

**THE CONTRIBUTION OF GUEST HOUSES TO ECONOMIC GROWTH AND
EMPLOYMENT AS KEY COMPONENTS OF LOCAL ECONOMIC
DEVELOPMENT IN THE EDEN DISTRICT AREA**

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**In fulfillment of the requirements for the Degree of D Phil in
Development Studies in the Faculty of Business and Economic
Sciences at the Nelson Mandela Metropolitan University**

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DECLARATION

I, Takalani Ramukumba (**9926887**), hereby declare that the *treatise/ dissertation/ thesis* for **Degree of D Phil** is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.



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ABSTRACT

Tourism has come to be seen as a key driver for local economic development in South Africa, as it provides opportunities for pro-poor and community-based initiatives. On a global scale, the challenges of confronting poverty and unemployment continue to dominate the development agenda. The ability of Local Economic Development (LED) to empower local people has earned favour with national governments and development theorists. The imperative facing South Africa to achieve a more equitable and sustainable economy is essentially the challenge to adopt and implement a development approach that will reduce poverty and unemployment (which are the two key objectives of LED) to the greatest extent. It is within this context that the South African government has sought to incorporate LED into their economic development framework, predominantly through the decentralisation of development control and planning to the local government level.

This study examined the contribution of guest houses to economic growth and employment as key components of LED in a sustainable manner. The study revealed that guest houses are playing a key role in the development of the local economy in the Eden district region. Guest houses are providing employment opportunities to the local residents both on a full-time and part-time basis. Further to this, guest houses are buying many locally-produced products and services from local suppliers and this contributes to economic growth of the local economy. However, this study also found that many of the guest houses in the area are not aware of government incentives available to support them and very few of them have made use of these services. This is something that needs to be addressed if these guest houses are to continue to strengthen the local economy and provide employment opportunities in a sustainable manner. The study revealed that many of the guest houses are operating in an environmentally friendly manner and this will ensure their future sustainability.

The broader situation and the contribution of the accommodation sector as critical assets in local and national tourism economies has been thoroughly researched in tourism research around the world. Existing work on the accommodation sector in the South African tourism economy is mainly urban-focused and indicates that its local

development impacts can be positive albeit not always maximised through local linkages, however, only a limited amount of academic investigations examines the contribution of tourism sub-sectors to economic growth and employment. The authenticity of this study is based on its contribution which must be viewed in relation to the relatively limited body of literature in the contribution of tourism sub-sectors to economic growth and employment and in this case guest houses as one type of accommodation sub-sector.

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LIST OF ABBREVIATIONS/ACRONYMS

| | |
|-------|---|
| ANC | African National Congress |
| BA | Business Associations |
| ECLA | Economic Commission for Latin America |
| CBO | Community Tourism Organisations |
| CRS | Central Reservation Systems |
| CSO | Civil Society Organisation |
| DLG | Developmental Local Government |
| EDM | Eden District Municipality |
| EU | European Union |
| GDP | Gross Domestic Product |
| GEAR | Growth, Employment and Redistribution |
| IMF | International Monetary Fund |
| LED | Local Economic Development |
| LG | Local Government |
| MDG | Millennium Development Goal |
| NDT | National Department of Tourism |
| NEPAD | New Partnership for Africa's Development |
| NGO | Non-Governmental Organisation |
| OECD | Organisation for the Economic Cooperation and Development |
| PRA | Participatory Rural Appraisal |
| PPT | Pro-Poor Tourism |
| RDP | Reconstruction and Development Programme |
| RSA | Republic of South Africa |
| SALP | Structural Adjustment Lending Programmes |
| UN | United Nations |
| WB | World Bank |
| WCED | World Commission on Environment and Development |
| WTTC | World Travel and Tourism Council |
| WTO | World Tourism Organisation |

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CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

The main aim of this study is to gain insight into the contribution of guest houses to economic growth and employment as key components of Local Economic Development (LED) in the Eden district area in a sustainable manner. The South African government has recognised the tourism sector's potential to bring about economic growth and employment creation. Tourism is a specific local economic development directive that is mandated by the Tourism Act No. 3 of 2014. According to the Tourism Act No. 3 of 2014, LED is described as the result of joint planning by a municipality, its community and business sectors. This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor-friendly and competitively productive. There is no doubt that local tourism as it relates to general development is a missed opportunity (White Paper, 1996). There is a need to widen the focus of the local government sector on tourism with the aim of encouraging entrepreneurship, creating new services and driving LED. The accommodation sub-sector of tourism is one of the main important sub-sectors that can be used to drive LED. Due to its magnitude, the accommodation sub-sector has different types of accommodation establishments and hence this study will only focus on guest houses.

According to the World Tourism Organisation (WTO) (2005), tourism is one of the biggest contributors to global economic and employment growth. Equally vital is the role accommodation plays in the tourism industry. Callon, Miles and Muniesa (2007: 21) assert that the "accommodation sector is one of the most key sectors of the tourism industry". In fact, accommodation, or lodging, is by far the largest and ubiquitous sub-sector within the tourism industry. With very few exceptions, tourists require a location where they can rest and revive during their travels, or a place to stay when arriving at a tourism destination. This means that accommodation is an essential support facility in the destination regions. There is immense diversity in the types of tourist accommodation offerings, ranging from accommodation that provides for one or two guests in a simple home style setting, to bedroom factories with the

capacity to cater for up to 5 000 guests. Most forms of accommodation are characterised by spatial fixity (Pender and Sharpley, 2005: 17). This means they occupy fixed locations within environments which may change and is therefore the need to adapt to the changing business circumstances.

The guest house business is considered a home business, as people generally start one in their home by either restoring or alternating the existing facilities to suit the customer's needs, or alternatively building one from scratch. Beginning such an activity could be for the purpose of acquiring a primary income or a second income, when retiring and needing something to fill the quiet times. Guest houses are run by a family or a manager/locum with a few staff members. The owners do not necessarily have experience in the hospitality industry, and thus success and survival depends on their good business sense, managerial skills and expertise (Henning and Willemsse, 1999a: 4).

1.2 FORMULATION OF THE RESEARCH PROBLEM

The tourism sector has gained considerable importance at the global and national levels as a source of economic growth and employment. As a result, governments have been paying increasing attention to the development of the sector with an expectation that it will help generate employment and higher income, thereby contributing to poverty reduction. The South African government has recognised the tourism sector's potential to bring about economic growth and employment creation. This is evident from the creation of a standalone National Department of Tourism (NDT) and the strengthening of the tourism portfolio. It is further supported by tourism's positioning as one of the six core pillars of growth in the country's New Growth Path Framework. Moreover, the Industrial Policy Action Plan Two (IPAP2) has identified the sector as one of the areas expected to contribute to the development of rural areas and the culture industries, among others. Significantly, the tourism sector is regarded as a key driver with regard to economic growth and employment creation and thus an integral part of South African (LED) strategies (Viljoen & Tlabelela, 2007). This is true for small towns, rural areas, and cities. Destinations with special resources of natural, cultural or historical significance have the potential to adopt tourism as a development strategy (Sharpley & Tefler, 2002). Much emphasis has also been placed in the local context on pro-poor tourism

development, thus promoting community development and sustainability in a manner that is not harmful to the environment and the communities involved (Binns & Nel, 2002). Given the above context of tourism gaining considerable importance at the global and national levels as a source of economic growth and employment, the research problem is stated as follows:

What contribution are tourism sub-sectors making to economic growth and employment? To this end, specifically, what contribution are guest houses as one type of tourism accommodation sub-sector making to economic growth and employment in the Eden district area?

Given the above research problem, the main aim of the research is provided in the next sub-section.

