ASSESSING THE CONTRIBUTION OF RURAL TOURISM TO LOCAL ECONOMIC DEVELOPMENT AS A STRATEGY FOR POVERTY ALLEVIATION: A CASE STUDY ON THE UKHAHLAMBA DISTRICT –SENQU MUNICIPALITY IN SOUTH AFRICA

A mini thesis submitted to the Faculty of Economic and Management Sciences in partial fulfilment of the requirement for the degree M Econ in Development Studies.

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DATE: NOVEMBER, 2013
Keywords: Economic development, tourism, sustainability, rural, participation, growth, empowerment, inequality, community and poverty.
ABSTRACT

Tourism is one of the many external forces influencing the direction and options for local economic development. A truly legitimate and practical discussion on tourism development must take place in and with the communities that are being influenced by tourist industry development. The tourism sector is the fourth largest generator of foreign exchange in South Africa and lies third, after manufacturing (24.4%) and mining and quarrying (8.6%), in its contribution to the economy, at 8.2%, but poverty and unemployment still persist, especially in rural areas.

In line with the conceptual and theoretical framework derived from both demand and supply factors, this research was conducted to explore and develop a conceptual framework to examine how prices are established in local markets for tourism and assess the level of community participation in the tourism business ventures at Senqu Local Municipality in South Africa. Both quantitative and qualitative methods of research have been applied throughout the study. The views of the community on their socio-economic conditions and their willingness to participate in tourism business ventures were also sought.

The findings of the study lead to the conclusion that the socio-economic living conditions of the community of SLM are very poor and that empowerment and participation of the community could be an answer to alleviation thereof and provide a contribution to local economic development.
DECLARATION

I declare that “Assessing the contribution of tourism to local economic development as a strategy for poverty alleviation: A case study on the UKhahlamba District– Senqu local municipality in South Africa” is my own work, that it has not been submitted before for any degree or examination in any other university, and that all sources I have used or quoted have been indicated and acknowledged by complete references.

Qongo S. November 2013

Signature: ...........................................

UNIVERSITY of the WESTERN CAPE
ACKNOWLEDGEMENTS

It is a great pleasure to acknowledge the very considerable help I have received from many individuals and institutions. I am sincerely indebted to my supervisor during this research, Dr Mulugeta F. Dinbabo, and to my mentor Nguatem Michael. Your guidance, dedication, passion for excellence, attention to detail and encouragement are immeasurable and have been a constant inspiration to me throughout this research and throughout my academic life at the Institute for Social Development.

This thesis is dedicated to the Almighty God who protected and guided me throughout the study and to my beloved father, Ntobeko of blessed memory, who has passed away. I also want to thank all my family members, especially my mother, Malimakwe Nobakaza. My ultimate thanks go to Nontobeko, Masibulele and son Lihle; thank you for your patience, care, encouragement and support throughout my postgraduate education. Special thanks also go to Priscilia Kippie and all the lecturers in the Institute for Social Development.

I wish to extend a debt of gratitude to Mrs Bev Gush, Geoffrey Michael Claude Orpen and to the people of the UKhahlamba District Municipality –Senqu Municipality for assisting me with the supply of information and for their willingness to share their life experiences with me.
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<tr>
<td>ANC</td>
<td>African National Congress</td>
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<tr>
<td>CODESA</td>
<td>Convention for Democratic South Africa</td>
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<tr>
<td>CTO</td>
<td>Community Tourism Organisation</td>
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<tr>
<td>DEAT</td>
<td>Department of Environmental Affairs and Tourism</td>
</tr>
<tr>
<td>ECSSEC</td>
<td>Eastern Cape Socio Economic Consultative Council</td>
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<tr>
<td>FET</td>
<td>Further Education and Training</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GEAR</td>
<td>Growth, Employment and Redistribution</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development plan</td>
</tr>
<tr>
<td>JGDM</td>
<td>Joe Gqabi District Municipality</td>
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<tr>
<td>LED</td>
<td>Local Economic Development</td>
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<td>LTO</td>
<td>Local Tourism Organisation</td>
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<td>SLM</td>
<td>Senqu Local Municipality</td>
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<td>SMME</td>
<td>Small Medium Micro Enterprises</td>
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<td>UKHDM</td>
<td>Ukahlamba District Municipality</td>
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<td>TOUR</td>
<td>Tourism of the Ukahlamba Region</td>
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CHAPTER ONE

1.1 Contextualisation

Tourism, and more specifically rural tourism, is a vehicle that has the potential to influence socio-economic changes through the use of socio-cultural economic resources (Rogerson, 2007). The growth of the tourism industry should directly or indirectly benefit the economics and livelihood of local communities.

In South Africa, rural communities are the most impoverished communities. Poverty is manifested in the lack of access to basic education, land, water, housing and other essential resources (Mohan, 2003). Most rural communities in South Africa, especially in the Eastern Cape, depend on subsistence farming, family support and government grants to sustain their living. Oxford (2004:13) notes that rural communities in South Africa are a cause of great concern. These communities seem neglected and suffer great poverty and deprivation. Poverty appears to be deepening in rural areas and some form of development and financial assistance is urgently needed to uplift rural communities. Tourism is one of many ways used to promote local economic development (Ashley & Roe, 1998; Rogerson, 1997; Rogerson, 2004; Theobald, 1994; Viljoen & Tlabela, 2006).

The World Travel and Tourism Council (WTTC) indicated that the travel and tourism industry grew from an estimated 69.8 billion rand industry in 1998 to 270 billion rand by 2010 (WTTC, 1998). This represents a growth of 84% over the time period, or an increase of 5.5% per annum (WTTC, 1998). The tourism sector is the fourth largest generator of foreign exchange in South Africa. It comes third after manufacturing (24.4%) and mining and quarrying (8.6%) in its contribution to the economy with 8.2% (DEAT, 1999). However, despite the above facts, poverty and unemployment still persist, especially in rural areas. There is therefore a need for these communities to improve their sources of income to improve their social lives and economic livelihoods.

It is the purpose of this study to analyse the contribution of tourism and local economic development to alleviating rural poverty, focusing on encouraging local communities to create their own jobs in the tourism industry.
The growth of tourism in Senqu Local Municipality (SLM) in the last decade poses questions about its role in promoting community participation in tourism development. For purposes of this study, these questions are centred on the socio-economic conditions of SLM, the role of local communities in tourism development and natural resources management, as well as on the participatory role of rural communities in tourism ventures in improving rural livelihood in SLM.

1.2 Rationale of the Study

According to DEAT, (1996) many communities and previously disadvantaged groups, particularly those in rural areas, have not actively participated in the tourism industry, yet they possess significant tourism resources. The Senqu municipal region is situated in the UKhahlamba District Municipal region in the interior of the Eastern Cape.

The area is rich in its diversity of tourism attractions and is home to the only ski resort in South Africa. The area is renowned for its beautiful walks and hikes through the scenic and majestic mountains, varieties of fauna and flora and a plethora of rock art paintings, as well as adventure tourism activities, hunting safaris, and horse riding adventures. It also boasts well-run luxury resorts. With its natural beauty, as indicated, one would expect tourism to be a thriving industry in the impoverished Senqu local municipality. It is against the background of exceedingly high levels of poverty and low levels of employment that tourism in the area is viewed as an important driver for local economic development.

1.3 Problem statement

Tourism development and the participation of rural communities in tourism activities could contribute positively to the local economic development in South Africa and can contribute to poverty alleviation. Rural tourism and community-based tourism is increasingly becoming a worldwide means of contributing towards rural development and poverty alleviation. In South Africa, community-based tourism projects are fully supported and funded by the Department of Environmental Affairs and Tourism (DEAT).

The level of community involvement in tourism development varies with regard to the community’s capacity and the level of information available to the people (Spencely, 2001). Levels may range from individual capacity, opportunity, education, to training and location.
Several researchers (Ashley, Roe & Goodwin, 2001; Rivett-Carnac, 2009; World Tourism Organization, 2002) point out the potential for tourism to contribute to local economic development. The United Nations World Tourism Organization (UNWTO) estimates that tourism accounts for up to 10% of global gross domestic product, making it the world’s biggest industry. Ashley, Roe and Goodwin (2001) also demonstrate that tourism is one of the few current viable strategies for local economic development.

Despite government efforts to reduce poverty and promote economic development in rural areas through a realignment of local government priorities towards poverty reduction in marginalised communities, high levels of unemployment and chronic poverty still persist in South Africa (Delius & Schirmer, 2001). The potential for tourism to contribute significantly to poverty reduction and community development is considerable. Section 153 of the Constitution of South Africa (Republic of South Africa, 1996) outlines the developmental duties of a local authority and represents a new dispensation for municipal functions. As one of its primary functions, it requires the municipality to promote local economic development (LED) for its region. Although municipal tourism policy continues to uphold many of the assumptions about the links between tourism and LED, in the context of the Eastern Cape, it does not introduce new thinking that may create an environment in which the tourism industry can contribute to local economic development and promote sustainable economic growth.

In addition, despite the contribution and potential for LED, very little has been done to tap the potential of rural tourism in the context of the Eastern Cape Province. Hence, assessing the empirical links between tourism and LED in South Africa, using of Joe Gqabi District Municipality–Senqu, as a case study was the aim of this study. An alternative approach needs to be developed for these marginalised areas, which could help them to create a sustainable livelihood through tourism and LED projects.

1.4 Working Hypothesis

In the course of this research, the level of socio-economic conditions and community involvement in tourism ventures and development at SLM were analysed. Therefore, the following hypothesis was tested:

- The contribution of tourism to local economic development for poverty alleviation at SLM is low.
1.5 Research Questions

This study had the following research questions:

- What is the role played by the SLM municipality in promoting rural tourism and local economic development?
- What are the socio-economic living conditions of the rural community of SLM?
- Would the community be willing to participate in a tourism venture as a means to improve their living conditions?

1.6 Aim and Objectives

The overall aim of this study is to assess the degree to which local communities participate in tourism activities at the SLM municipality and to determine the role of tourism, empowerment and participation in the socio-economic upliftment of the community using the case study of UKhahlamba- SLM, Eastern Cape.

1.6.1 Specific objectives

- To interrogate the different perspectives of literature on the current knowledge on rural tourism on local economic development, thereby provide a theoretical and conceptual framework for the study by analyzing the relevant theories and concepts.
- To assess the socio-economic status and the role played by the SLM municipality in promoting rural tourism and local economic development.
- To assess the level of community participation in the SLM municipality in community development.
- To provide recommendations/suggestions to policy makers in South Africa in general and to the UKhahlamba- Senqu Municipality in the Eastern Cape in particular.

1.7 Outlines of Chapters

This research has been divided into five major chapters.

- **Chapter 1** highlighted the context and rationale of the study. It also provided the problem statement, research questions, hypothesis, and aims and objectives of the
study, which gave rise to the research design and selected research methodology. Chapter progression for the remainder of this study is presented here below and includes the following chapters:

- **Chapter 2** contains the theoretical framework and literature review on tourism and local economic development and also presents a general overview of tourism in the developed and developing countries, comparing them with South Africa.

