very important. They could raise concerns related to the South African IDZs to change their day-to-day quality of life. This study concentrated on ordinary citizens located close to the IDZs, and greatly affected by poverty. The aim of the study was to evaluate the extent to which the KZN IDZ responds to the community needs or reciprocates communities near to them or in the regions in which they are located and further afield.
Total number of participants: 48		

Source: designed by the authors

6. Findings and recommendations

The findings of this study were analysed based on the identified themes during the data collection process. NVivo software also assisted to identify these themes. The questions were posed to the selected participants to achieve the objectives of this study. Furthermore, to establish a balance of the ideas and perceptions of the role of IDZs to address poverty in KZN.

Lack of IDZs economic output to solve the needs of the locals

Based on the findings, it was noted that the KZNs IDZs perform very well and the economic output is satisfactory, considering that the province's economy is ranked as number two, *i.e.*, after Gauteng province. However, such economic output does not really assist the needs of the local people, because most of the companies which operate in the KZN IDZs, for example, Bell, South32 Hillside Aluminum, and ARB electronic wholesalers are international companies. They operate in South Africa based on contracts with both the provincial and national governments. As a result, most of the income these companies generate leaves the country, *i.e.*, foreign direct investments. It can be inferred that these companies do not really care about the locals' standard of living and only concerned with economic output and profit.

Therefore, the study recommended that the national government intervenes to ensure that these international companies invest adequately to meet the needs of the community. In other words, these companies must be directed to assist the country and the government to alleviate poverty, including socio-economic issues such as unemployment, poverty, inequality, and crime. It is also recommended that the government invests more in local businesses to enable them to operate in these IDZs. The government should consider inviting new national companies to these IDZs so that the generated income can meet the needs of South Africans rather be transferred to foreign direct investors. Moreover, the government must support innovation to enhance the IDZs output, nationally.

Inadequate provincial IDZ policies

This study also revealed that industrial policies which governs the KZNs IDZs are formulated and adopted at the national level, *i.e.*, these provide guidance based on the national perspective and not the province. These policies includes South African Constitution of 1996, Manufacturing Development Act No. 187 of 1993, National Development Plan 2030, Special Economic Zones Act No.16 of 2016, Industrial Policy Action Plan (IPAP), and National Industrial Policy Framework. Generally, national and provincial government's needs differ, hence, their scope to operate differs. This also applies to the formulated policies. Provincial government formulates legislation for its province. It was inferred that the national policies which governs KZN IDZs are downward than a bottom-up approach. These policies fail to talk to the current socio-economic issues of the province, for example, absolute poverty. The levels of poverty in the province escalates and no action plan has been devised by the IDZs and provincial government to alleviate the scourge. Therefore, the study recommended that provinces should be allowed to formulate provincial legislation to govern IDZs rather than only rely on national policies. This could ensure that national policies are supported and enhanced through a bottom-up operation strategy and enable provinces to manage socio-economic concerns such as alleviation of poverty.

Management issues (corruption and nepotism)

The study also revealed that there basically two managerial issues which affects the output and the efficiency of the KZN IDZs. These issues affect the IDZs differently, however, these are common and has dragged the good reputation of the IDZs down and in the process affected output. Based on the findings of the study, it was noted that some of the officials who manage the IDZs are involved in corrupt practices, for example, award contracts to low performing companies. On the other hand, the members of the community have complained about bias practices when filling vacant posts, accused the IDZs officials of awarding posts to their relatives, friends and family members. This nepotism takes place despite the national recruitment policies, for example, Employment

Equity Act, BBE, and Labour Relations Act. The study recommended that all organizations involved in the IDZs must adhere to strict ethical practices. Those found guilty of illegal practices must be dismissed without amnesty. They must also be held accountable for all funds lost due to misconduct. This could ensure that all officials behave within the limits of good governance and the IDZs output is maximised and not compromised.