1.2.1 Aim of the research

Many developing countries consider tourism to be important for economic progress and poverty reduction. However, it is also clear that the link between tourism and economic growth and poverty reduction is not automatic. It very much depends on whether tourism generates employment opportunities, creates linkages – in particular with agriculture and service providing sectors and stimulates the development of basic infrastructure through the construction of roads, port and airport facilities and the provision of financial services from which the economy as a whole can benefit (Geloso, Leshner & Pinali, 2007). The development of the tourism sector involves diverse actors ranging from governments which influence its development through policy intervention, infrastructure development and regulations to key players in the private sector. These include the numerous small and large, and local and foreign enterprises that provide supplies and services such as hotels, guest houses, restaurants, transport, local guides, and various leisure and entertainment services. This diversity presents a dilemma. On the one hand, it shows that unlike other sectors that are inherently enclaves, such as the extractive sector, tourism creates linkages across sectors in the economy and, therefore, is more likely to contribute to economic diversification. On the other hand, the diverse range of actors and activities in the tourism sector adds to the challenge of creating a sustainable tourism sector, which requires that each area or activity be sustainable (Geloso, Leshner & Pinali, 2007). While the role of tourism in structural economic progress and sustainable

development is not a new topic on the international agenda, how to make tourism more sustainable and contribute to developing countries' sustainable development objectives is still a challenge that requires urgent attention. *The aim of this thesis therefore is to gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner.* The contribution of guest houses to economic growth and employment has not been the focus of an empirical study before, even though there are studies of tourism accommodation's contribution to economic growth and employment in general. It is hoped that this study will yield useful insight into the specific contribution of guest houses as one of the tourist accommodation type to economic growth and employment in a sustainable manner. Based on the Brundtland definition of sustainability, Landrum and Edwards (2009: 4) define a sustainable business as "one that operates in the interest of all current and future stakeholders in a manner that ensures the long-term health and survival of the business and its associated economic, social, and environmental systems". Sustainable businesses consider their economic impact on the community, such as job creation, local wages, and their contribution to local economic growth.

1.3 KEY QUESTIONS PERTAINING TO THE RESEARCH

The study proposed to answer the following questions:

- To what degree are guest houses in the Eden district area creating employment opportunities for local residents?
- What role should government at all levels play in support of tourism businesses?
- What financial incentives should be made available by government to support the development and success of tourism businesses?
- What is the value of sourcing locally produced products and services for guest houses in Eden district area for their success and survival?
- What sustainable tourism practices are currently used by guest houses in the Eden district area?

Before providing the significance of the study, the following theoretical framework provides the foundation of the literature reviewed in relation to the study. The

relationship between tourism and LED is important to understand the contribution of tourism (guest houses) to LED objectives. The relationship between tourism and LED should further be evaluated on the demand and supply basis as guest houses rely on demand of accommodation by the tourists. The nature of accommodation and its role in the tourism industry is important for economic growth and employment opportunities as the different types of accommodation contribute differently both to economic growth and employment and in this regard, the guest houses as a type of accommodation plays a key role to LED. LED as a strategy is based on government policies and regulations and how such policies are applicable to the tourism industry is important for evaluating the contribution of tourism to economic growth and employment in general but specifically, the role of individual sub-sectors, like accommodation within the tourism industry is essential. Finally, for guest houses to make a meaningful contribution to economic growth and employment in the tourism industry, it is crucial that the guest houses operate in a sustainable manner from both the economic, social and environmental perspectives. Sustainable tourism is tourism committed to generating a low impact on the surrounding environment and community by acting responsibly while generating income and employment for the local economy and aiding social cohesion. Sustainable tourism aims to ensure that economic development as a result of tourism is a positive experience for everyone involved; local community, tourism businesses and visitors (Sharpley, 2000). Based on the description of sustainable tourism above, it is therefore deemed important that guest houses operate in a sustainable manner to be able to generate income that leads to economic growth and create employment for the local community.

1.4 SIGNIFICANCE OF THE STUDY

The aim of this study is to gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner. Rogerson (2006) indicates that the significance of small tourism enterprises (guest houses) is greatly highlighted by the South African government's commitment to transform the ownership structure of the tourism industry through its several interventions and yet, there is no official database for this key sector of the country's economy. It is for reasons such as this that the contribution of this kind of research needs to be emphasised. For both the development and future sustainability of this sub-sector, more research is crucial. A

further point is that the findings would be of value not only for the people within the accommodation sector and local government, but also to other stakeholders within the wider tourism industry. Considering the fact that responsible tourism is expanding rapidly in many destinations, the contribution of this study could enhance the basis on which opportunities for further tourism accommodation development in these areas could be considered. The study will contribute to the body of knowledge associated with the tourism industry and will provide a more nuanced understanding of guest house accommodation. Moreover, it would offer the additional goal of rethinking the nature of support interventions for guest houses to further contribute to economic growth and employment in a sustainable manner.

1.5 OBJECTIVES OF THE STUDY

The aim of this study is to gain insight into the contribution of guest houses to economic growth and employment in the Eden district area in a sustainable manner. In order to achieve this aim, the questions posed in the preceding paragraphs (1.3) were investigated. To this effect, the following objectives below were identified:

- To explore the employment opportunities created by guest houses in the Eden district area.
- To explore government incentives available to tourism businesses and the rate of usage of such incentives.
- To explore the role that government should play at all levels in support of tourism businesses
- To explore the business growth factors that can help guest houses to grow and contribute to economic growth and employment
- To explore the contribution of guest houses to economic growth and employment through sourcing locally produced products and services.
- To explore the effectiveness of adopting sustainable tourism practices by guest houses.

1.6 CLARIFICATION OF KEY TERMS AND CONCEPTS

Local Economic Development (LED) is an approach towards economic development that allows and encourages local communities and economic stakeholders to work together to achieve sustainable economic growth and development within their respective area (national, provincial, district and municipal), thereby bringing economic benefits such as employment, skills development, as well as SMEs development and support for all the residents residing within a local municipal area (Nel, 2005).

Employment – is defined as the number of people working in tourism. This incorporates full- and part-time workers at organisations in the sector as well as self-employed workers operating in the sector (Rogerson, 1997).

Tourism – According to the United Nations World Tourism Organisation (UN-WTO, 2005: 22), the term 'tourism' refers to “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, and other purposes' (which are not related to the exercise of an activity remunerated from within the place visited)”. Tourism can also be defined as an activity done by an individual or a group of individuals, which leads to travelling from one place to another (Keyser, 2002: 19).

Guest house - can be an existing home, a renovated home or a building that has been specifically designed to provide overnight accommodation. A guest house will have public areas for the exclusive use of its guests. A guest house is a commercial enterprise and as such the owner or manager may live on the property (George, 2012).

1.7 BRIEF OVERVIEW OF RESEARCH METHODOLOGY

Research methodology is a procedural logic followed to conduct a scientific inquiry to test a key hypothesis or answer a research question (Palys, 1997), to enable the researcher to predict and explain specific phenomena by amassing various scientific facts in an endeavour to “tacitly agree to the epistemic imperative - meaning a quest for truthful knowledge” (Palys, 1997: 4). The scientific facts (Palys, 1997) must be reliable and valid. Palys (1997: 4) writes that reliability implies that “repeated

observations of the same phenomena should yield similar results, and different observers following the same [research methodology] or procedures should arrive at the same conclusions. Validity means measuring what one wants to measure (Palys, 1997: 4). According to Bulmer (1984: 4), research methodology denotes the “systematic and logical study of the principles guiding the investigation, concerned with the questions of how the researcher establishes social knowledge and how he/she can convince others that his/her knowledge is correct”. Polit et al. (2001: 223) state that research methodology refers to techniques used to structure a study and gather and analyse the data in the course of the research investigation and consists of a set of orderly, disciplined procedures to acquire information.

1.7.1 Review of related literature

In the analysis of tourism, economists emphasize the economic effects of tourism development on the economy. Because tourism is a multidisciplinary activity that involves several industries and draws upon a variety of skills, its benefits are spread over a wider section of society comparatively to other sectors of the economy (Telce & Schroenn, 2006). Pioneering studies from Sinclair (1998) and Lea (1988) have highlighted the potential effect of the tourism industry in promoting growth, creating jobs and generating revenue for the government. Furthermore, there is a belief that tourism industry development leads to benefit poor people in particular, introducing the concept of “pro-poor tourism” (Ashley & Mitchell, 2006). Thus, the tourism industry may contribute significantly in economic growth, employment and reduction of poverty. The contribution of the tourism sector to economic growth, job creation, and poverty reduction depends on the following factors:

- The extent to which the tourism sector is integrated into the national economy through backward and forward linkages with other sectors and integration into regional and global value chains;
- The extent to which revenue generated by tourism, including foreign exchange, is used to finance infrastructure development, support local enterprises, in particular small and medium-sized enterprises (SMEs), and to develop the skills and institutions needed to create a vibrant local economy;
- The policies and strategies adopted by governments, and whether they encourage increased domestic and foreign investment in tourism, transfer of

technology and know-how; promote labour-intensive activities; and target regions where the poor live and work;

- National efforts to ensure that tourism activities are carried out sustainably and meet economic, social and environmental objectives (Geloso, Leshner & Pinali, 2007).