- **Chapter 3** presents background information on the research area. The major characteristics and features of the research context and data gathering are described, including general location, population, economy, livelihood and major social services.

- **Chapter 4** offers the research design and methodology of the study, tools and methods used in the research, the ethics statement and the limitations of the study.

- **Chapter 5** gives a detailed account of empirical research and presentation of findings. It contains a discussion of the data analysis and interpretation of results.

- **Chapter 6** summarizes the major research finding and looks back in order to link the empirical research findings to the theoretical construct. The chapter presents major conclusions and recommendations both in support of and against the research hypothesis, and attempts to answer the research questions.
CHAPTER TWO
CONCEPTUAL AND THEORETICAL FRAMEWORK

2.1 Introduction

This chapter presents the review of the literature and theoretical framework on tourism and local economic development (LED). It is focused on the role of tourism in LED, especially in South Africa. Different aspects and issues regarding tourism development and LED, community participation and rural tourism are discussed. It also highlights the role of government support (i.e. skills development programmes and financial support) of tourism development and LED. The research is limited to the Senqu Local Municipality in the Eastern Cape Province of South Africa. This review contributes to the understanding of where the gaps in the literature are and why it is necessary to undertake this research project.

The chapter is divided into two main sections. First, the chapter presents an overview of the development of the concept of tourism from an international tourism perspective, from a developing country’s perspective and finally, from a South African perspective of tourism, with strong emphasis on tourism in LED. The second part focuses on the economic and theoretical framework of tourism development. Finally, a conclusion provided.

2.2 Overview of the Development of the Concept of Tourism

2.2.1 International tourism perspective

The expansion of the global tourist industry started in 1950. In that year, the number of people travelling each year was about 25 million. In 2004, the figure was more than 700 million (Hickey & Mohan, 2004:1), and it is predicted to increase to 1.6 billion by 2020 (Denman; 2001:1). Worldwide, tourism is considered as an industry that has the potential to create small businesses and jobs (Morrison & Texeira, 2004; Rogerson, 2001; RSA Government White Paper, 2001). According to Lerner and Haber (2000:79), “the tourism industry contributes to many economic processes, such as the fostering of regional development, the creation of new employment, the diversification of the national economy, increasing public revenue, improving income levels, and the balance of payments”. It represents, if not the first, at least among the
three most important sources of revenue for many economies (Brohman, 1996; Sharpley & Telfer, 2000; RSA Government White Paper, 2001).

Therefore, tourism can be seen as a potential engine of growth both for the national economy and local economic development. Over time, however, resort managers realised the dangers from unending growth and introduced the first controls on inflows (Inskeep, 1994). Furthermore, market research and heavy advertising promotion were undertaken to attract the most profitable consumer segments. To a significant extent, these policies are theoretically founded in the evolutionary models developed in the 1970s and 1980s. Roe and Urquhart (2001:2) argue that tourism has been identified as the world’s largest and fastest growing industry, generating 11% of global gross domestic product (GDP), employing 200 million people and capable of transporting 700 million international travellers, thus making it the world’s biggest industry. The potential for tourism to contribute significantly to poverty reduction and community development is considerable. Ashley, Roe & Goodwin (1998) demonstrate that tourism can contribute to poverty reduction and that for many of the least developed countries, and in many rural areas, tourism is one of the few current viable strategies for local economic development.

2.2.2 Tourism in the developing world

Tourism is conceived as an easy means of boosting a national or regional economy, as it may bring investment, create jobs, and promote sales of crafts and local artefacts (Pandey et al., 1995). Increasingly, cities, and nations are turning towards investing in tourism as an important element in their economic portfolio. If well managed, tourism can become an important engine for achieving broader regional co-operation (Crouch & Ritchie, 1999: 137).

During the past two decades, an extensive body of literature on tourism in the developing world has been assessed, to ascertain the contribution the sector to economic development and job creation (Archer & Fletcher, 1996; Brohman, 1996; Harrison, 1992a, 1992b, 1994; Lea, 1988; Sinclair, 1998; Sinclair & Stabler, 1998). Although tourism takes place worldwide, and is considered a key source for growth and employment creation, the sector currently faces several challenges, particularly in the developing world (Martins, Loubser & Van Wyk, 2004; Mead, in King & McGrath, 1999; Orford et al., 2004; Rogerson, 2001).

The literature on tourism development offers a range of issues that consistently characterise the difficulties faced by small enterprises (Forer & Lawton, 1999; Orford et al., 2004; Page,).
Small businesses often find it difficult to thrive from start-up level to becoming an established firm, due to a series of conditions that are imposed by the macro environment. Such challenges include, but are not limited to, a highly competitive environment, lack of access to finance and lack of government support (Foxcroft, Wood, Kew, Herrington & Segal, 2002). Lea (1988) observes that about a decade ago, the extent to which tourism could actually promote business activity in a Third World country had still not received much attention. Indeed, it is argued that entrepreneurship and small business development occupy only a minor position in the plethora of writings on tourism, both in developed and in developing countries (Shaw & Williams, 1998).

In developing economies, small-scale industries play a significant role in economic development, employment creation, regional development, and income generation processes RSA Government (*White Paper*, 2001). Tourism offers opportunity for development and socio-economic growth. As a vital economic sector, it is the world’s largest generator of jobs, owing to its labour intensive nature (Sharpley & Telfer, 2002). It is believed that in developing countries, tourism makes a much more important contribution to national economies’ foreign exchange, employment and GDP, than in the developed world. Tourism accounts for 30% of GDP in developed countries and up to 40% in developing countries. It is the principal export of 49 of the least-developed countries, and ranks first in 37 developing countries. In addition, tourism represents as much as 66% of commercial services in poor countries where traditional economies are still practised (EplerWood, 2005:7).

Lessons from other sub-Saharan African countries caution that side-lining local communities from participating in tourism activities could prove disastrous. For example, the lack of participation by local people in Kenya has led to under-performance of the country’s tourism industry, despite an increase in the number of overseas visitors (Sindiga, 2000). Tourism is used as a development alternative to counter general economic malaise and to improve local economies in the absence of sound development options.

In South Africa, tourism is seen as an industry that has the potential to contribute towards reconstruction and development: “tourism is being considered as an appropriate development strategy by a burgeoning number of less developed countries” (Thompson, O’Hare & Evans, 1995: 571). Supporting this assertion, Dieke (1991) argues that many developing countries utilise tourism as a development tool because they recognise its significance in contributing towards their economies.
The rationale for utilising tourism as a development strategy stems from the idea that it is capable of earning an income in a quick and reliable way by attracting more foreign exchange, creating employment opportunities and contributing towards general economic growth of the country (South Africa, 1996).

Government and planners in developing countries, however, see tourism development as an opportunity to earn the desired foreign currency, increase employment opportunities, attract development capital and enhance their economic independence (Britton, 1982). Correspondingly, minimal achievements of the tourism industry in developing regional economies of Third World countries, in general, and uplifting the general living standards of local people in sub-Saharan Africa, in particular, are disheartening.

In a study of tourism development in Kenya, Sindiga (2000) analyses the evolution of the Kenya’s tourism industry, from the colonial period through independence, and tries to position its relevance in the 21st century. Kenya’s dominance in tourists’ visits was not only confined to East Africa but surpassed the entire sub-Saharan African region, excluding South Africa (Sindiga, 2000). Unfortunately, the increase in the numbers of tourists did not necessarily equal an increase in income generated by Kenya. By comparison, the marked increase in tourism in South Africa over the last 10 years (since 1994) has attracted associated investments, particularly in the casino and hotel industry (Koch & Massyn, 2001; Mahony & Van Zyl, 2002).

Kenyan tourism has become predominantly foreign controlled, with indigenes participating mostly in the menial jobs. Similarly, in the Gambia, the government has, since the 1970s, wanted to “indigenise” the tourism sector, with the hope of placing the tourism ownership and management in the hands of the Gambians (Dieke, 1993), albeit without success. This outcome is symptomatic of the nature of tourism industry in Africa, south of the Sahara, where tourism development is unable to improve the lives of local people. With regard to Kenya, this led Sindiga (2000) to conclude that Kenya’s tourism industry loses much revenue through prepaid, all-inclusive tours arranged overseas. Although contractual relations allow the overseas tour operators to pay more than one month after the tourists have left Kenya, a large proportion of the money never reaches the country. This means that many local tour operators merely act as agents to the overseas tour operators. Their role is relegated to meeting and transporting tourists from the airport to hotels and sometimes acting as tour guides (Sindiga, 2000, 147).
Although the Kenyan government promotes tourism, because of the potential benefits, real income earnings do not meet expectations. The Kenyan case serves to indicate the trend tourism in a developing country is likely to take. In South Africa, however, the concern of the government is based on the lack of equality of its diverse population in the sector. It seeks to encourage the entry of black people into the tourism industry. This is because analysis of the current state of affairs in the industry casts doubt on whether black entrepreneurs will ever control the tourism industry equally with their white counterparts or whether they are likely to remain as SMMEs.

Rogerson (2004a) asserts that this phenomenon has largely been a consequence of domination of local tourism industries by large foreign-owned companies. By any measure, peripheral roles played by black South Africans in tourism development could be compared with roles played by local communities in other sub-Saharan African countries. As such, applying Britton’s (1982) logic to the South African context would require one to reposition some factors. To begin with, tourism in South Africa is divided along racial lines. Black people have played marginal roles in tourism development and this is a hindrance to participation in the tourism industry, either as owners or managers. At this juncture, it is necessary to highlight the way in which the tourism industry has evolved in South African.

2.2.3 Tourism in South Africa

In post-apartheid South Africa, tourism is regarded by the Government as an essential sector for national reconstruction and development (South Africa, 1996; 1998b, cited in Rogerson, 2006: 45). It offers “enormous potential as a catalyst for economic and social development across the entire country” (DEAT, 2003, cited in Rogerson, 2006: 46). According to Rogerson (2000), the promotion of tourism in South Africa is widely recognised as a key growth alternative. The country’s rich natural and cultural heritage and the fact that it is one of the world’s rapidly growing tourist destinations, make this sector a centre of attraction for government, entrepreneurs and communities interested in its exploration (Binns & Nel, 2002: 236). Features such as Table Mountain, Robben Island, the Kruger National Park, Cape Town and the Cape winelands are clearly benefitting from South Africa’s new popularity. The Government of South Africa is anxious to ensure that the benefits accruing from tourism are felt in all parts of the country (Binns & Nel, 2002).
In 2004, the tourism economy was recognised as a key contributor to national employment creation, gross domestic product (GDP) and foreign-exchange earnings (Monitor, 2004). During the period 1998–2002, tourism was the only sector that showed positive growth in both employment and in contribution to GDP, compared to several other priority sectors. In that year, the export earnings calculated from tourism surpassed that of gold for the period. Thus, tourism in the popular press has become “the new gold” for the economy of South Africa (Rogerson, 2006: 46).

