

Importance of Local Economic Development Plans For Rural Areas

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Abstract: Local economic development plans are the process in which the public enterprises and the society work of the civil background are being done together so that the better condition for living can be created. The main aim of this research report is to analyze the importance of these plans and how they can be used for increasing employment and reducing poverty. For achieving the objective, the researcher has used the qualitative method and secondary research is being done. Thematic analysis has been chosen for analyzing the themes that have been derived from the 10 journal articles related to the topic that were selected from the internet. The analysis revealed that LED tends to promote the equitable and sustainable growth of the economy. With equitable opportunities the creation of wealth will be brought which will be available for both men and women, rich and poor. Also, the local resources could be transformed into the marketable goods for the current population and it needs to be regenerated. LED also involves different types of partnerships and there needs to be the consciousness from the local governance for the private sector as they tend to be the engine of the employment and growth.

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1. INTRODUCTION

1.1. Background of the study

The local economic development refers to the process of strategic planning involving establishment of the partnership with the local government, community as well as with the NGOs (Minzner, 2020). The main objective of such development plans are to stimulate the investment which will be helping in the growth of the local community in a sustainable manner. The aim is to increase the potential of the region and identifying the steps need to be taken by the stakeholders for making sure that the community reaches the potential. In this manner the local economic development tends to assess the comparative advantage and also identify the opportunities of the market for the business and also decreases the obstacles for making sure that businesses can expand. The local economic development (LED) plan helps in ensuring the creation of new employment opportunities and help the community in retaining the jobs which already exists. It also tends to help the business to access the capital so that the new market opportunities can be leveraged (Davidescu, et al., 2020). The main purpose for development plans in the rural area is to increase the capacity of the area so that the economic future could be improved and the quality of the life for the inhabitants could be improved as well. Also, the local development tends to make a contribution which is important for the national economic performance and has become critical with the global competition, mobility, advancing of technologies that have been increased.

1.2. Research aims and Objectives

The aim of this study is to evaluate the importance of the local development plans in the rural areas. The aim of the study has been furthered divided into the following objectives which will help in achieving the aim of the study in structured manner:

- Understanding the concept of Local Economic Development (LED) strategy
- Understanding the impact of the activities of local economic development in employment creation and being an aid for anti-poverty.
- Understanding different approaches and strategies of LED

- Understanding the challenges for local economic development official for implementation of the LED.
- To recommend on improved designing of rural economic development initiatives

2.LITERATURE REVIEW

2.1 Introduction

This section reviews literature on Local Economic Development, its significance along with the challenges embedded in it. In addition, this chapter views local economic development since primarily a government strategy for job creation, poverty mitigation and economic expansion. This chapter argues that local economic development as well as its strategies can be used to help people in the area find work at a time when poverty and unemployment are common.

2.2 Concept of Local Economic Development

Asher and Novosad (2020) states that LED (Local Economic Development) is a method by which a community organization or local government works to promote or maintain employment and/or business activity. The development of LED largely depends on the local government.

According to Kovács et al (2018) In order to compete on a global scale, local economies must locate solutions in addition to alternatives toward increasing their competitiveness along with comparative advantages. As a result, LED has the potential to move local economies into global competition; However, LED faces the challenge of maximizing local knowledge and resources for the benefit of all residents in the area.

2.3 Significance of Local Economic Development

In the words of Pavel and Moldovan (2019) a local government's focus on LED, in this case the National Framework for LED, is essential to guide local government decision-making about MHR policies. Municipalities have come to the conclusion that they be supposed to no longer try toward generate jobs that somehow lead toward exclusivity; rather, they should produce an environment conducive toward attracting opportunities for market in addition to local economic development. In addition, local government plays a key role in coordinating various initiatives and interventions. In addition, this area of administration is developing, especially with regard to the development of planning. Being a stimulant, especially when it comes to localizing activities and target groups, is another important function. The ultimate function is to act as a facilitator to facilitate the participation of communities and other stakeholders in LED.

2.4 Strategies to LED

Community Based Strategies

Zhang et al (2017) states that many countries have delegated responsibility for development to local authorities, meaning that more efficient use of local resources will be essential to reduce regional disparities and improve outcomes. Bottom-up approaches are gaining more and more support in neoliberal economics. The private and public sectors should vocation together toward improve the circumstances for economic expansion as well as job creation. This suggests that as part of coherent local policies or strategies, local government should try in the direction of synchronizing efforts, recover the operating environment as well as initiate. It could be said that local economic development is a way to reduce unemployment, poverty as well as inequality, especially in mounting countries. Local economic development has the following characteristics.