Tourism, on its own, may not be the answer to the elimination of poverty, but it can make a significant contribution. The impact of tourism on poverty reduction, however, depends on a number of factors. It depends, for example, on the type of tourism, in particular, whether it is large-scale tourism or specialized or exclusive tourism. The former is highly likely to generate more employment, including for semi-skilled workers, and to provide opportunities for direct sales of goods and services to visitors by the poor or small enterprises (Geloso, Leshner & Pinali, 2007). However, large-scale tourism could pose its own problems in terms of pressure on domestic resources, the environment and the preservation of cultural heritage; therefore, it requires a strategy to mitigate any possible negative impacts (Geloso, Leshner & Pinali, 2007). The poverty reduction impact of tourism also depends on the level of out-of-pocket expenditure that occurs or is encouraged in a destination. This matters because a much higher proportion of discretionary spending usually reaches the poor (often through the informal economy) than of big ticket items such as accommodation, tour operators and international travel. Tourism has the potential to contribute to economic growth and poverty reduction. The sector's capacity to generate employment and income owing to its backward and forward linkages makes it important for economic diversification and economic growth. At the same time, however, the negative impact it can inflict on the environment and culture cannot be overlooked. To ensure that tourism provides employment and income opportunities in the long run and contributes to sustainable development, its operations, including the activities that are linked with it, must be sustainable. The above reviewed literature provided the foundation of investigating the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable matter given the fact that the reviewed literature focused on tourism's contribution to economic growth and employment in general.

1.7.2 Empirical survey

The word empirical means “guided by practical experience” (Jennings, 2001: 20). An empirical survey constitutes a practical phase in a research project. A research project is augmented by an empirical survey of a representative sample of a given research population that was randomly selected and where the practical area pertaining to the research is investigated by various means of data collection, for example, a questionnaire. For this research, questionnaires with both closed- and open-ended questions were used to gather information from guest house owners, locums and managers.

1.7.2.1 Description of the research population

The research population was categorised into three components (see Figure 1.1 illustration below):

- Description of the total possible research population;
- Identification of the randomly selected target research population (the ‘sample’), which, in collaboration with the supervisors and the statistician, was a statistically acceptable percentage of a representative sample of the total possible research population mentioned above;
- A statement to the effect that a final response population figure was decided on in collaboration with the supervisors and the statistician, which represents a given percentage of the target (sample) population and whose responses were the subject of the statistical analysis (see Figure 1.1 illustration below - the units of analysis).

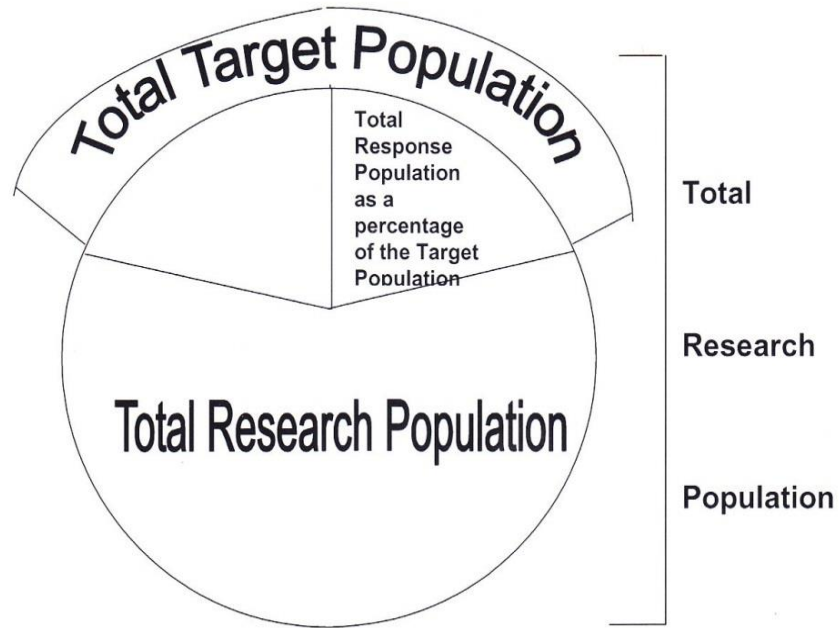


Figure 1.1: Illustrations of research populations (Adapted from Ferreira, 2007)

An empirical survey was conducted among the target population (sample) in the form of a self-administered questionnaires consisting of dependent and independent variables, structured in a quantitative research approach (representing a closed and open-ended format) and predetermined in collaboration with the resident Nelson Mandela Metropolitan University (NMMU) registered statistician. The target (sample) population was randomly selected from the total research population in collaboration with the resident NMMU statistician.

The theory of questionnaire design was explained, as well as basic concepts pertaining to the researcher's attitude towards the research, such the ethics of research and the element of bias.

1.7.3 Statistical analysis, interpretation and articulation of findings

This section dealt with the brief explanation on how data were analysed, interpreted and the articulation of findings.

1.7.3.1 Statistical analysis

Appropriate response percentages were determined in collaboration with a registered statistician by determining relative values from the empirical data and transferring such values in a codified form to a computer database. The data thus analysed were interpreted by utilising selected statistical methods and analytical instruments in collaboration with the statistician. A description of the analysis methodology design was provided in a separate chapter. A 5-point Likert scale was incorporated in the quantitative section of the questionnaire. A space was provided at the end of the questionnaire for qualitative responses that were evaluated in terms of the value that they add to the empirical survey. In this context, the methods of determining analysable trends in the responses were fully described in the appropriate chapter.

1.7.3.2 Presenting and interpretation of the findings

After receiving the statistical analysis of the empirical data from the registered statistician, the results were interpreted meaningfully by the researcher and the findings articulated in terms of the various analytical instruments by way of tables, charts and figures, followed by a brief textual explanation of each analysis event. A brief reference to the various statistical analysis instruments was provided in Chapter One and in the separate chapter on research design; figures, tables and charts were applied to clarify descriptions of findings.

This research followed a quantitative approach to research which is grounded in the positivist social science paradigm, which primarily reflects the scientific method of the natural sciences. The quantitative approach to social science involves using the method which appears best suited to the research problem and not getting caught up in philosophical debates about which is the best approach (Scandura & Williams, 2000). Such a paradigm adopts a deductive approach to the research process. As such, it commences with theories about a particular tourism phenomenon, gathers data from the real-world setting and then analyses the data (Jennings, 2001: 20). The research sample was selected guest house owners, locums and managers in the Eden district municipality.

1.7.3.3 Pilot study

A pilot survey relating to the research problem and its objectives was conducted amongst the selected guest house owners in the Eden district region to test the appropriateness and the feasibility of the study. This helped to detect the weaknesses of the selected research design and main research methods and provide proxy data for probability sampling. The targeted population for the pilot survey comprised of guest house owners and managers of the Eden district municipality.

1.7.4 Research demarcation

Each tourism region possesses unique characteristics regarding the role, importance, activity and the types of tourism accommodation available in the region. This study was based and concentrated on the region known as the Eden District Municipality (EDM). The EDM is located along the south-eastern coast of the Western Cape Province. It stretches roughly for 350 kilometres along the Indian Ocean, from the Bloukrans River in the east, to Wits and at the Breede river mouth in the west (see Figure 1.2). The Eden district municipality covers the Kannaland, Mossel Bay, George, Oudtshoorn, Plettenberg Bay, Hessequa and Knysna local municipalities (EDM, 2011). The district municipalities administer and make rules for a district, which includes more than one local municipality. The purpose of district municipalities and local municipalities is to share the responsibility for local government in their areas, as well as to ensure that all communities, particularly disadvantaged communities, have equal access to resources and services (EDM, 2011). This idea is of particular importance with reference to some local municipalities who do not have the capacity (finances, facilities, staff or knowledge) to provide services to their communities. It also helps to cut the costs of running a municipality by sharing resources with others. Therefore this study was only limited to selected guest houses in the Eden district region (EDM, 2011).