Tourism has been identified as a priority sector in South Africa in terms of boosting the local economy, foreign exchange generation, rural development, black economic empowerment and subsequent poverty alleviation (Rogerson, 2006). Since the transition to the new democratic dispensation in 1994, resources have been geared towards creating a supportive environment for tourism development and poverty alleviation in the country. This was done to empower the sector in general and to redress past inequalities created by the apartheid system. This is in line with core values and distinctive feature of pro-poor tourism that is, putting previously disadvantaged and marginalised people at the centre of initiatives.

From the 1990 to 1994, there has been a fundamental shift in policy towards tourism in South Africa (Rogerson, 2006). In this era, tourism is seen as an essential sector for national reconstruction and development and a sector that has enormous potential to be a catalyst for economic and social development in South Africa (DEAT, 2003, cited in Rogerson, 2006: 46). The promotion of sustainable tourism in South Africa has been identified as an important strategy to bring about economic upliftment, community development and poverty relief (Binns & Nel, 2002: 235). South Africa’s tourism is widely recognised by local authorities as “a mechanism through which development can be attained, yielding benefits for the host communities through job creation and poverty reduction” (Binns & Nel, 2002: 239).

At the end of the apartheid era in 1994, the South African government announced an ambitious campaign to make tourism the country’s number one industry in the creation of new jobs and generation of foreign earnings by the year 2000. For decades, however, the country’s apartheid regime prevented it from achieving its potential, leaving widespread disparity and poverty as its legacy and resulting in a high level of socio-economic inequality. (World Travel and Tourism Council Report, 2004, cited in Emaad, 2007: 39). The South African Constitution of 1996, and the South African Local Government White Paper (1998) have subsequently mandated local governments with the duty to promote economic and social well-being and
introducing development and job creation endeavours in the areas under their jurisdiction, within the framework of the Local Economic Development (LED) programmes.

Tourism-led development, according, to Binns and Nel (2002), is clearly an emerging theme in the literature on development in South Africa, particularly within the LED framework. The tourism sector, as part of a LED initiative for socio-economic and community development, is perceived as a viable growth option and tool for poverty reduction (Goudie, Khan, & Killian, 1999, Kirsten & Rogerson, 2002, cited in Binns & Nel, 2002). Binns and Nel (2002:239) also believe that tourism has come to be widely recognised by the local authorities in South Africa as “a mechanism, through which development can be attained, yielding benefits for the host communities”. These two authors have supported their belief with evidence found in a number of local authority applications received by the national LED Fund to support tourism ventures, such as the construction of traditional and cultural villages and craft centres. Rogerson (2002a: 402) has therefore identified tourism as “a key local economic development strategy in South Africa and as an anchor for growing local economies”. He asserts that “local economic development (LED) planning is of major importance especially with tourism as a lead sector for LED” (Rogerson, 2002a:144).

Tourism is an important poverty reduction strategy in a country like South Africa, with a high percentage of the population living in poverty (Mbuli, 2008). Spenceley and Seif (2003) conducted research on the strategies, impact and costs of pro-poor tourism approaches. In the study, they used case studies of a range of five small- and large-scale tourism initiatives and enterprises such as Coral Divers, KwaZulu Natal (diving operation), Jackalberry Lodge in Limpopo (safari operation), Phinda Resources Reserve in KwaZulu Natal (safari operation), SabiSabi private game reserve in Mpumalanga (safari operation), Sun City, North West Province (casino and golf resort). The activities of these five commercial tourism enterprises were geared towards benefitting the local poor in their own communities.

The results of the study showed that the most significant benefits of tourism to the poor clearly arose from direct employment within the tourism industry. This research also highlighted the positive ripple-down effect of tourism in a rural community. For example, the wage earned by one staff member frequently supports seven to eight family members, who relied on the worker’s salary to pay for food, clothing, shelter and schooling (Spenceley & Seif, 2003). Tourism therefore constitutes one of the leading driving forces of socio-economic expansion in South Africa (Visser, 2003: 116).
2.2.4 Rural Tourism

Rural tourism is the multifaceted activity that takes place in an environment outside urban areas; it is a service sector characterised by small-scale and scattered tourism businesses set in areas where agricultural pursuits and forestry predominate in land use. The range of tourism products includes rural attractions, rural adventure and nature-based tours, country towns, rural resorts, and guest farms.

Robinson (1990), in his definition of rural tourism, identifies two pertinent resources in the area: the natural resource pertaining to the natural environment and the economic resources that pertain to economic activity in the human environment. Natural resources are resources such as the climate and weather, landscape and soil, water bodies, fauna and flora, and all other ecological factors pertaining to rural areas. The economic environment consists of all economic activities that take place between humans and the environment. Robinson (1990) views this relationship as having two sides, the supply side, in which the environment provides the goods and services for tourism activities through the efforts of the community, and the demand side, in which tourist demands must be met by the community. The demand side involves the tourist buying the products or services from the community who, in turn, sell the product or service obtained from environment, that is, the supply side. Williams (1975:124) associates rural areas as tourism destinations with qualities that are absent from urban life. Patmore (1983:124) describes rural areas as a “wilderness” that offers restorative and psychological reward to one who is stressed from urban life.

2.2.5 Community Participation in Tourism Projects

Local communities need to be empowered to decide what forms of tourism facilities programmes they would like to have developed in their respective communities, and to choose how tourism costs and benefits are to be shared among different stakeholders (Akama, 1996:573). Hollard, Burian and Dixey (2003) argue that it is important to develop tourism in rural areas in order to increase participation of the poor in the development of tourism and to bring wider benefits to rural areas.

The terms community involvement and community participation are used interchangeably in this study, referring to the involvement or participation of local communities in the formal decision making that constitutes the formulation and implementation of the projects and programmes affecting them. The local communities in a project should form an integral part of
rural tourism development and planning. There is a need to determine which people from local community will be benefiting and should participate and how much time the local people are prepared to spend on a project (Mametja, 2001). Ying and Zhou (2007) note that community participation in tourism can be examined from two perspectives: first, the decision-making process, allowing residents to become empowered in tourism development, expressing their concerns and desires; and secondly, the tourism benefits, for example, the increased employment opportunities. Cook and Weisberg (1982) and Murphy and Price (1998) suggest that community involvement within the planning and development process is crucial for sustainable tourism development.

Dredge (2006) argues that there is a need to involve the wider community in tourism planning instead of local government claiming that they represent the wider communities. According to Hillery (1995), most researchers agree that there are three main points in community participation: community involves group of people who live in a geographically distinct area; the quality of relationships within the groups, with members tied together with common characteristics such as culture, values and attitudes; and a group of people engaged in social interaction, such as being neighbours. Within any community, there are different views regarding tourism development. Traditionally, participation was viewed as active, passive or interactive (Mikkelsen, 1995). Active participation is open and community members take part actively in all stages of the rural tourism project. Decision making as well as other vital activities, such as management, monitoring, and evaluation of the projects, are done by the people. The three kinds of barriers which exist in community participation are operational barriers, structural barriers, and cultural barriers (Tosun, 2000).

Some researchers have suggested that the term community based tourism ventures should be used to distinguish those initiatives that are environmentally sensitive but also aim to ensure members of local communities exercise a high degree of control over the activities taking place, and that a significant proportion of the benefits should accrue to them (Ceballos-Lascurain, 1996; Liu, 1994).

### 2.2.6 Poverty and tourism in a South African context

With a population of approximately 49 million people and a land area of 1.27 million square kilometres, South Africa’s resource base for tourism is extensive. The country’s tourism attractiveness lies in its diversity of offerings. Some of the features which make South Africa
an attractive tourism proposition include its accessibility to wildlife, varied scenery, unspoilt wilderness areas, diversified cultures, a generally sunny and hot climate, a well-developed infrastructure and scope for many adventure-type sports, such as hiking, fishing, mountain biking, white water rafting, and so on (Tourism White Paper, 1996:1). In addition, unique archaeological sites, the availability of conferencing facilities, a wide range of sporting facilities, good communications and medical services and internationally known attractions all add together to make South Africa a very “rich” tourist destination.

Literature in the field (Koch, 1993; Nel, 1997, 1999; Oxford, 2004; Rogerson, 2010; Viljoen & Tlabela, 2007) indicates that South African rural societies remain some of the most impoverished societies in the world, and lack of access to employment, education, land, housing, health services and other essential resources still distinguishes them from their urban neighbours. (Rogerson, 2010). Koch (1993:28) shows that most rural communities live in severe poverty and there is very little development activity taking place in these areas.

Poverty is one of the three major interrelated challenges in South Africa that the government has to address, together with high unemployment and inequality. Poverty rates remain high in South Africa, and it is unlikely that grants will grow beyond envisaged adjustments in the age threshold for the state pension and the child support grant. The concern lies primarily with the way in which tourism as an industry operates and the levels at which marginal communities participate in it.

According to Pillay (1996:14), “poverty has long been endemic in South African society”. Most rural areas in South Africa are characterised by a lack of infrastructure, high illiteracy rates, unemployment, underdevelopment, poverty and a general lack of knowledge and understanding of tourism development issues.

Tourism, as an industry, has the capacity to play a tremendous role in economic, socio-cultural development as well as improved livelihood opportunities that are critical for poverty reduction (Luvanga & Shitundu, 2003). The rural areas of South Africa carry a legacy of worthless assets and inappropriate production and investment strategies. For many rural people in the former Bantustan areas, economic and social decisions have been conditioned by their markets, services and opportunities, and landlessness and overcrowding still persist.
The ANC government that came into power in 1994, after the country’s first democratic elections, faced a range of social, economic and institutional challenges. These include high levels of inequality, poverty and unemployment, an economy which had performed poorly in the foregoing years, and precarious public finances resulting from a high debt burden. Oxford (2004:13) stresses that rural communities in South Africa are a cause for great concern. These communities seem neglected and endure extreme poverty and deprivation. Poverty appears to be deepening in rural areas and some form of development and financial aid is urgently needed to develop rural communities and alleviate poverty.

However, targets set by the growth, employment and redistribution (GEAR) strategy demonstrate the desire to make tourism beneficial to both the economy and the people of South Africa at large by increasing income and providing sustainable employment opportunities to 8 million unemployed people (DEAT, 2000). In relation to tourism, the aim of GEAR was to achieve such objectives by increasing income-generating opportunities, stimulate investment and trade, encourage entrepreneurship and create considerable numbers of sustainable jobs, and contribute towards the balance of payments (DEAT, 1998).

2.3 Local Economic Development (LED)

According to Trah (2004:1), LED is a concept to do with development of local territory, specifically aiming to stimulate the local economy to grow, compete, and create jobs, in particular by making better use of locally available resources. It encourages partnership arrangements between the main private and public stakeholders of a particular territory, enabling the joint design and implementation of a common development plan, by making use of local resources and even a competitive advantage in a global context, with the final objective of creating decent jobs and stimulating economic activity (Trah, 2004:1).