2.5 Challenges (Socio-economic) for implementing LED

According to Beer et al (2019) the inability of rural development projects to effectively manage funds and achieve their technical, social and financial objectives is one of the many obstacles that must be overcome in order for these projects to be established and sustained. The legacy of apartheid as well as the adoption of post-apartheid neo-liberal policies bear the blame for the rise in poverty, underemployment and inequality.

Lawrence and Rogerson (2019) stated that the Chamber Trap of Deprivation (1983) is reinforced by the persistence of these social and economic problems. The deprivation trap places poverty in the context of other characteristics, such as powerlessness, vulnerability, physical weakness and isolation, which are particularly experienced by the poor in rural areas. Given the size of the population and the size of the land, unemployment, inequality and poverty are seen as problems.

2.6 Literature Gap

The literature has explored the successful utilization of the LED strategy but there are various challenges which have hindered the implementation of LED in rural areas. In this research the focus has been laid on the socio-economic challenges by the authors but various others such as financial as well as technical factors have been ignored.

3.RESEARCH AND METHODOLOGY

In order to achieve the objectives of the study the qualitative data have been used for understanding the research problem at depth. The researcher will be using the secondary methods which will help the researcher to have sufficient data available for the analysis. In this context, the researcher will conduct review of 10 journal articles related to the topic of the study so that the important insight can be used to understand the importance of the local economic development plans for the rural areas (Neuendorf, 2018). For this purpose, the researcher will be using the databases like Google Scholar, Researchgate, Science Direct etc so that the existing journal articles related to the topic could be found. Once the article are being gathered the common topics and strategies of local economic development will be reviewed to make the themes of the analysis. The analysis will be further done in a descriptive manner and researchers interpretation will be considered that tends to have the alignment with the interpretivism research philosophy.

4.ANALYSIS AND FINDINGS

4.1. Thematic Analysis

Theme 1: Need for the Local Economic Development Plan

Communities tends to be affected by the issues related to macro-economic factors that occurs because of globalization and the liberalization and decentralization of the market. The macro-economic issues tend to bring opportunity as well as challenges mainly for the localities that are smaller and poorer (Beer, et al., 2019). Looking at the national level government as well as the private organizations make efforts for addressing the macro level challenges but the local leaders and need to understand the issues of the macro level which can affect the micro economies and the efforts of the local economic development. For this reason, it is important to identify the policies and strategies which are possible for guiding the economic development at the local level.

Theme 2: Different Approaches of LED

The entrepreneurial competitive approaches which tends to emphasize the opportunity for the local business by the research, loans, grants and technical infrastructure in the competitive approaches which is to introduce the markets which are inclusive for the Local Economic Development (Tohidyan Far, and Rezaei-Moghaddam, 2019). Literature tends to reveal a relationship between LED and the entrepreneurship. The new enterprises tends to make the contribution in the economic development by being the channel for conversion of the innovative ideas in economic opportunities and reviving the social and productive network competitiveness as well as being new employment source.

Also, it has been seen that the urban areas are having issues related to the scale that is unprecedented. Since the population is growing and pollution are being increasing along with the scarcity of recourses, emission, etc it is important for the communities to respond preemptively and work on preserving the attractiveness and competitiveness of the cities. This can be achieved by setting up the view of smart cities and moving towards the bottom up approach. This will mean that information need to be shared in all city departments involving the local providers and stakeholders as well. The aim will be achieved for LED only by combining both governance of public, people ownership, collaboration of businesses and driving communication.

Theme 3: Local economic development activities in employment and anti-poverty opportunity

From the studies the gap that have been identified is that attention for the relation of power for the socio economic have not been covered properly related to the local economic development for the local resources. The activities of the livelihood tend to be fluctuating and the process of gender inclusion and exclusion remains to be the part of it. It is being assumed that the people tend to pursue the outcomes of the range of livelihood through drawing on the different assets range for pursuing the different activities. The activities which they tend to adopt and the way they tend to make the reinvestment for the building up of the assets which have been driven by the preferences and priorities (Masikane, 2021). There also remains the influence of the vulnerability types, involving the shocks and overall trends and the variations because of the seasons. The gap in respect to the LED is that the assets which are being distributed as the strategies of livelihood tends to be overlooked only in a single dimension material perspective but the local development approach tends to value the experience of the people in daily life as the assets tends to be controlled by the external factors which means that there are different dimensions which needs to be viewed. For instance, the physical materials could be distributed but if there remains lacking in the skill and the knowledge then such assets will benefit the individual instead of the community. Also, the main point that needs to be considered is the commitment towards the gender equality in all aspect of the work which have stated that the gender equality is an important part for the elimination of the poverty (Masikane, 2021). Thus, the international development target could be achieved by addressing the poverty burden disproportion, lack of education and lead services as well as no production opportunities for women.

Theme 4: Challenges for local economic development official for implementation of the LED.