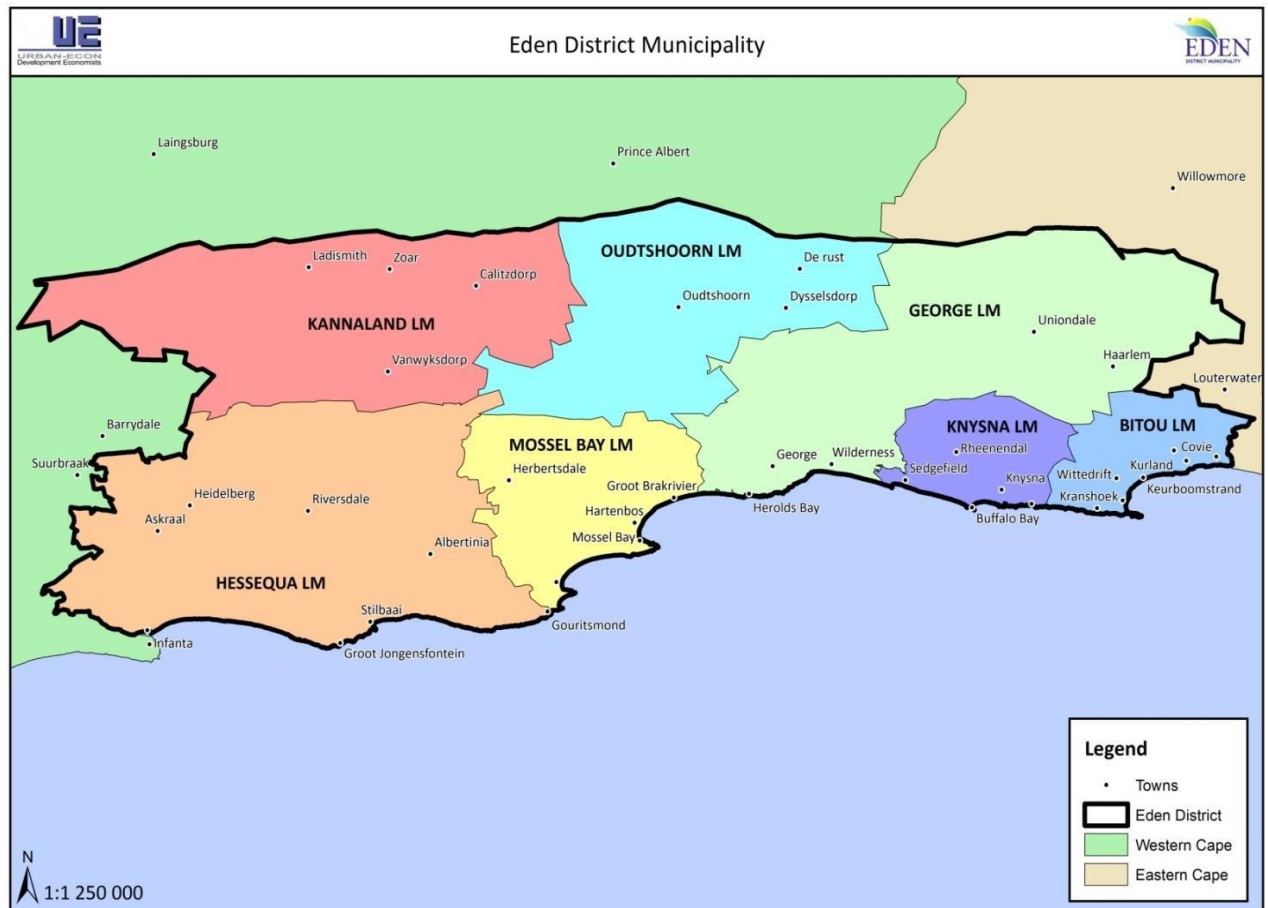


Figure 1.2: Eden District Municipality map, South Africa (EDM, 2011)

1.8 OUTLINE OF THE STUDY

This section provides an overview of the chapters and the thesis will be formed of the following chapters.

Chapter One: Introduction and background

This chapter has provided an outline and the focus of the research study, which is to gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner. A brief description and definition of concepts used in the study has been provided. The research problem together with research objectives and research questions has been identified. A brief description of the research methodology used in the study was provided. Finally, the research demarcation and study area were briefly described.

Chapter Two: A theoretical basis for the relationship between tourism and local economic development

This chapter will deal with an array of theories and approaches useful for developing a reliable and systematic understanding of LED with specific reference to its relationship with tourism. The aim is to summarise the main theories applicable to LED as an important developmental strategy in tourism development.

Chapter Three: A theoretical overview of tourism demand and supply

This chapter will deal with the relationship between tourism demand and supply, the external factors that influences tourism demand. An explanation of the nature of demand for tourism accommodation will be provided. This chapter will also review the tourism policy and initiatives that have an influence on tourism demand and concludes by analysing the different market segments from a destination supply side.

Chapter Four: The nature of accommodation and its role in the tourism industry

This chapter will explain the classification of accommodation facilities and its diversity together with the role played by accommodation in tourism development.

Chapter Five: A legislative framework for the South African tourism industry

This chapter will explain the legislative framework of tourism in South Africa with special focus on the following policies: the South African constitution Act 108 of 1996, Batho Pele principles, the White paper on the promotion and development of tourism in South Africa of 1996, the South African Tourism (SAT), and the roles played by the national, provincial and local governments' in the promotion and development of tourism in South Africa. The chapter will provide a summary of the Eden district region as a case study in as far as its tourism activities is concerned.

Chapter Six: Sustainable tourism development and its implications for guest house establishments

This chapter will explain sustainable tourism development in relation to the accommodation sector together with the analytical framework for sustainable tourism. The triple bottom line of sustainable tourism will be explained with reference to environmental, social and economic dimensions. A review on the special relationship between tourism and sustainable development will be highlighted together with key

challenges for sustainable tourism development. Finally, the chapter will explain the sustainable development and management implications for guest houses in the Eden district region from a global perspective as well as the management practice options available to guest houses to practice sustainable tourism.

Chapter Seven: Research methodology

This chapter will explain in detail the research methodology that will be followed in this study. This includes a review of empirical survey, quantitative and qualitative approaches, and triangulation. An analysis of dependent and independent variables will be done together with the methods of data collection as well as the research population. Finally, the chapter explains the organisation and presentation of the data.

Chapter Eight: Presentation and explanation of results

This chapter will explain the research methodology used for data analysis together with the presentation of secondary data. Results from the empirical survey will be presented both from the questionnaire and interviews. Results will also be interpreted with an aid of charts, tables and figures.

Chapter Nine: Recommendations and concluding remarks

This study constitutes an important contribution to tourism and LED literature and practice on the evolution of tourism and LED in the accommodation sub-sector of the tourism industry. The evolution of the relationship between tourism and LED is relatively new and is now starting to accelerate. This chapter will provide recommendations and conclusions of this research project. In addition areas for further research will be identified and suggested.

1.9 SUMMARY

Accommodation provides the base from which tourists engage in the process of staying at the destination. Accommodation is the focal point for the hosting of guests and visitors, where a guest may pay a fee in return for a specified service, grade of accommodation, and associated services such as food and beverages. Accommodation, which is the largest sub-sector in the tourism industry, has changed tremendously over the last decade in South Africa which has led to its diversity.

The above review showed that accommodation is the largest and arguably the most key sub-sector of the tourism industry. It is large and highly diverse. Together with the transport industry, the accommodation industry caters for international tourists, regional tourists, and national tourists as well as locally-based tourists. In a way accommodation meets the needs for virtually all tourism market groups. The different categories of tourism accommodation were identified.