Abrahams (2003) writes that LED is a process of creating wealth through an organised mobilisation of human, physical, financial, capital and natural resources in a locality. The aim is to create more and better jobs through skills and capacity building for sustained economic development that will improve quality of life, alleviate poverty and culminate in higher standards of living. LED is

about local people working together to achieve sustainable economic growth and development for the benefit of all the people in the local area…it aims to promote and develop all sectors and dimensions of the
The retention and expansion of the existing economic activities in a local area receives as much attention as new enterprise growth and the diversification of the economy. (World Bank, 2004)

The principal goal of LED is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural and institutional resources (Blackely, 1994: XVI).

Local development refers to improvement in social, economic and environmental conditions in which businesses operate in a particular area and includes the strengthening of both physical and spiritual qualities that make the local area special in tourism development. Local economic development emphasises local control, using the potential of human, institutional, physical and natural resources. LED initiatives mobilise actors, organisations and resources and develop new institutions and local systems through dialogue and strategic actions (Edward et al., 2010: 75). Zaaïjer and Sara (1993:129) state that local economic development (LED)

is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area.

Broadly speaking, local economic development means working directly to build up the economic capacity of a local area to improve its economic future and the quality of life for all.

Nevertheless, it is essential that local development also responds more broadly to “the management of the entire local territory” (Helmsing, 2001a: 18). Local development includes several components, including participatory local planning, improvement of land use regulation and the creation and expansion of economic and social overhead capital, including local training institutions (Helmsing, 2001c; Tosun, 2000).

2.3.1 Local economic development in South Africa

LED can be defined as the process in which local governments or community based organisations engage to stimulate or maintain business activity and or employment. This 2006 definition of LED describes it as an “outcome of actions and interventions resulting from local good governance and the constraint improvement and integration of national priorities and programmes in local spaces” (Department of Provincial and Local Government, 2006).
2.3.2 Legislative framework for LED

The White Paper on Local Government (1998) introduces the concept of “developmental local government” which is defined as: “Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives” However, the same document makes it clear that while the Constitution (Republic of South Africa, 1996) places a great responsibility on municipalities to facilitate LED, the schedule in the municipalities to facilitate LED.

Since the democratic change in 1994, there has been fundamental change in the nature and organisation of development planning in South Africa (Rogerson, 2010: 481). One of the most noteworthy moves relates to the emergence of the concept of local economic development in re-engineering of local governments to put into practice the mandates of a developmental state (Rogerson 2010:481). The concept of local economic development is fairly new to South Africa. It is a concept that was first debated in the subcommittee on local government in the CODESA meetings, which examined the nature of the country.

After the democratic government was established in 1995 and 1996, robust debates were held on the real meaning of LED and how it should be implemented in a sustainable way, by creating jobs for the local inhabitants (Binza, 2010:246). As a result, Section 152 (2) of the Constitution of the Republic of South Africa, 1996, which provides for the promotion of the social and economic conditions of the local inhabitants as one of the five objectives of developmental local government, was enacted. In 2006, the government devised a national framework to create ”inclusive local economies, exploiting local opportunities, real potential and competitive advantage, addressing local needs as well as contributing to national development objectives” (Department of Provincial and Local Government, 2006: 17).

2.4. Economic Theory of Demand and Supply

Jain and Varadarajan (2006), Kirman (1989) and Moore (1998) suggest the basic notion of demand and supply theory as a model for understanding the determination of the price of a quantity of a product sold on the market. Demand is influenced by personal beliefs, tastes, and the associated behaviour. Likewise, supply factors, such as places of interest, cultural attractions, and special events are important. Theoretically, the standard neo-classical model of price formation states that market price is the outcome of unimpeded interaction of the forces
of supply and demand (Mankiw, Kneebone, McKenzie, & Rowe. 2006; Parkin and Bade 2003). This is based on a number of assumptions: namely, many individual small buyers and sellers, homogenous products, information that is perfect and no government intervention (Hirschleifer, Glazer & Hirschleifer 2005). The assumption of perfect knowledge implies that information is publicly available so that market players can acquire it at no cost (frictionless markets).

Market information, especially about the price of tourism products, is acquired at a cost, for example, search-cost and time. Menard and Shirley (2005) elaborate that humans incur transaction costs in the process of obtaining information, in the form of search, monetary cost or cost of information. Well-informed market players who are able to afford the cost of market information might be able to influence the market price. This leaves poorly informed actors in the same market at a disadvantage, implying that costly market information could drive market imperfections.

Theories of tourism aim essentially at answering two simple but profound questions: first, whether tourism really brings development and second, if so, how? As Bratton (1982, cited in Telfer, 2002:50) observes, tourism research initially served as an “instrument of development research with the majority of research being conducted by planners and economists who worked for organizations including United Nations, the World Bank and the Organization for Economic Cooperation and Development (OECD)”. There was a belief that tourism created increases in foreign exchange and employment and that the expenditure of tourists created a large multiplier effect, which stimulated the local economy (Graburn & Jafari, 1999, cited in Telfer, 2002: 50).

However, over time, some authors and researchers began to question the validity of using tourism as a development tool (De Kadt, 1979 cited in Telfer, 2002). This is simply because until recently, poverty alleviation and relevant issues have only attracted a small cohort of researchers within the tourism sector, and the existing literature is basically case-study driven and oriented to practical aspects (Zhao & Ritchie, 2007). In addition, the complexity of poverty-related issues may partly account for the sparse attention that researchers of tourism have paid to poverty alleviation research (Zhao & Ritchie, 2007: 121). Tourism is distinctive, even as a service activity, in that it is usually purchased without inspection, consisting of a range of products which are consumed in sequence, including transportation, accommodation and natural resources (Sinclair, 1998). Because the natural and human-made resources are a
substantial proportion of total input, tourism comprises a set of industries and markets involving significant non-price features, such as the positive benefits which are associated with attractive and freely available environments and the negative effects of pollution.

On the supply side, tourism relies on natural as well as human-made resources. This raises questions relating to the valuation of environmental resources which are freely available and potentially subject to degradation through excess use. Supply is a significant lacuna in economic studies of tourism. A range of accounts of the structure of tourism production have been provided and specific aspects of tourism supply have been investigated, (Jimenez & Ortuno, 2005). The impact of tourism on income and, in some cases, employment has been examined for many tourist destinations (Jimenez & Ortuno, 2005). According to Lines (2008), a price is formed through actual or implicit negotiations between market actors. Turner and Williams (2002) suggest that the determinants of prices in local markets, including the typical tourism products, are also the factors embodied in the social characteristics of the sellers and/or buyers, institutional factors and external shocks.

The crucial process and factors that determine the observed output prices per transaction seem to be bypassed or ignored. Hence, the meaning of price formation from the neoclassical view deviates from the other schools of thought, such as that of the new institutional economists. This deviation of prices in tourism output markets from neo-classical scenarios and perspectives requires more nuanced thinking about how prices are formed (their determinants) for more realistic marketing and pricing policies. The following section further investigates the economic logic that underpins the determinants of transacting prices in local markets.

2.4.1 Model/conceptual framework

The general hypothesis states that the price for any commodity depends on its qualitative aspects (product characteristics) as the tourists tend to evaluate the quality of the product and the services they receive in rural tourism in order to satisfy themselves of their utility. A number of empirical studies show that the observed prices for commodities rely on contribution from other factors, such as buyer and seller attributes (Ayele et al., 2006). Teklewold et al.(2009) classify price determinants (independent variables) into qualitative and quantitative (buyer and seller) characteristics, with implicit prices as the dependent variable, to apply a hedonic price regression model.
Timmer (2009) uses the supply-side and demand-side classification of price determinants to analyse determinants of price formation. The price formation determinants are classified as structural and institutional. This type of classification captures the qualitative and quantitative factors from both the demand and the supply side. Furthermore, this approach/classification can give policymakers the ability to identify/recognise the factors that can be controlled and those that cannot, leading to the formulation of more effective policies. This study combines the two approaches in the classification of price formation determinants.

2.4.2 Pricedeterminants and price formation

Demand and expenditure on tourism have been investigated for a wide variety of international destinations. The investigation of demand generally involves the estimation of the relative importance of particular variables which determine the level and pattern of holiday expenditure, such as income, relative prices, exchange rates and transport costs (Archer 1976). The determinants covered in this paper fall into two sets of factors: (i) structural and (ii) institutional. This classification enables one to highlight the varied nature of output price determinants. Structural factors incorporate deeply embedded socio-economic forces that dictate the development of markets over fairly long periods – such as human settlement (size of demand) and social infrastructure – that need huge investment and time to construct. Institutional factors cover both arrangements to capture power relations among market actors and policy reforms that set the “rules of market exchanges”.

2.4.3 Structural factors

Under structural factors, the concern involves three aspects: market development, market size and infrastructural development. Market development basically deals with the existence of markets for tourism ventures. If markets exist, it is crucial to know how well they function or work – this is often influenced by the institutional forces elaborated on below.

The market size refers to the extent and characteristics of potential and actual buyers of the market output on sale. According to Dorward, Kydd, Morrison, & Poulton, (2005), the most important physical infrastructural weaknesses for the marketing system in developing countries relate to transport and storage facilities. De Janvry, Fafchamps and Sadoulet (1991) state that markets do exist in rural areas, but that they tend to selectively fail for particular households. Strictly speaking, markets tend to fail when the cost of exchange creates disutility greater than gains. The lack of physical infrastructure, such as good quality roads, can influence price
formation from the supply side as well as the demand side. In the former, poor roads or communication systems impede the flow of tourist’s products to the formal markets (Ayele et al., 2006). In other words, with poor infrastructural development, it is costly and makes it difficult for a resource-poor tour operator to access profitable markets.

On the demand side, poor infrastructural development makes it difficult for distant buyers to reach areas located far from urban areas. In this case, demand might be confined to a local area (e.g. community buyers). Furthermore, poor communication infrastructure can give rise to imperfect information (asymmetric information) amongst market participants. Well-informed market actors usually possess more market power to set the price when dealing with participants who are not well informed. In this case, a lack of price information, among other factors, can hinder price transmission (Babiker & Mabdalla, 2009). This has the effect of preventing smallholders from fully benefiting from an increase in the prices of their products.

According to Pica-Ciamarra (2005), imperfection in the markets can result in low-level income equilibrium. Distance from the nearest town also plays a vital role in the process of price formation. This implies that the demand for tourism products is increasingly becoming more concentrated in urban areas. Hence, the closer a household is located to town, the higher the price for its products, ceteris paribus (Turner & Williams 2002). Market size can be explained in terms of the size of demand. In rural areas where road networks are poor, distant buyers find it difficult to reach the areas. This implies limited demand as, with few buyers, competition amongst buyers is reduced as well. Under such a situation, the basic law of demand states that few buyers (reduced demand) against increased supply creates surplus in the market, hence forcing prices downward, ceteris paribus (Mankiw et al., 2006).