The poor analysis done for the local economies and the projects of community that are not sustainable are the main elements which pose to be the challenges for the implementation of LED. Meyer, (2014), states that implementation of LED can also be disrupted because of the lack of the capacity and the lack of the resources. There also tends to be challenges pertaining to the demands of the budget related to the decreased revenue and increased demand of services. The costs of the state which is unfunded and federal mandates are also part of the issues. Challenges pertaining to the infrastructure and the costs that are associated and understanding the way barriers of the shared service agreements are important. It has been seen that the governmental policies also does not automatically lead to the implementation and improvising the skills needs and solving the shortage of the funds (Rogerson, 2018). The community involvement plan which are poor in the implementation process of the LED tends to exists and poor monitoring and evaluation also adds on the failure of the LED projects. LED still has not been the priority of many developing countries and there remains the lacking of detailed interventions and monitoring plans.

5.DISCUSSION

When local government uses local resources for economic growth along with the assistance of local people, it achieves the desired results and demonstrates its effectiveness. The municipality makes every effort to promote and bring local community interests to fruition through planning and building infrastructure to enhance community success by pursuing local economic development initiatives and strategies (Aleksandrova-Zlatanska, 2019). Consequently, it is apparent that an efficient LED strategy should, at the very least, require job creation and the attraction of new businesses; moreover, the results of the previous analysis of theme 1 depicted that LED would be helpful if it determined the means in the direction of directly combat the plight of the poor as well as unemployed, and also if it indirectly benefited local human development. From the analysis of Theme 1, it is clear that the local community along with local government have a relationship since: Local assemblies are still seen since a potential means of intensification the relationship (Wijjayanti et al., 2020). Locals have the opportunity to contribute in decision-making at local meetings as well as local government works through the community to learn about the challenges they face and toward believer for as well as act on behalf of the community.

There are different types of approaches available which tends to have unique opportunities and challenges in the local context which have been specified under the Theme 2. In traditional approaches there remains the need to bring investment in the local economy. The increase in the state entrepreneurial tends to be the traditional approach which attempts and develop because of the investment attracting potential. Such process tends to break the government indomine in the private sector. Also such

breakdown tends to lead to the creation of the association amid the public along with private sector of the public and private partnership.

The purpose of the second objective was to ascertain the nature and level of effectiveness of local government as well as the relationship between it and community members. According to the findings of the study, the existence of self-government is effective since the implemented government micro-economic strategies have been successful in overcoming poverty and unemployment. This suggests that individuals are able to survive based on these strategies. On the other hand, the community faces challenges that have not been resolved, so additional participants stated that local government is only incompletely effective (Kostiukevych et al., 2020). The study found that the government played a positive role in the implementation of agricultural projects since agriculture is recognized as solitary of the biggest possible moves to overcome poverty as well as unemployment, as participants mentioned agricultural projects. The study also found that by attracting local governments as well as stakeholders to work with the private sector, the LED strategy can be improved.

The study revealed that local economic development authorities are facing difficulties in service delivery; one thing that leads to another, like when a country like South Africa as a complete faces triple constraints; poverty, unemployment along with inequality rose, slowing the nation. According to the study, a state cannot face budget problems otherwise lack of backing as well as expect national, regional along with local economies to do superior because the consequences will be global for local economies (Aleksandrova-Zlatanska, 2019). This shows that the national government needs to be aware that the same effective strategies that are used at the national level should also be used to address local constraints when solving problems. Another obstacle that was discovered was that the study identified two weaknesses of LED: Most of the time, the budget is limited and the community advisors are not knowledgeable, so they implement small projects that lack funds to the amount that they can only lodge a minute number of people. The above discussion relates with the 3rd theme of analysis discussed above.

6. CONCLUSION & RECOMMENDATION

6.1 Future Scope of Study

This research has used qualitative approach which is perspective based method of research hence it is difficult to statistically represent the results of analysis. The thematic analysis has been performed in this research which is flexible due. When mounting themes resulting from research data, this flexibility can result in contradiction and lack of coherence. Using an explicit epistemological stance that can coherently support the empirical claims of the study can promote coherence and consistency.

6.2 Recommendations

- Recommendations for the efficient use of the LED strategy, the ambition of each LED project implemented through the municipality should be long-term, sustainable projects that can accommodate a huge number of people, and guidance programs should be measured in each LED project in order toward accomplishing LED projects, which are successful and effective.
- For this reason, it was strongly suggested in the direction of mounting businesses in addition to emphasize the maintenance of existing ones; as they attract investors, businesses have the impending in the direction of boosting the local economy as well as create jobs. Through cooperation with the public sector, it can be concluded that the private sector also contributes positively to the local economy and poverty reduction.

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