This chapter explained the research's main problem together with the key questions of the study, the objectives and significance of the study and the research methodology used in this study. Finally, the definition of key concepts and the study outline were highlighted.

The next chapter explains in detail the concept of local economic development from a global view to a local view. Evolving theories of tourism development will be highlighted in terms of the benefits and limitations. The chapter will also explain the emergence of tourism - led LED, the value of tourism and key role players in LED

CHAPTER TWO: A THEORETICAL BASIS OF THE RELATIONSHIP BETWEEN TOURISM AND LED

2.1 INTRODUCTION

Faced with the problems of declining terms of trade for agricultural products and high levels of protection against manufactures, many developing countries have turned to tourism as a possible alternative source of growth (Nel, 2001). Resources have been devoted to the provision of airports, local transport infrastructure and hotels, mainly aimed towards the international tourism market. Such supply-side improvements have been fuelled by the increasing demand for long haul tourism as air transport technology has improved and accessibility to developing country destinations has increased (Nel, 2001). Thus, tourism has become a major economic activity within developing countries, often contributing more foreign currency than traditional primary commodity exports. In developed countries, global economic restructuring has been linked to a loss of manufacturing employment, together with a growth in information communications technology and the service sector (Rogerson, 1997). LED, in terms of seeking new manufacturing and industrial development, was an early response to these economic conditions (Nel, 2005). This author further indicated that the promised benefits of greater employment, a rejuvenated industry and economy were not realised. However, while the environmental and social consequences proved costly, the methods used by local government to attract industry, such as tax incentives and land-use subsidies, often added to these costs (Nel, 1994).

While cities needed to become entrepreneurial, to resolve the economic situation they were in, it was realised through these early failed attempts at LED, that LED has to be for the benefit of the whole community and must take environmental, social and economic factors into consideration, in order for it to be truly effective (Nel, 1994; Rogerson, 1997).

Recent responses to the failure of economic markets, and of efforts to include the developmental needs of the poor, have fostered a growth in 'pro-poor development', as articulated in the Millennium Development Goals (MDG). Achieving economic

sustainability and the promotion of social justice mean that a local economy, which takes the poor into account, is essential (Nel & Rogerson, 2006).

In the previous chapter, the research problem, as well as the aims and objectives of this study were presented (See Chapter One). That chapter highlighted the importance and the contribution that the tourism industry could make to economic development across the world, and in particular, in South Africa. This present chapter seeks to continue the discussion on tourism-led development, by exploring in some detail the strategy of LED. More specifically, the chapter reviews LED, as reflected in international experience and current local practices in South Africa. This chapter however started with a discussion on the evolution of tourism and development theory.

While recognizing that a range of factors affects any success or failure of a LED strategy, including geography and social and political issues of people involved, an exploration of global common trends could prove helpful in understanding local practice. This chapter focused on defining LED, discussions around a global overview of the emergence of LED, in both wealthy and poor countries, tourism and LED in South Africa, the value of tourism, tourism-based development, both internationally and in South Africa, as well as highlighting some of the main actors in LED.

2.2 THE EVOLUTION OF TOURISM AND DEVELOPMENT THEORY

Development theory and tourism have evolved along similar time lines since the Second World War, yet there has been little work connecting the two fields of study (Telfer, 1996a). This is surprising considering tourism continues to be a growing focus of economic development policy in many regions and nations (Maleki, 1997). Countries around the world are turning to tourism as a strategy for development; however, researchers in this field have given minimal acknowledgement to the overriding development paradigms. Countries are fiercely competing for international tourism receipts, which are forecasted to total over US\$2 trillion by 2020 and arrivals are predicted to top 1.6 billion (WTO, 1998a). Locations which can develop and market a tourism product, whether it be a special natural, historic or cultural attraction

or an urban or rural destination, can take advantage of this market by attracting revenue from visitors (Maleki, 1997). Tourism is being used to generate foreign exchange, increase employment, attract development capital and promote economic independence (Britton, 1982). Others have also suggested that tourism can be a focus for LED tied into the maintenance of the bio- physical environment (Wilkinson, 1992).

In this section, the focus was on the nature of development and the section explored the evolution of development theory since the end of the Second World War. While it is acknowledged that there is a diversity of approaches and classifications of development theory, the main paradigms that have been discussed here are modernisation, dependency, economic neoliberalism and alternative development.

2.2.1 Nature of development

While there has been tremendous advancement, the planet still faces a number of new and old problems. Persistent poverty and unfulfilled elementary needs, famine and widespread hunger, violations of political freedoms and basic liberties, neglect of the interests and agency of women, and increasing threats to the environment and the sustainability of economic and social welfare continue to face both rich and poor nations (Sen, 1999). The way in which these problems have been dealt with has varied over time. The definition of development, classified as a normative term, has long been debated (Harrison, 1988; McKay, 1990). The term 'development' has had several meanings including "economic growth, structural change, autonomous industrialisation, capitalism or socialism, self- actualisation, and individual, national, regional and cultural self-reliance" (Harrison, 1988: 154). Initially the idea of development was conceived narrowly as economic growth after the Second World War and social and cultural factors were only recognised to the extent to which they facilitated growth (Brohman, 1996a; Malecki, 1997). Development was later expanded to incorporate social, moral, ethical and environmental considerations as it came to deal with human betterment and fulfilment through the expansion of choice (Goldsworthy, 1988; Ingham, 1993).

Eight years after addressing development in terms of poverty, unemployment and inequality, Seers (1977) introduced the concept of self-reliance into his definition. A further expansion of the term can be seen in the work of Todaro (1994) who outlined three core values (sustenance, self-esteem and freedom) and three objectives of development. The first objective is to increase the availability and distribution of basic human needs, the second is to raise the standard of living, which involves higher incomes, better education, the provision of more jobs and greater attention to cultural and humanistic values, thereby promoting greater individual and national self-esteem. The final objective is to expand the range of economic and social choices so that individuals and nations are not dependent on other people or countries. The expansion of freedoms is also at the heart of Sen's (1999) call for expanding freedoms in the areas of economic opportunities, political freedoms, social facilities, transparency guarantees and protective security.

With the growth of the environmental movement, development has expanded to encompass the highly debated term, sustainability (Redclift, 2000). The most cited definition of sustainable development proposed by the World Commission on Environment and Development (WCED, 1987: 43) is defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". The 1992 United Nations Conference on the Environment and Development (also known as the Earth Summit or Rio Conference) produced Agenda 21 (Keating, 1994) which was an action plan for achieving sustainability based on the involvement of local communities using a bottom-up approach. The second Earth Summit (Rio +5) held five years later, noted the increasing reliance some developing countries place on tourism and the need to plan appropriately (Holden, 2000). The Rio + 10 Conference was held in Sandton city, South Africa in 2002.

As a reflection of the changes noted here, not only has the meaning of development altered over time, but the way in which development is measured has also changed. The traditional measures of the quality of life, such as per capita income or Growth National Product (GNP), have been eclipsed by other more recent measurements such as the Human Development Index (socio-economic), the Index of Sustainable Economic Welfare (environmental) (Daly & Cobb, 1989), and political and civil liberty

indices (Dasgupta & Weale, 1992; Brown, 1992). It is not the intention here to develop a new definition of development, but rather to recognise the expanding scope of the term. As Hettne (1995) suggests, there can be no final definition of development, only suggestions of what development should imply in particular contexts. Thus development involves structural transformation that implies political, cultural, social and economic changes (Hettne, 1995).

2.2.2 Development paradigms

“The strength of development discourse comes from its power to seduce, in every sense of the term: to charm, to please, to fascinate, to set dreaming, but to also abuse, to turn away from the truth, to deceive” (Rist, 1997: 1). The analysis of social change with respect to development encompasses a wide range of perspectives resulting in a variety of social theories and contested notions of change (Preston, 1996). As with the definition of development, development theory has broadened from simplistic economic growth models towards more holistic theories of historical social change (Hettne, 1995). Development theory can be divided into development ideology (the ends) and development strategy (the means). Development strategy is the means of implementing the development process guided by a specific ideology (Hettne, 1995). Goldsworthy (1988) argues that much of development thinking remains politically uninformed and more attention is needed to clarify the ideological underpinnings of development theory. Goldsworthy (1988) also suggested that all development theories, policies, plans and strategies consciously or unconsciously express a preferred notion of what development is and these preferences, in turn, reflect values. The recognition of the inherent value systems and political underpinnings in development theories illustrated that development has a powerful normative component.