Moreover, a situation in which there is sole buyer (monopsony) can arise. This also has the tendency to push prices down, as a monopolist certainly has the power to determine price in the market. [The effect of distance on the supply side is that sunk costs to access distant markets (towns) are incurred by the buyers before, and in excess of, the funds they have committed to purchase the product.]

However, economic contract theory states that if one party to a contract incurs sunk costs before the other party has committed funds, the tendency is that the latter party can use its position to bargain/renegotiate contractual terms (Scott & Triantis 2005). Generally, the former party is placed in a relatively lower bargaining position. In other words, distance has the effect
of transferring market power to the latter party. The high cost of transporting, that is, cost of exiting from the contract, can force the producer to accept the price, even if it is below the reservation price. Other socio-economic factors include differences in asset endowments among rural households, gender, and tourism-related characteristics. Under asset endowment, some households have access to assets that can broadly be categorised into immovable (land), movable (tourism products) and financial. The better the asset position of household, the wealthier and more stable is the household to resist opportunistic buyers and obtain better prices for their products. Turner and Williams (2002) noted that capital assets are held until the income-generating value falls below the salvage value. This implies that the higher the yield from the producing asset, the harder it is for the household to dispose of it, and therefore its price tends to be higher.

2.3.4 Institutional Factors

Under institutional factors, the institutional environment and the institutional arrangements are defined as the rules of the game and the play of the game, respectively (North, 1990). These issues are important because they govern the way people generally behave in a society. Jari and Fraser (2009) conclude that decision making by local residents can be influenced by institutional factors and this decision making includes the decision on whether or not to participate in markets, to participate in formal or informal markets, to accept or reject certain prices, and when and how to sell their products. Specifically, we show how institutional factors affect the formation of prices in tourism industry.

2.5 Conclusion

In this chapter, emerging debates in the literature of tourism and local economic development as a strategy for poverty alleviation have been discussed. Through rural tourism, communities are given a chance to come into contact with various external institutions. In order to help communities become active partners in the management of tourism destinations, external institutions should provide the local people with opportunities to participate effectively in development activities and decision-making processes. This could lead to the empowerment of rural people to such an extent that they will be able to mobilise their own capacities and management resources, make decisions and control the activities that affect their lives. Tourism and local economic development could make an enormous contribution to local economies, job
creation and sustainable development, and could play a lead role in the economic transformation of the rural areas.
CHAPTER THREE
DESCRIPTION OF THE CASE STUDY AREA

3.1 Introduction

This chapter will provide background information about the case study area, namely the Joe Gqabi District Municipality and the Senqu local municipality. In particular, a series of secondary data, including reports and policy documents, were reviewed to describe the socio-economic conditions of the case study area. A detailed description of the case study is also provided.

The following will be presented: (a) an overview of the Eastern Cape Province, (b) a brief socio-economic overview of the Joe Gqabi District Municipality and the Senqu local municipality, and (c) an in-depth picture of the socio-economic resources of Senqu and the advantages of these resources to LED. Finally, concluding remarks are made to provide a broad platform for the analyses in subsequent chapters.

3.2 Overview of the Eastern Cape Province

The Eastern Cape is one of the favourite holiday destinations in Southern Africa. Stretching from Cape St Francis in the west to the Wild Coast in the east, the area is rich in cultural and natural heritage and boasts some of the best beaches in South Africa. Located on the southernmost coast of South Africa, the Eastern Cape is the second largest province in South Africa, with an area of 170 600 km², constituting 13.9% of the total land area of the country and being the second largest province of the country (Stats SA, 2007).
The Eastern Cape Province is one of the nine provinces of South Africa, bordering the provinces of the Western Cape, the Free State, KwaZulu-Natal and Lesotho in the north (Eastern Cape Provincial Government, 2003). The province prides itself on being the province that has all the country’s biomes or ecological zones within its boundaries. The province incorporates the former homelands of Transkei and Ciskei, fragmented enclaves designed under apartheid and systematically underdeveloped through the lack of sustainable investment,
especially in rural tourism, and a constant out-migration of its productive workforce. The Eastern Cape Province contributed about 7.5% to the National GDP in 2008 (Statistics South Africa, 2009).

3.2.1 Socio-economic overview of the Joe Gqabi District Municipality

3.2.1.1 Geography

The Joe Gqabi District Municipality (JGDM), formally known as Ukhahlamba District Municipality, is one of the six district municipalities in the Eastern Cape Province. The JGDM has borders with the Free State Province and Lesotho to the north. JGDM is located to the east and south of the Alfred Ndzo, OR Tambo and Chris Hani District Municipalities. JGDM covers an area of 26,518 square kilometres. The Joe Gqabi District Municipality is characterised by a diversity of vegetation types and land features. The eastern and northern areas (Senqu and Elundini) are distinguished by high lying mountainous terrain associated with high species diversity and unique wetlands. These areas are, more specifically, covered by Southern Drakensberg and Lesotho Highland Basalt Grasslands (in the east) as well as Zastron Moist Grassland and Senqu Montane shrubland (in the north) (JGDM IDP 2011).

The western parts of JGDM are dominated by Karoo Escarpment Grassland, Aliwal North Dry Grassland, Besemkaree Koppies shrubland and Eastern Upper Karoo vegetation. The District accounts for 5.3% of the Eastern Cape’s population. The total population of the district is 349,768 (Stats SA, 2011). Women constitute 54% of the population, while men comprise 46%. The education levels are low, with approximately 25.5% of the population with no form of any training or education and 40.2% having completed Grades 3-7. Only 3.3% of the population has completed Grade 12, compared to 6.6% in the Eastern Cape generally. Only 1.7% of the district’s population has obtained a tertiary qualification (JGDM IDP, 2011).

The majority of residents have no schooling or only have primary schooling. Of the potential economically active population, 34% are working, wishing to work and actively looking for work. This accounts for 19% of the total district population. A further 42% of the population falls within the under 15-year's age group. JGDM District is made up of four local municipalities (LMs), namely, Gariep; Maletswai; Senqu; and Elundini (JGDM IDP 2011).

The JGDM has a high level of service delivery backlogs. For instance, Elundini is one of the 18 of 39 municipalities in the Eastern Cape that recorded lower percentages, 24.7% of households
living in formal dwellings compared to the provincial average of 54.7%. Low levels of incomes, unemployment and poverty, low levels of skills and poor economic infrastructure characterise the economy of the district. In the past years, the driving sectors of the economy of JGDM have been trade, agriculture, forestry and tourism. Tourism is also a growing industry in the Joe Gqabi District and is a growth sector for the district, because of its unique attractions, such as the only ski resort in Africa at Rhodes, snow, and hot springs at Aliwal North and the Gariep dam, as well as the dramatic scenery (JGDM IDP 2011).

3.2.2 The case study area: Senqu local municipality (SLM)

Senqu is situated within Ukahlamba (JGDM) and is a landlocked, mountainous to undulating area that occupies a geographic extent of approximately 7329 km², making it the second largest municipal area in the district, after Gariep. The SLM is bordered, to the west and east, respectively, by the municipalities of Maletswai and Elundini. The northern border is shared with Lesotho and the Free State Province, while the Chris Hani municipalities of Sakhisizwe and Emalahleni lie to the south (JGDM IDP 2011).

The main access road through Senqu is the R58, linking the municipality to Elliot (Sakhisizwe) to the south-east, and Aliwal North (Maletswai) to the north-west. It comprises part of the former Cape Border Region as well as the former Transkei region. The former Transkei region corresponds with the boundaries of the former Sterkspruit/Herschel magisterial district, which is now designated as traditional authority land (SENQU IDP, 2011). Senqu has five towns, namely, Barkly East, Lady Grey, Sterkspruit, Rossouw and Rhodes and 85 remote rural villages situated in the foothills of the Maluti Mountains and Southern Drakensberg range. The R58 runs from Elliot through the Senqu municipal area, linking Barkly East and Lady Grey with Aliwal North. The municipal area has been extended, following the 2005 re-demarcation of ward boundaries, from 6770.74km² to 7329.51km² (JGDM IDP 2011).

The number of wards has remained constant at 16, although nine wards, wards 15 and 16 in particular, have seen considerable realignment. The new demarcation means that Senqu now includes the whole of the former Barkly East Magisterial District and incorporates a portion of the former Elliot Magisterial District, while retaining the whole of the former Sterkspruit/Herschel district and portions of the former Lady Grey, Woodhouse and Indie Magisterial Districts (SENQU IDP, 2011).
The majority of the local population reside in the Sterkspruit/Herschel region, where most people live in the villages surrounding the town of Sterkspruit. According to the South African Census (2011), the situation seems to have remained the same as in 2001. Tribal land still accounts for almost one quarter of the total Senqu municipal area, with more than 80% of the local population living in Sterkspruit and in tribal settlements in Herschel. Developed urban land accounts for approximately 1% of the total municipal area; with approximately 15% of the Senqu population residing in urban and informal settlements in 2001. The remaining 75% of the land is occupied by 5% of the population and ranges from undeveloped to developed/improved land. Senqu is home to the town of Barkly East, which is the administrative centre of the JGDM (SENUQ IDP, 2011).

According to the revised population estimates based on Statistics South Africa Community Survey (2011), the SLM has a population of approximately 135,144. This population accounts for 38.32% of the total population residing in the Joe Gqabi District, making it the second most populous local municipality in the district after Elundini. Approximately 38.30% of the municipal population falls in the 20-65 years' age categories and this can be seen as the economically active sector of the population, with 51.88% of the population below the age of 20 (JGDM IDP 2011). This suggests continuing population growth in the area, with a need for educational facilities and a focus on education and skills training.

### 3.3 Education Levels

SLM has the second lowest level of education, with 47% of the population having only received a primary school education; it is behind Elundini Local Municipality, in the district, with only 58, 85% of the population having received a primary school education. The SLM area has 153 schools, of which 68 are primary, 17 are secondary, 63 are combined and 5 are ECD. There is a lack of educational facilities. There is only one tertiary education facility (FET College) in the municipality (SENUQ IDP 2011).

### 3.2 Tourism at Senqu Local Municipality

According to SENQU IDP, the SLM area is rich in its diversity of tourism attractions, which include being home to the only ski resort in South Africa (SENUQ IDP, 2011). The area is renowned for its beautiful walks and hikes through the scenic and majestic mountains, varieties of fauna and flora and a plethora of rock art paintings and boasts the well-known and popular
Wartrail and New England guest farms. The IDP also states that Senqu is the perfect destination for tourists to enjoy hiking, skiing, horse riding, rock art historical interest, birding routes in unspoiled wilderness, scenic drives, fly fishing or hunting in the shadow of the magnificent Drakensberg Mountains. The numerous hiking trails and mountain passes in the area have given rise to the phrase “stitching the dragon’s tail” to describe traversing the escarpment. Several bird species are unique to the area, making it a favourite area for bird watching. In addition, the area hosts many adventure tourism activities, like hunting safaris and horse riding adventures. The area also abounds in ancient San rock art, making hiking in the area even more exciting: there is something fascinating to discover around every bend (SENQU IDP, 2011). Senqu offers a wide range of tourism accommodation, such as hotels and guesthouses in Barkly East, in Lady Grey, in Rhodes, in Sterkspruit, and in Wartrail/New England.