Insufficient community programmes to alleviate poverty

The findings revealed that the KZN IDZs are trying their best to give back to the communities wherein they are located. They provide community programmes for the citizens, for example, support selected SMMEs, farmers, offer bursaries and sponsorships, internship trainings and school uniforms to the poor children. These programmes are important for the surrounding communities and plays a crucial role to transform them; however, the zones are not really assisting the province to alleviate both poverty and unemployment. These programmes only assist the government and the people of KZN in the long term. It can be inferred that due to this shortcoming, the KZNs province needs to implement strategies swift to alleviate poverty. It was recommended that the KZN IDZs establish a platform to assist the unemployed youth. The establishment of IDZs School of Excellence, where the local youth can be trained in the specific skills needed by these IDZs is strongly recommended. This would increase their skills specifically needed by the IDZs. Moreover, the government must also increase the number of companies which operate in the IDZs to ensure that more people can be employed, and more poverty alleviation programmes are established and supported. This would include the support of local innovation and the financial support for the young emerging business groups and individuals.

KZN stubborn poverty levels

The findings revealed that the selected community members complained about the high levels of poverty in KZN province. Such levels give rise to many socio-economic illnesses within society, for example, HIV and AIDS, crime, hunger, and teenage pregnancy. Such social illnesses result in unfavourable living conditions for the communities. Therefore, various actions are needed in this regard. It is recommended that the government support local entrepreneurs by creating employment opportunities for the multiple citizens in the future. Furthermore, support social investment programmes, for example, give back to the community. IDZs must appoint a specific committee which has oversight authority over specific roles to support local communities to alleviate poverty in South Africa. The government should also try to increase the number of industries in South Africa by supporting local public enterprises to be part of the IDZs. This could assist to overcome the effects of foreign direct investments by international companies and increase employment opportunities for the local citizenry.

High use of artificial intelligence

It was noted that IDZ companies and divisions rely more on technological advancements and artificial intelligence to enhance production and output. Profit is the ultimate objective. This implies that they tend to focus only on profits than community needs, for example, alleviate poverty and create employment for the locals. This approach undermines the transformation of the local communities. Therefore, it is recommended that the government regulates the utilisation of technology and artificial intelligence in IDZs. Although technology is important for production, it should not be utilised such that the needs of the community is neglected. It is recommended if it is possible the minister of DTIC must enforce regulations that IDZ companies purchase required technological equipment locally, rather than from abroad. This would empower local employment in other sectors. IDZs must also be encouraged to provide training and development to the locals, for example operate technological devices so that skills need not be brought in from abroad to operate such equipment.

7. Conclusion

Poverty has a detrimental effect in certain countries, especially on the African continent. It forces people to live under harsh conditions and they cannot enjoy their life freely due to inflation and inability to afford basic living necessities. In terms of the Sustainable Development Goals, many countries focus on alleviating poverty by 2030.

This study was undertaken to assess the role of IDZs to alleviate poverty in South Africa, particularly, in KZN province. It is almost three decades since South Africa acquired its freedom from the oppressive racist apartheid system, however, almost half of its population is still live in the shadow of poverty and most live below the poverty line. The KwaZulu Natal province is one of the most affected provinces by poverty in South Africa. Therefore, this study endeavoured to analyse the role of KZN IDZs to alleviate poverty in the province. The aim was to assess whether these Industrial Development Zones do their best to address poverty-related issues in the province and have they strategised adequately to change the lives of the local inhabitants. Based on the findings it can be concluded that the IDZs are more economically driven and do less for the communities. They are profit driven and lack adequate projects and programmes to support the communities. The employment rate is also affected because of Foreign Direct Investments. In other words, most of the income generated by the IDZ companies leaves the country and the international investors invest these in more profitable industries, while the expected impact on the lives of the South African poor is not enhanced. The study perceived this effect as a symbol of failure to address poverty in South Africa. Therefore, it is recommended that the country, particularly, the government focuses on supporting the local trade, businesses, and investors. Furthermore, mechanisms should be established to ensure that international investors are limited and promote local investors and businesses. This strategy could help the country to ensure and establish Export Processing Zones in the future and utilise “go global” trade strategy as in China. This strategy would assist to limit the impact of foreign direct investment in the country and ensure that more of the generated income benefits the local economy and its citizens.

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