2.2.3 Modernisation

Modernisation has been defined as socio-economic development, which followed an evolutionary path from a traditional society to a modern society such as North America or Western Europe (Schmidt, 1989). There is a shift from agriculture to industry and from rural to urban and the money market plays a central role. The

influence of the family declined and institutions became more differentiated while modern values and institutions opposed by tradition were introduced (Harrison, 1988). Modernisation has its roots in a variety of different perspectives applied by non-Marxists to developing countries in the 1950s and 1960s (Harrison, 1988). Its early roots can be traced to growth theory grounded in economics based on the transfer of Keynesian models for analysing economic growth developed in the USA and Europe (Brohman, 1995). Thinking in the time period immediately after the Second World War was dominated by functionalist Modernisation (Svenson, 1991) and influenced by Keynesian economics, which advocates a high degree of state involvement (Asimakopulos, 1991). Rostow's (1967) Stages of Economic Growth posits that for development to occur, a country passes through the following stages: traditional society, pre-conditions for take-off, the take-off, the drive to maturity and the age of high mass consumption. It was argued that developed countries had passed the stage of take-off into self-sustaining growth while underdeveloped countries were still in the traditional society or were in the pre-conditions stage. Rostow (1967: 1) argues that the stages were "in the end, a theory about economic growth and a more general, if still highly partial, theory about modern history as a whole".

The adherents to the stages of economic growth believed that countries must save and invest a proportion of their Gross National Product (GNP) in order to have economic growth. Countries able to save 15–20% of GNP would develop at a much faster rate (Todaro, 1994). The initial economic focus expanded to include the sociological traditions of evolutionism, diffusionism, structural functionalism, systems theory and interactionism along with input from other disciplines such as political science, anthropology, psychology, economics and geography (Harrison, 1988). Economic growth was measured in terms of per capita income and GNP while social development indicators included literacy rates, access to medical services and ownership of consumer durables (Harrison, 1988). Harrison (1992a) identified modernisation as the process of westernisation, whereby the internal structures of developing societies become more like those of the West allegedly by emulating Western development patterns.

The theories and strategies of regional economic development which focus, in part, on the transmission or diffusion of growth impulses (Browett, 1980) are also considered as strategies within modernisation. A system of urban areas is also seen as a dynamic agent of development. The regional inequalities, which occur as a result of policies of regional economic development, are discussed later in terms of dependency theory.

Critics have challenged the unidirectional path of development of modernisation and also the assumption that traditional values are not compatible with modernity (So, 1990). Criticism has also been directed at the western ethnocentrism embedded in the model and the fact that it does not consider alternative or traditional methods of development (Mehmet, 1995). Modernisation theorists have been criticised for high levels of abstraction (So, 1990). Dependency theorists have suggested that modernisation is an ideology used to justify western involvement and domination of the developing world. Modernisation has also come under attack from those in the post-modernism camp who argue that large-scale top-down meta-theories no longer apply universally across a diversity of environments.

In the context of modernisation theory, tourism has been advocated as a development strategy to generate foreign exchange, to increase the balance of payment, increase GDP, attract development capital, increase the transfer of technology, increase employment (Shaw and Williams, 1994) and promote modern western values of life (Mathieson and Wall, 1982). Van Doorn (1979, cited by Pearce, 1989: 12) contends that the processes of tourism development could only be elucidated within the context of the development stage of a country. In this sense, Rostow's (1967) argument that there are five stages of economic development was imperative when tourism development was discussed. Elsewhere, Thurot (1973) has suggested that there are three stages of development in relation to the evolution of the airlines routes. However, Miossec (1976) proposes five stages of development, from the original pioneer resort to a fully developed hierarchy and specialised saturation stage when conceptualising tourist space dynamics (Oppermann and Chon, 1997). Modernisation in tourism development also stipulates for the consumption of 'experience' as an end product. Tourists improved their social

structural status when they manage to travel and consume these experiences (Wang, 2000) and hence fulfil their ego needs (Maslow, 1987).

Butler (1980) further improvised the evolution of tourism development through his product cycle-based evolution of tourist destination. Butler proposes six stages of development: involvement, exploration, development, consolidation, stagnation and decline or rejuvenation. More recently, Agarwal (2002) has used Butler's work as a template when she contends that many British seaside resorts, which were in the stagnating or declining stage, have rejuvenated when for example theme parks were introduced at these resorts. Agarwal argues that endogenous or exogenous forces also play a significant role in a process of destination development. In the context of number of stages involved in tourism development study of destination, Oppermann and Chon (1997) argue that there is no unanimous number.

Meanwhile, Myrdal (1957) uses regional economic development theory in tourism studies, to look at the filtering of economic benefits through regional, national and local economies. In parallel, Pearce (1989) argues that tourism has been used as a tool of distributive justice. Similarly, the establishment of the tourist boards for England, Wales, Scotland and Northern Ireland during the late 1960s, which was initially linked to regional economic policy, underpinned the Labour government's orientation towards welfare, which has resulted in a much stronger public intervention (Hughes, 1992). Significant powers of strategic planning were also bestowed on local government at county level in England and Wales, and at regional level in Scotland. Apart from influencing local authorities, whose new powers in strategic planning were recognised as an important tool in the managing of tourism, the English Tourist Board (ETB) also adopts the thesis of "growth poles to tourism growth points". For example, a grant under Section 4 of the Tourism Act stipulates that the ETB could adapt a confinement of eligible projects to areas within England that were formally designated as development areas. Similarly, Baidal (2003) explores the decentralisation of the state's power in Spain during the late 1970s (post-Franco's authoritarian administration) that paved the way towards regional development policies on tourism. Under the Franco's regime, the foundations for tourism development revolved around macroeconomic objectives that treated tourism as a generator of foreign exchange to rehabilitate the balance of payments, which had

been in deficit. But by the 1990s policies on tourism were based on the configuration of a framework of collaboration between regional and local authorities and the central administration. Baidal contends that the adoption of the European Economic Community (EEC) structural policy principles and becoming the net recipient of financial resources from the European Union's budget, provided the impetus for the creation of new tourism products that entailed the organisation of new emerging spaces (e.g. coastal, urban, rural or mountain). Consequently, the manifestation of microeconomic objectives in favour of past macroeconomic objectives resulted in qualitative changes and expansive tendency in tourism demand that gave rise to a new model of tourism in Spain (Baidal, 2003 and 2004).

From a different perspective, Oppermann (1992), through the use of international forms of tourism, explores the use of tourism as a tool for regional development in Malaysia. He found that 'active' travellers who travelled and stayed in many destinations contributed more to regional development while 'passive' travellers tended to reinforce existing spatial disparities. His research also dwells on the issues of dualism in developing countries, where he argues that tourism is least important in Malaysia's peripheral regions while at the same time its political and economic centres have more than the average share in tourism industry.

However, writers such as de Kadt (1979) and Komilis (1994) began to question the use of tourism as a development tool. de Kadt, for example, questions the benefits posed by tourism where the multiplier effects are lower and leakages are higher than had been previously presumed. On the other hand, Komilis specifically argues about the effectiveness of using tourism in regional economic development in peripheral areas. Such issues are underpinned by the relationship between central and peripheral countries.

2.2.4 Dependency theory

The dependency paradigm gained prominence in the 1960s as a critique of modernisation and is one of the best-known neo-Marxist development theories (Schuurman, 1993). Proponents argue that developing countries have external and internal political, institutional and economic structures, which keep them in a

dependent position relative to developed countries (Todaro, 1997). International dependence models gained increasing support, especially among intellectuals from developing countries, as a result of growing disenchantment with stages and structural change models (Todaro, 1997). Dependency theorists argue that Europe's development, for example, was based on the "external destruction: brutal conquest, colonial control and the stripping of non-Western societies of their peoples, resources and surpluses" (Peet, 1999: 107). At the risk of simplifying the theoretical diversity within dependency, Hettne (1995) presented some of the common aspects of the dependency approach to development and underdevelopment. The most key obstacle to development is not the lack of capital or entrepreneurial skills, but the international division of labour. This obstacle to development is then seen as an external force as opposed to an internal force.