The Senqu area includes the following towns:

- The historic town of Lady Grey is nestled in the Witteberg Mountains, with its historic buildings. Lady Grey is also home to the annual passion play, which takes place at Easter and the Lady Grey Arts Academy as well as its well-known Altec Choir.

- The bustling town of Sterkspruit is gateway to Lesotho via the TeleBridge border post and home of anti-apartheid struggle hero, Mapetla Mohapi.

- The picturesque town of Rhodes, which is surrounded by pristine rivers teeming with trout and magnificent mountains, offers South Africa’s only ski resort.

The historic town of Barkly East, home of the Barkly East Reporter, one of the oldest newspapers in the country, has an excellent museum, which gives the visitor a good insight into the history of the highlands, and the tourists visit the area for a variety of reasons, including holidaying, week-end relaxation, shopping, visiting friends and relatives (VFR), and business travel and adventure tourism. The types of tourists visiting the area include the following:

- Travellers from abroad
- Tourists from the African continent
- South African tourists
- Regional tourists
Local tourists.

3.3. Concluding remarks

It can be deduced from the above discussion that the promotion of tourism in local communities in the Eastern Cape, and the Senqu community in particular, is crucial. In this regard, it is incumbent on the community members, as well as stakeholders of LED in the municipality, to take advantage of the available resources to improve the socio-economic output of Senqu in order to improve livelihood and reduce poverty and unemployment. Considering the social and economic landscape of the Eastern Cape, characterised by rich natural resources, which are significant for tourist ventures and the Senqu Municipality in particular, a need therefore exists for these communities to increase their sources of income to improve their social and economic livelihoods. The following chapter provides an analysis of the data gathered during the survey.
4.1 Introduction

The overall aim of this chapter is to provide the research design and methodology, data analysis, and the interpretation of the results of the study. Various data collection and analysis techniques were used. In the following section, the research design, methodologies, procedures and overall framework of the research are discussed.

4.2 Research Design

Research design is a logical sequence that connects empirical data to a study's initial research questions and, ultimately, to its conclusions. According to Hussey and Hussey (1997), designing a social research study requires a researcher to map out strategies to guide the research process in order to ensure the validity of the research results. Berg (2001, cited in Birungi, 2005: 34) refers to a research design as a map used in planning when undertaking a research study. He points out that it aims at visualising and imagining how the research will be carried out, the type of data to be collected, and how much it will cost the researcher. For purposes of this study, both quantitative and qualitative methods of research were applied throughout the study.

4.3 Research Methodology

Chadwick et al. (1984) observed that research methodology in social research consists of the preparation of a plan whereby verifiable knowledge about the research problem is obtained. In general, the study utilises the following tools of data collection:

- **Semi-structured interviews** of 26 people were undertaken and purposive sampling was used in gathering informants.
- **Focusgroup discussions** were held in four groups (youth group, women, municipality officials and representative of the community). Each of the focus group discussion consisted of 7-9 people.
- **Questionnaires**: a total of 100 structured questionnaires were distributed to households using a simple random sampling method. The structured questionnaires were to gather demographic and socio-economic information from respondents.
The second sets of questions were to gather information relating to the nature and extent of household participation in the tourism and LED projects, to identify participatory structures in the community. The range of possible social and economic changes was defined using the empirical information that was collected from the case study area. This includes the use of content analysis method which were used to interpret information obtained from narrative-based secondary documents such as; meetings, workshops, conference materials, the semi-structured interviews and focus group discussions. The qualitative data is presented using texts, quotations and pictures.

4.3.1 Qualitative methodology

Qualitative research method allows a researcher to look at settings and people holistically. It also studies people in the context of their past and the situations in which they find themselves. According to Tayler et al. (1984) people, settings or groups are not reduced to variables but are viewed as a whole. Filstead, (1990:6) claimed that qualitative methodology allows the researcher to obtain first-hand knowledge about the social world and experiences of people in poverty. It also develops an analytical, conceptual and categorical component in explaining the data.

4.3.2. Quantitative research

Quantitative research includes singular, unambiguous interpretations, which are aimed for through, precise operationalisation of variables and accuracy in data collection. (Mikkelsen, 1995). This method helps the researcher to be at the same level of understanding with the participant and the research becomes more practical. Details of the different types of research tools used are presented below.

4.4 Data Collection

The first step in the data collection process was to decide on the type of data collection instrument that was most applicable to answering the research questions. Different tools were used, including questionnaires, semi-structured interviews, focus group discussions and observations.
4.4.1 Questionnaires

Surveys use questionnaires to generate quantitative data from which statistical information can be calculated (Kitchin & Tate, 2000:49). Three of the objectives of this research demanded a quantitative research approach and it was therefore decided to collect data through a survey with the use of closed-ended questions. Kitchin and Tate (2000:49) define a closed questionnaire as one where the respondent is given a set of answers, one of which they must choose at the most representative of their views of the facts.

Closed-ended questions offer the respondent the opportunity of selecting one or more response choices from a number provided to him/her. This type of questionnaire is advantageous when a substantial amount of information about a subject exists and the response options are relatively well known. The degree, frequency and comprehensiveness of a phenomenon can be ascertained quite meaningfully by means of closed-ended questions.

I, the researcher, then decided that the use of closed-ended questions that could include some dichotomous questions would be the best applicable response system for this research. With the use of dichotomous questions, there are only two responses, that is “Yes” or “No” (Schuerman 1983:151). Snyman (1984:90) contends that it is usually better to use multiple-choice questions, where three or more response options are offered, with dichotomous questions included as one response type. I had to make the decision as to which response system would be applicable to the research. Since it was expected that most of the people living in the Senqu Local Municipality were semi-literate or illiterate, open-ended questions which required a qualitative approach in the analysis process were not considered to be the best option.

Finally, the language medium in which the questionnaire was to be designed was of concern. Since the community of the study area was predominantly seSotho and isiXhosa speaking, with a few speaking Afrikaans speaking, I decided the questionnaire would be prepared in English. Fortunately, the fieldworkers were well versed in English, isiXhosa and seSotho and assisted me in translating and guiding respondents during the survey. Respondents were required to circle the answer of their choice and in the case of an error; they could delete the incorrect answer and encircle the correct choice. By using the closed questions, it was hoped that answers would be obtained promptly and without bias.
Respondents were required to fill in a questionnaire in the presence of a fieldworker and to hand the completed questionnaire over to the fieldworker. Questions were formal and structured and aimed at generating quantitative data. The questions in the questionnaire were numbered 1-25, and each question was directed at obtaining answers in response to three of the four indicated in Appendix A. The first set of questions (numbered 1-16) relates to the second objective and solicited answers on the socio-economic status of the Senqu Local Municipality. The second set of questions (numbered 17 to 24) pertained to the third objective and drew answers on the willingness of the community to participate in the tourism ventures. Questions 25 were relevant to the fourth objective and drew responses based on perceptions of the community in SLM.

4.5 Sampling and Sampling Methods

I had to determine what type of sampling would be most suitable for the research. I also had to establish the kind and number of people who display the characteristics the researcher is interested in, in the population. Arkava and Lane (1983:27) contend that a population is derived from a universe, and that a universe refers to all potential subjects who possess the attributes in which the researcher is interested. A sample can be viewed as a subset of measurements drawn from a population in which the researcher is interested. The sample is studied in an effort to understand from which it was (Arkava & Lane 1983: 27; Kitchin & Tate 2000). Grinnell and Williams (1990: 127) observed that 30 respondents were sufficient to perform basic statistical procedures. The larger the sample, however, the more confidence one can place on the statistics derived from it (Kitchin & Tate 2000: 59). It was therefore decided that a sample of 40 households out of a population of 70 would be sufficient to undertake the research.

The next step was to decide on the best sampling method for the research. Kitchin and Tate (2000:54) argued that there are many sampling methods available for collection of data, of which two are most important. Random sampling ensures each observation has an equal chance of being part of the sample and as such representative of the population from which it was drawn (Baker, Chadwick, Bahr, & Albrecht, 1988:148; Chadwick, Bahr & Albrecht 1984:53). The question then arose of how to determine who the respondent was meant to be. A person, either male or female who was present at the time of the survey and who acted as head of households was required to fill in the questionnaire. This meant that, at all times during the survey, the head of each household was selected as the respondent.
I decided that the application of a simple random technique would be the best method for this research, with 40 households selected by the following procedures. As the study area lacked the necessary infrastructure such as post boxes or street addresses or any other feature that could assist fieldworkers in identifying households for sampling, fieldworkers obtained permission from the residents to chalk-mark each house or door with a three and four digit figure, starting from 001 and ending with 0070. These figures were then placed in a basket, shuffled and 40 were randomly selected. Each of the numbers was then written on a questionnaire for the fieldworker to use when conducting the survey.

4.3 Limitations of the Study

Considering the vital role tourism plays in LED, and taking cognisance of the need for proper investigation to determine the extent of the impact of tourism in LED, I acknowledge the limitations inherent in the study. First, I was faced with a language barrier in administering questionnaires in English. The Senqu community is predominantly seSotho and isiXhosa speaking. However, fieldworkers were employed who were well versed in English, isiXhosa and seSotho and assisted me in translating and guiding the respondents during the survey.

A second constraint to the research was the lack of documented information related to tourism and LED from the municipality, and where such information exists; there was still the barrier of accessing it due to administrative bureaucracy. In addition, documents were either incomplete or failed to provide the necessary information as anticipated, thus affecting the research and preventing me from giving the true image of the role tourism plays in LED in the Senqu community. However, regardless of these limitations, I am convinced that the lessons drawn from this study will serve as a point of departure for other research on the topic.

4.4 Ethical Statement

In this research, I have strictly adhered to ethical considerations, as stipulated by the University of the Western Cape. In undertaking this research, I obtained ethical clearance and approval from the University of the Western Cape Senate, the Arts Faculty board and the Institute for Social Development. I also obtained a letter from the supervisor to conduct interviews with the respondents. In addition, the consent of each interviewee was sought before interview. All volunteers and service providers were informed that their participation was voluntary and that they had the right to withdraw from the research process at any time. I also undertook to ensure
the confidentiality of all information gathered during the research process. The participants were also told that no hidden agenda was attached to the data collection process and the SLM would receive a copy of the completed research.
CHAPTER FIVE
DATA ANALYSIS AND PRESENTATION

5.1. Introduction

The main purpose of this chapter is to assess the contribution of tourism and local economic development as a strategy for poverty alleviation. Based on the theoretical and conceptual framework presented earlier, the study requires a mixed research methodology to understand the relationship between tourism and local economic development. Different tools were used by the researcher, including questionnaires, semi-structured interviews, focus group discussions and observations. The chapter provides a quantitative and qualitative analysis of the empirical data. The results of the study are analysed, presented and discussed.