The international division of labour is then analysed in terms of centre and periphery regions with surpluses in the economy moving from the periphery to the centre. With the surpluses moving from the periphery to the centre, development occurred in the centre while simultaneously, underdevelopment was occurring on the periphery. With the periphery doomed to underdevelopment due to its linkages with the centre, it was necessary for a developing nation to "disassociate itself from the world market, to break the chains of surplus extraction and to strive for national self-reliance" (Hettne, 1995: 97).

Similar to modernisation, dependency has roots in a variety of different perspectives and approaches. The dependency school emerged from the convergence of two major intellectual trends. The first intellectual trend has its roots in Latin American structuralism which led to the formation of the Economic Commission for Latin America (ECLA) led by Prebisch (Hettne, 1995) and the second has roots in Marxism including classical Marxism, Marxism–Leninism and neo-Marxism. While some of the approaches related to dependency have been criticised for being vague on policy recommendations (So, 1990), the ECLA developed a series of domestic industrialisation policies based in the context of self-reliance. Theoretically, the ECLA believed that only 'central' nations benefited from trade whereas 'peripheral' nations suffered. The ECLA's development strategy included domestic industrialisation,

protectionism and import substitution. Ideologically, the approach of the ECLA constituted a form of economic nationalism (Hettne, 1995: 98).

The work of the broadly based school of neo-Marxists has been referred to at various times as dependency theory, world systems theory and underdevelopment theory (Harrison, 1988). Neo-Marxism reflects a transformation of Marxist thinking from the traditional approach, focusing on the concept of development with a Eurocentric view to a more recent approach, which focuses on the concept of underdevelopment and expresses a Third World view (Hettne, 1995). The emergence of the dependency paradigm came not only from some of the perceived weaknesses of the ECLA but also as a more radical response to orthodox development thinking such as that advanced in Rostow's Stages of Economic Growth. Oman and Wignaraja (1991) outlined three main currents of dependency in Latin America. The first is found in the writings of Furtado and Sunkel (1966) who sought to reformulate the limits of the ECLA and argued that economic policy should be reoriented towards national economic development to overcome the constraints of the centre–periphery relationship. The second current is found in the neo-Marxist views of Frank (1966) who negated the possibility of capitalist development, stating that capitalism itself leads to the 'development of underdevelopment'. Frank argued that "metropolitan capitalism depends on the exploitation and active underdevelopment of an already capitalist periphery" (Corbridge, 1995: 5). Finally the writings of Cardoso and Faletto accepted the possibility of capitalist development and are thus closer to traditional Marxism.

Frank (1966) acknowledged that for some parts of the periphery, 'dependent development' was conceivable (Oman and Wignaraja, 1991). The neo-Marxist, neo-colonial dependency model states that the Third World exists in a state of underdevelopment as a result of the historic evolution of a highly unequal international capitalistic system of rich–poor country relationships (Todaro, 1994: 81). Local élites are often presented as serving the interests of, or are dependent on, multinational corporations, national bilateral-aid agencies or multilateral assistance organisations such as the World Bank or the International Monetary Fund (IMF), which can result in the perpetuation of underdevelopment (Todaro, 1997). The resulting international system leaves an unequal power relationship between the rich,

developed countries (the centre) and the poor, underdeveloped countries (the periphery). Similarly, the dualistic dependency theory emphasised dual societies (rich and poor) which exist between and within developed and developing countries resulting in areas of wealth surrounded by poverty. The impoverished sectors are indispensable for the wealthy sectors as they supply them with cheap labour. This dualistic system is chronic and the gap between the two sectors is increasing (Todaro, 1994). Finally, the world system approach often identified with Wallerstein, shares common traits with the dependency school. Within the world system, there are three main economic zones: the core, the semi-periphery and the periphery (Peet, 1999); and underdevelopment occurs as peripheries are incorporated into the world system (Hettne, 1995).

Dependency can also be examined in terms of regional economic development as it applies to regional inequalities. Theorists such as Myrdal (1963) and his discussion of backwash effects and Friedman's (1966) centre-periphery model both mention the regional inequalities which result from economic development. While these theorists are not necessarily proponents of dependency, their narratives on the processes and policies of regional economic development illustrate similar concepts to those presented in various forms of dependency theory. The concept of dependency has also been applied to culture. Desjeux (1981: 33) illustrates that "Development projects tend more towards an attempt at normalising social behaviour on the basis of rules and scientific organisation of work or Western organisational models".

According to Desjeux (1981: 33), this trend is based on sociological or psychological postulates that there is one universal reality and individuals are in agreement with this organisation. This type of thinking places the weak cultures in developing countries at an extreme disadvantage. The integration of local culture into development projects also becomes difficult as people who are removed from and do not participate in the local culture often make decisions on development in the host's local culture (Desjeux, 1981: 33). Dependency theory has faced a wide range of criticisms, which mirrors its diversity of approaches. Dependency theory is criticised for being highly abstract, pessimistic, and rhetorical and for emphasising external conditions over internal factors (So, 1990).

Booth's (1985) well-known critique of dependency theory argued on a number of fronts including the fact that the meta-theoretical influences within Marxism have led to grand simplifications, which are either wrong or too general to be relevant to the most key practical issues facing development economists (Booth, 1993). Critics argue that the dependency perspective, with the exception of the structuralism school, is vague on policy recommendations and does not identify concrete plans for newly independent states (So, 1990). Friedmann & Douglas (1978) have published a critique of the development strategy of dualistic dependency theory. The protectionist policies and isolationism of the structural school have also been criticised for being overly optimistic about the point that industrialisation would end all development problems (So, 1990; Cardoso, 1979).

In the context of tourism development in peripheral countries, tourism is strongly influenced by events in the core countries. The flow of mass tourists from central to peripheral countries, and the running of hotels and resorts, are subject to various control mechanisms found in the former (Britton, 1989). The roles of tour operators in core countries, one of the most influential tourism suppliers due to their huge financial resources and industrial leverage, for instance, can exert a strong impact on the occupancy rate of hotels and spatial distribution of tourist flow in receiving countries, many of which resemble peripheral areas (Shaw and Williams, 1994). Furthermore, many of the hotels, particularly those of an international class, are owned or managed by Transnational Corporations.

However, Din (1990) contends that not all international standard accommodation chains in developing countries belong to developed countries and hence are not controlled by external force. He exemplifies this notion by noting that locals own several of the luxury hotels in Penang, a tourist destination area in Malaysia. At a different level, these relationships posit the notion of underdevelopment of developing countries because of the exploitation by developed countries (Britton, 1989; 1995). "Thus, according to dependency theory, tourism is an industry like any other, which is used by the developed countries to perpetuate the dependency of the developing countries. Instead of reducing the existing socio-economic regional

disparities within the developing countries; tourism reinforces them through its enclave structure and its orientation along traditional structures” (Oppermann, 1993: 540).

In parallel, Walpole and Goodwin (2000) contend that this peripheral relationship also exists in a local context. Their study of ecotourism in the protected Komodo National Park in Indonesia, illustrates that economic distributional inequalities favoured external operators and urban residents rather than the villagers. Outsiders control most of the accommodation and boating facilities.

2.2.5 Economic neoliberalism

While some theorists called for the creation of a hybrid approach incorporating modernisation and dependency-world systems perspectives, others moved in the direction of neoliberalism (Brohman, 1996a: 25). The development of economic neoliberalism was a reaction against the policies of strong state intervention, including those promoted by structural dependency theorists. The neoliberal ‘counter-revolution’ was dedicated to counteracting the impact Keynesianism had on development theory (Brohman, 1996a: 27). Economic neoliberalism gained popularity with the oil crisis coming at the beginning of the 1970s and the subsequent restructuring of international capitalism, leading to a redefinition of the role of the state and, thus, the end of Keynesianism and the welfare state (Schuurman, 1993).