The first step in the data analysis process was the selection of an appropriate methodology for analysing data. It was important for the research to make a consensus decision on whether to use qualitative or quantitative approach. According to Mouton and Marais (1990:155), the quantitative approach has the following advantages over qualitative approach. A quantitative approach is highly formalised as well as being less ambiguous. Its range is more exactly defined (than the qualitative approach). It is the most important paradigm used in the physical sciences. Reid and Smith (1981:87) added that statistical methods are used to determine associations (or differences) between variables. These authors contend that analysis proceeds by obtaining the statistical breakdown of the distribution variables. The researcher’s role is that of the objective observer. Studies are focused on relatively specific questions, which remain constant throughout the investigation.

Data was collected and organised manually into Microsoft Excel2010. It was tabulated into two parts in Appendix A, numerical frequency distribution (Table 1) and percentage frequency distribution (Table 2). The vertical numbers, 1–25, indicate the question number derived from the questionnaire, while the horizontal letters, “a” to “e”, denote the alternatives available and the total numerical and percentage values, respectively, for responses derived from each variable. The $n^{th}$ value was the sample size, with 40 samples drawn for the analysis process. The data was then categorised according to three out of four of the objectives ascertained from the questionnaire.
Data obtained from the first 16 variables were aimed at finding answers based on the socio-economic status of the community. Eight variables from the questionnaire numbered 17 to 24 pertained to the third objective which was the willingness of the community to participate in tourism as a business venture. Graphic presentation of data through diagrams such as graphs, histograms, and pie charts further enhanced the analysis process. Variables were described in terms of responses derived from the questions of that specific objective. According to Royer (1981:440) graphic presentation or figures, are pictorial devices to illustrate data. As they are visually effective and easy to interpret, this type of presentation is often a great help in enabling the researcher to comprehend the essential features of frequency distribution and in comparing one frequency distribution with another (Ferguson 1976:32).

The question of willingness to participate was sought through responses obtained from respondents on question 19 of the questionnaire, in conjunction with all other variables under this objective. Concerning perceptions of the community, question number 25 from the questionnaire was the most prime determining factor for the perceptibility of respondents also in conjunction with all other variables under this objective.

5.2.1 Economically active population

Statistics South Africa (2001) defined the economically active population (EAP) as all persons between the ages of 15 and 65 years who are employed or capable of being employed. The EAP included people in the formal sector and the self-employed. According to Statistics South Africa, the unemployed are those in the active population who have not worked, but want to work and are available to start work, and have taken active steps to look for work or to provide themselves with self-employment in the near future. The employed include employers, employees and the self-employed.
The ECSECC (2012) report merely indicates that employment opportunities in the Eastern Cape are limited and highlights the importance of stimulating various sectors, such as tourism ventures, to create employment opportunities. In SLM, about 57% of the population is potentially economically active. This economically active population accounts for 43% of the total labour force of the JGDM, whereas the total employment is only 20.4% of the population. Consequently, the region is characterised by a high unemployment rate. As a result, both the skilled and unskilled labour force are constantly migrating. According to the literature consulted on the topic, the Eastern Cape, over the past years, has experienced continuous widespread rural exodus, thus having a negative impact on LED in local communities such as Senqu.
In terms of the empirical data in the above Figures 5 and 6, 20 of the respondents indicated that they were unemployed. The other 20 respondents included those who were employed as permanent staff or casual labour or were self-employed. However, only 6 respondents out of 40 respondents were employed on a permanent basis. This still leaves the proportion of respondents who were unemployed, and who were seeking permanent employment considerably high. The level of employment was used in this research as the first step in determining the socio-economic status of the SLM. According to the data, 82.5 % of respondents either relied on alternative means for their subsistence or had little chance of obtaining any form of employment.
Figure 5: Level of skill

With regard to question 2, relating to their level of skill (as shown in Figure 5), the majority of respondents (22) were unskilled and 8 were semi skilled. This means that at least a third of the respondents were in need of skills development in order to obtain better employment. Six respondents were skilled in their jobs, but only 2 were professionals. The remaining 2% of the respondents indicated no response. As the majority of the respondents are unemployed, this has an effect on the amount of income derived by each household.

5.2.2 Income levels at SLM

For the purpose of this thesis, the joint income received each month by each household was selected as the best indicator to determining the socio-economic level of the community of SLM. On the question relating to their joint household income (Appendix A, question 3) five different categories were provided, ranging from R10 per month to more than R3000 per month.

Figure 6: Gross Monthly Income

Figure 6 shows that only 5 respondents (12.5%) indicated that they earned more than R3000 per month. The largest proportion of respondents (45%) earned between R100 and R500 per month. Almost half of the respondents were therefore very low earners. A total of 22 respondents (55%) earned between R100 and R1500 per month. Only 2 respondents (5%) indicated a joint income of R10 and R100 per month in their households respectively. According to the relevant literature, tourism affects both income and employment (Figuerola,
Mankiw et al., (2006) assert that from an economic standpoint, local communities may experience low earnings from tourism because of the forces of demand, supply and price. The fewer the number of tourists, the less the demand for touristic product, and thus the lower the income level of households, as can be seen in Figure 3 above.

![Other additional income from family](image)

**Figure 7 Other additional sources of income from family members**

Referring to question number 4, with regard to other members of the households adding to their income, 24 (60%) of respondents (almost two-thirds) stated that other family members supplemented their earnings, while the remaining (16 or 40%) of the respondents indicated that their income was not supplemented. At SLM, there is little employment and this shows that most of the people depend on family support and other sources of income.

![Other sources of income](image)
In response to question 5, 13 respondents chose alternative (c), that is, income derived from surplus of subsistence farming and the sale of craftwork and fruit to passing motorists or tourists. Other significant sources of additional income were from government grants and pensions and from children working in towns and cities. Eight respondents indicated that they received an income from government grants or pensions, such as child support grants, foster care grant, old age pensions and disability grants. Only 6 respondents received an income from children working in towns and cities. The highest response came from 13 respondents who stated that income was generated from subsistence farming and the sale of products to passing motorists and tourists. Only 4 respondents indicated that they relied on an undefined means of income. However, 9 respondents indicated alternative (e).

With regard to question 7, which sought to describe their socio-economic living conditions, 11 of the respondents stated that they lived under poor socio-economic conditions. Only 9 respondents indicated living under ‘good’ socio-economic conditions. However, the majority of them, 13 of a total of 40 respondents, felt that they lived below normal living conditions and that their standard of living was extremely low.

Hollard, Burian and Dixey (2003) argue that it is important to develop tourism in rural areas in order to increase participation of the poor in the development of tourism, and bring a wider benefit to rural areas. According to the literature consulted, there is a need to determine the
communities’ level of willingness to participate in tourism development (Mametja, 2001). Question 17 in Appendix A was aimed at finding out whether government or tourism developers had approached the residents of SLM to assist them in tourism business ventures to improve their living conditions.

**Figure 10. Community Participation in Tourism Ventures**

Referring to question 21, 37 respondents (92.5%) thought that SLM had the potential for development and therefore together with their community could do more to improve it. The remaining 3 respondents (7.5%) indicated no interest in such a venture.

**Figure 11: Involvement in tourism ventures**

The majority of respondents (90%) indicated that they were not involved in a tourism business or had known of someone who was involved in it. However, 10% responded ‘No’ to this
question in alternative (b). Figure 12 below elucidate on the level of community willingness to participate in tourism ventures.

Figure 12: Willingness to participate in tourism ventures

In question 23, respondents were asked whether they were willing to participate in a tourism business and.35 respondents (87.5%) chose to answer "Yes"(alternative (a)), while 5 (12.5%) of respondents responded “No”(alternative b)). They also indicated that other factors such as crime, politics, and lack of finance and support prevented them from pursuing such ventures. In this regard, Cook and Weisberg (1982) and Murphy and Price (1998) suggest that community involvement within the planning and development process is crucial for sustainable tourism development. In addition, Ying and Zhou (2007) note that community participation in tourism can be examined from two perspectives; first, the decision-making process, allowing residents to become empowered in tourism development, expressing their concerns and desires, and secondly, the tourism benefits, for example, the increased employment opportunities.

The majority of the respondents felt that participation in LED and tourism could be used as a means of socio-economic upliftment. The analysis and interpretation of data have indicated that the rural community of SLM is generally impoverished and live under extremely poor socio-economic conditions. As a result of poverty, the community is willing to participate in tourism as a means to improve their living conditions. The results obtained from the analyses and interpretation of data have assisted in identifying the key problems associated with the rural community of SLM.
5.3 Conclusion

In this chapter, the research design and methodology used in this study were described. Both quantitative and qualitative designs were used to obtain detailed information from participants’ responses. From the above analysis, it can be deduced that though respondents indicated various sources of income, including self-employment and family dependence for subsistence, there was no mention of a significant increase in income due to tourism activities such as the sale of craft work and so on. This could lead to the conclusion that the impact of tourism is probably insignificant in Senqu and thus makes no positive impact on the livelihood of the community. The research procedure and the data-analysis processes were also detailed in the chapter. The results show that Senqu is predominately poor, with very high unemployment rate. The lack of education and training has had a severe effect on the population, leaving especially the younger population unemployed and highly dependent on external assistance. In addition, the results showed that with lack of government support for tourism ventures, there is a recurrent rural-to-urban exodus, leaving the SLM more underdeveloped as available skills move to the cities to find employment and better living conditions.
CHAPTER SIX
CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

In conclusion, the creation of employment and the improvement of the living standards of the people are important dimensions of rural tourism and LED. The analysis and interpretation of data have indicated that the rural community of SLM is generally poor and live under extremely bad socio-economic conditions. This chapter is a summary of the major research findings of the study. These findings are based on the empirical data analysed against the background of the theoretical and conceptual framework. In order to determine how rural tourism contributes to LED and poverty alleviation in the SLM, I looked at the outcomes of the four research objectives to draw conclusions with respect to the research questions.

6.2 Tourism and LED

This study has shown that there is a fundamental link between tourism demand, tourism activities and tourism products. Poor tourist activities and the long distances from rural areas affect the market and the demand for tourist products. Tourism plays a significant role in LED and developing rural tourism could create jobs for local communities, including supplier development and demand for other products in the tourist destination. Tourism can also help ‘brand’ an area, and improve its attractiveness to tourists, investors and the like. When tourists visit a destination, they spend money not only on accommodation, restaurants, and activities but also in shops and petrol stations and on other service industries such as banks, transport services, and so forth. With an increased local rates base brought by tourism enterprise growth and its effects, demands are increasingly placed on local government to respond to calls for service delivery. This can have the effect of speeding up service delivery for the poor. Therefore, tourism’s potential to improve infrastructure is significant. Tourism services are mostly labour intensive; hence, tourism leads to the creation of jobs that are primarily low-skilled. The development of a tourism sector can thus lead to an increase in production, income and employment and foster overall economic growth.

Local economic development need to be balanced in relation to public interest and demands. Reference to academic authors on the topic indicates that local economic development is a process and that the process requires participation and a consideration of development choices
for better outcomes for rural areas. This is often understood in terms of job creation, given the high unemployment in South Africa. Researchers also warn of assuming that trickle-down benefits will accrue to the poor from economic growth. At the same time, it is recognised that many rural spaces do not have the advantage of great and diverse investor demand.

Some of the consequences of limited opportunities are reflected in the fact that levels of out-migration are high, meaning that there are locally a high proportion of people younger than 19 years. Out-migration results in a significant “brain drain” from the region which affect entrepreneurial development and service delivery. For the short term, it is understood that it is important that people are able to find employment elsewhere and repatriate their money to the area. In the long term, significant emphasis needs to be placed on job creation locally so that the necessary skills required to drive development are not lost to other regions. A key challenge therefore is how best to create opportunities so as to increase job creation.

Furthermore, this study has shown that from a theoretical and conceptual view, a fundamental link exists between tourism demand, activities and tourism products. Poor tourist activities and the long distances of the people from urban areas affect the tourism market in local communities. According to the economic theory of demand and supply, income increases with increased demand. Thus, the smaller the demand for tourist’s products in these communities, the lower will be the income for those involved in the sale of touristic products.

6.1.2 Willingness to participate in a tourism venture

The availability of natural and human resources are not enough to develop rural areas. The role of the community becomes paramount in the development of this sector. Participation requires communities to structure their decision–making process towards tourism development. Participation should not isolate the wealthier from the poor, nor should it dictate what the other should do. What is important is the need to motivate people and create incentives to encourage participation in tourism development. There is additional need for external support, especially in terms of education and training, with a focus on the need to participate in tourism development.

The findings of this research support the view that the people living in SLM are willing to participate in tourism for the development of their area as well as for their own improvement. However, the challenge is the lack of financial support and guidance to pursue their goals and objectives. The tourism sector within the SLM is largely “white owned” and operated by
people who have alternate sources of income. Barriers to entry into the tourism market are high and development initiatives are currently being supported in an ad hoc manner.

The critical gaps are evident as far as support for the tourism sector is concerned. These gaps and challenges are as follow:

- Owners of existing establishments show no sense of urgency to develop the tourism industry beyond what it currently is. This is largely due to the fear of competition from new entrants in the sector. A significant challenge is to create awareness of the need to develop tourism in the area and to have active participation.

- Skills development programmes are plentiful. Most of these programmes are out of reach for the people who are in need of these programmes. A significant challenge will therefore be to incentivise officials to create awareness programmes and also to lobby institutions presenting these courses to localise training so that no segment of the population is excluded.

- Access to finance is the greatest barrier to entry for new participants and other smaller operators. The requirements for access to finance are also prohibitive as merely developing a business plan is beyond the means of most of those who wish to access the finance.

- Municipal entities thus face a key challenge to help integrate and co-ordinate actions that will lead to the more effective growth of the tourism industry.

**6.3 Recommendations**

The findings of this research indicate that the community living in this study area is willing to participate in tourism business venture. Given the necessary training in skill development through empowerment programmes and financial assistance, there is possible hope that this rural community can augment their living conditions through tourism and LED. Compared to many other parts of South Africa, SLM is privileged to have unique attractions, well-known places like Rhodes and the high growth potential the traditional home area of Herschel offers for domestic (black) tourists. Given this potential and the existing basis of tourism activities, the challenge for SLM is to incrementally improve activities in many different areas rather than
to radically change the overall approach or to rely on new projects. Table 7 below provides a summary of the recommendations.

Table 1 Scope for Action to Accelerate Tourism Activities in SLM

<table>
<thead>
<tr>
<th>Action Category</th>
<th>Possible Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strengthen local business associations and their tourism focus</td>
<td>Motivate potential leaders to help establish such structures; let the municipality support such efforts</td>
</tr>
<tr>
<td>2 Expand SLM Tourism’s office and strengthen its networking capacity</td>
<td>Get private sector to sponsor and attract volunteers or “interns” to strengthen the office and diversify its role</td>
</tr>
<tr>
<td>3 Create more (tourism) information “points” in the region</td>
<td>Use shops, filling stations and key tourism operators as information and advice platform, both for visitors and local entrepreneurs</td>
</tr>
<tr>
<td>4 Identify local formal and informal tourism operators</td>
<td>Develop a database one can use to contact and strengthen co-operation, including informal operators and covering all the places</td>
</tr>
<tr>
<td>5 Strengthen corporate input into the local tourism development process</td>
<td>Attract local corporate leaders into the process in order to broaden leadership capacities in the tourism development efforts.</td>
</tr>
<tr>
<td>6 Strengthen local supply chains in the tourism sector</td>
<td>Encourage local tourism operators to source and procure locally.</td>
</tr>
<tr>
<td>7 Deepen municipal involvement in tourism development</td>
<td>Identify councillors and municipal staff committed to tourism development and work towards more effective and coordinated municipal support for the sector (including flexible application of regulations for informal operators)</td>
</tr>
<tr>
<td>8 Strengthen district support for SLM tourism development</td>
<td>Identify key officials to be able to streamline and expand district involvement in SLM and strengthen municipal operations in this sector. Also use the district to strengthen links with provincial authorities and get their help for the local tourism sector</td>
</tr>
<tr>
<td>9 Address infrastructure bottlenecks hampering local tourism</td>
<td>Identify critical issues and work towards multi-year action plans</td>
</tr>
<tr>
<td>10 Improve signage and other external marketing signs</td>
<td>Create a special task team to address the needs and work out a partnership approach with private co-sponsorship</td>
</tr>
<tr>
<td>11 Improve access to finance for tourism</td>
<td>Create a working group with local banks to consider</td>
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<td>---</td>
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<tr>
<td>operations</td>
<td>the issues and work out initiatives (e.g. linked to mentorship, stokvel schemes, etc.)</td>
</tr>
<tr>
<td>12</td>
<td>Consider training opportunities</td>
</tr>
<tr>
<td>13</td>
<td>Make local firms more aware of external assistance schemes</td>
</tr>
<tr>
<td>14</td>
<td>Link informal (VFR) tourism to the Herschel area closer to conventional tourism</td>
</tr>
<tr>
<td>15</td>
<td>Strengthen the tourism development link with Lesotho</td>
</tr>
<tr>
<td>16</td>
<td>Activate media attention on local (formal and informal) tourism</td>
</tr>
</tbody>
</table>
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APPENDIX A

Questionnaire for Quantitative Data Collection

Please answer the following questions by making a circle over the answer of your choice.
In case you have made an error, then cross the incorrect one and then mark the correct answer.

1. State your type of employment:
   a. full time/permanent
   b. casual
   c. self-employed
   d. unemployed

2. Name your employment category.
   a. skilled worker
   b. professional
   c. semi-skilled
   d. unskilled
   e. none of the above

3. Indicate the monthly joint income (total income) in your household.
   a) R10 – R100
   b) R101 – R500
   c) R501 – R1500
   d) R1501 – R3000
   e) R3000 and above

4. Is there any other member of your family adding to the income?
   a) Yes
   b) No

5. State any other source of income from the list given.
   a) government grant /pension (child, old age, disability, other)
   b) income from children working
   c) subsistence farming and /or sale of product to tourists/ motorist/ curious and stall
   d) any other means of income
   e) none

6. State the number of additional occupants including children in your household.
7. Describe your socio-economic living conditions.
   a) satisfactory
   b) good
   c) poor
   d) below living conditions /standard, poverty

8. Describe the type of your home / dwelling.
   a) shack
   b) traditional hut / rondavel-mud-cement
   c) self-built unplastered /unpainted block built
   d) well built, plastered / painted dwelling

9. Name the type of service/s in your household.
   a) electricity
   b) tapped water only / single exterior tap
   c) electricity, tapped water, toilet / sanitation facilities
   d) none of the above

10. You are able to understand, speak, read or write English:
    a) fluently
    b) slightly
    c) not at all

11. Number of children directly dependent on you for a living?
    a) 1
    b) 2
    c) 3
    d) 4 and more
    e) none

12. Number of children receiving school education and are directly dependent on you?
    a) 1
    b) 2
    c) 3
    d) 4 and more
    e) none

13. Do you think that you should engage in other activity to supplement your income?
    a) Yes
    b) No
14. Do you think you deserve a better way of life with better living conditions?
   a) Yes
   b) No

15. In what way has the present government provided you with better living conditions?
   a) a little
   b) a lot
   c) not at all

16. How would you compare Senqu in terms of tourism development from what it was during apartheid and to what it is today?
   a) substantially increased
   b) slightly better now
   c) remained the same
   d) became worse than before

17. Have you ever been approached by government or developers to assist you in a business venture at Senqu?
   a) Yes
   b) No

18. Have you ever thought of developing your area by participating with your community in a large-scale tourism?
   a. Yes
   b. No

19. Given the opportunity, are you willing to learn and participate in a tourism business venture that could bring additional income for you to improve your living hood?
   a. Yes
   b. No

20. Given the opportunity, would you like to use the natural resources in your area to start a tourism business?
   a) Yes
   b) No

21. Do you think that SLM has the potential for development and that you and your community could do more to improve it?
   a) Yes
   b) No

22. Have you ever been involved, or know of anyone been involved, in a tourism business?
   a) Yes
23. Are you willing to participate in a tourism business but other factors such as crime, politics, lack of finance, lack of support from government or any other inhibiting factor prevent you from doing so?
   a) Yes
   b) No

24. Do you think that participation in a tourism business could be the answer for your solving your problems such as poverty or poor living conditions?
   a) Yes
   b) uncertain-could be possible
   c) No

25. What effect do you think tourism could have on other rural areas in South Africa?
   a) quick changes for a better standard of living
   b) slow but sure changes to better standard of living
   c) development will fall apart and life will be the same
   d) nobody will be interested in development, prefer to remain the same
Table 2 Numerical data derived from responses questionnaire for Objective 2

Numerical data derived from responses obtained from questionnaire with $n^{th}$ value of 40.

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Table 3 Numerical data in terms of responses obtained from questionnaire for Objective 3

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Table 4 Numerical Data in Terms of Responses Obtained from Questionnaire for Objective 4

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Table 5 Numerical Data Converted to Percentages with an N Value of 100%.

Percentage data for responses to Objective 2

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### Table 6 Percentage Data for Responses for Objective 3

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### Table 7 Percentage Data for Responses for Objective 4

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