The rise of conservative governments in the USA, Canada, Britain and West Germany in the 1980s continued to influence this revolution in thinking (Todaro, 1994). Neoliberalism draws on neoclassical economic theory which “treats people as atomistic individuals who are bound together only through market forces” (Brohman, 1995: 297). It also has roots in the work of Adam Smith and his principle of *laissez-faire* and David Ricardo’s theory of comparative advantage, which both call for a minimalist approach to state involvement in economic transactions (Brohman, 1996a: 27). The movement favours supply-side macro-economics, free competitive markets and the privatisation of state enterprises. Developing countries are encouraged to welcome private investors from developed countries.

As outlined by Lal (1985: 36), the problems of developing countries are not due to market problems but to “irrational government interventions” including foreign trade controls, price controls and inflationary financing of fiscal deficits. The resulting shift placed new emphasis on “supply-side factors, private investment, market-led growth and outward development while turning away from older developmentalist policies based in demand stimulation, import substitution, state intervention and centralized development planning’ (Brohman, 1996a: 27).

Early structural adjustment models of development formed part of the modernisation paradigm and focused on mechanisms in the economy which would transform a subsistence agricultural society to a modern urbanised society. Chenery and Syrquin’s (1987) comparative studies (cross-section and longitudinal) on developing countries identified the ‘correct’ combination of development policies for sustained growth. These policies included a shift from agriculture to industry and a change in consumer demand to manufactured goods and services. More recently, the World Bank, the IMF and other international development agencies have invested large amounts of resources in Structural Adjustment Lending Programmes (SALP) (Mosley & Toye, 1988). SALPs are directed at specific policy changes within the receiving countries. The objectives of SALP focus on financial, macro-economic and microeconomic adjustments, which include: removing import quotas, reforming budgets, dissolving the powers of state marketing boards, currency devaluation, reducing inflation, downsizing public services, privatisation of public enterprises and export promotion (Mosley & Toye, 1988; Konadu-Agyemang, 2000). The SALP imply that the strategies of the international monetary agencies will lead to the correct path of development (Singer & Ansari, 1992) and it is the endogenous factors that serve as impediments to development and not the exogenous factors that are problems as cited by those in the dependency area (Konadu-Agyemang, 2000). The SALP of the IMF and neoliberal theory has strong links to monetarist economics. Monetarist economics can be traced to equilibrium theorists of the late 19th and early 20th centuries who advocated using interest rate adjustments for sustained economic equilibrium with lower rates promoting increased growth. In addition, the quantity theory of money is central to monetarism. Macro-economic problems such as

inflationary pressures and indebtedness of developing countries are viewed as monetary problems as a result of excess government spending and other demand stimulation which has driven up the quantity of money in the economy to an unsustainable level (Brohman, 1996a: 28).

McKay (1990) argues that the dominant model, which prevails among policy-makers and among those controlling investment funds, is a global model which supports the notion of 'one world'. Like other neoliberal approaches towards development, this model stresses the efficiency of the free market in the allocation of resources, deregulation and export orientation. It attributes, however, even more importance to international money markets in the 'one world' or global market. Neoliberals also support a mono-economic approach where the problems of developing countries are amenable to general solutions based in standard economic principles rather than proposing different solutions for developing countries (Brohman, 1996a: 28). Economic neoliberalism has been criticised for its financial strategies (SALP) and that it is dominated by western countries. SALP have been criticised for their national or regional outlook. The policies have been criticised for their dire social implications such as declining standards of living and growth of poverty. It is argued that privileged groups who have access to resources and key contacts can take advantage of the new outward economy while the disadvantaged groups face a shrinking domestic economy, falling wages, removal of labour regulations, rising prices for basic consumption and cutbacks in social assistance programmes (Brohman, 1996a: 28). Poor women and children have particularly been noted to suffer the effects of Structural Adjustment Policies (SAP).

Recent criticisms of the IMF including its devaluation policy of the Mexican peso (Drouin, 1995) and its emergency rescue packages for Thailand, Indonesia and South Korea in the context of the Asian economic crisis (Hale, 1998) are a reflection of disillusionment with these policies. Kendie (1995) argues that SAP need restructuring to include environmental dimensions. The main focus of SAP has been to reform the political economy without properly linking the measures to the democratic process. It has been argued that this has resulted in the strengthening of national and transnational élites in the new economic order (Dieke, 1995). Critics, such as Strange (1988, 1996), of the new global economic order, argue that

governments of all states have been weakened as a result the accelerated integration of national economies into a single global market economy and they criticise the power of international organisations. Neoliberalism has also been criticised for its association with orthodox neoclassical theory.

Neoclassical theory, in turn, has been criticised as it neglects sociocultural and political relations, environment and sustainability issues, and the inter-subjective realm of meaning and values of development (Brohman, 1995: 298). “It is usually said that when a development project fails it is because no account has been taken of the qualitative variables, for example culture in the broadest sense of the term: that cultural model, traditions or irrational behaviour restrain the introduction of rational and universal technico-economic innovations (Desjeux, 1981: 37)”.

Meanwhile, a chain of global events, including the oil crisis and economic depression that occurred from the mid1970s to the mid1980s, has led to an increase in neo-liberalism in tourism development in many developing countries (Desforges, 2000; Milne and Ateljevic, 2001). Desforges (2000) contends that the national government in Peru ‘rolled back’ its active role when President Alberto Fujimori imposed a drastic cut in state spending on the tourism industry.

The state tourist board’s budget went down to zero until it could clearly define and justify its role, and the Ministry of Industry, Tourism and Integration and Commerce’s number of employees reduced from 2700 to 300, while state owned hotels were privatised and fees were imposed at the state’s tourism school.

Such deregulation, privatisation and liberalisation acts, which were partly inspired by the World Bank and IMF through SALPs, have reduced state influence (Milne and Ateljevic, 2001) and at the same time the acts permitted the increased role and importance of the private sector in the tourism industry. Brenner and Theodore (2002) contend that neo-liberalisation has entailed a reorganisation of institutional, political and geographical settings. Nonetheless the decline of the political-economic power of a nation-state in the advent of a crisis of profit in global economy foretells

post-Fordism (Harvey, 1990). Fordism is characterised by economies of scale, mass replication, small number of dominant producers, product standardisation, inflexibility and mass marketing to an undifferentiated clientele while its post period is underpinned by more specialised and small scale production.

2.2.6 Alternative development

Since the early post-war period, mainstream development strategies have centred on economic growth and the top-down diffusion of growth impulses (Brohman, 1996a: 29). The alternative development paradigm is a pragmatic, broadly based approach, which arose out of the criticisms of these models. Schmidt (1989) argues that there are inherent contradictions in social theories of economic change which were developed by urbanised thinkers, and which were based on development concepts from industrialised countries. Edwards (1989) writes on the irrelevance of development studies arguing for more practical research, which appreciates the indigenous knowledge systems and popular participation. The various alternatives to the Eurocentric, meta-narrative, economic models are centred on people and the environment. The focus of planning often is from the bottom up. The dissatisfaction with mainstream development models became widespread in the development community in the early 1970s and many international and bilateral aid agencies began searching for alternative, more people-oriented approaches (Brohman, 1996a: 29).

The basic needs approach begins with providing opportunities for full physical, mental and social development of the human personality. Direct attacks are made on problems such as infant mortality, malnutrition, disease, literacy and sanitation (Streeten, 1977). Meanwhile, indigenous theories of development are promoted as they incorporate local conditions and knowledge systems (Chipeta, 1981). There is a call for increased local involvement in the development process (Pretty, 1994). Increased participation is then linked to the concepts of empowerment and local control over decision-making (Brohman, 1996a: 29). Within indigenous development theory is the increased recognition of the role of women in local development (Brohman, 1996a: 29). Moser (1989) identified five historical approaches to gender

studies, which include welfare, equity, anti-poverty, efficiency and empowerment. The United Nations declared the decade from 1975 – 1985 as the Decade for Women, which coincided with the Women in Development Approach.

The South Commission (1990) redefined development to be self-directed and focused on self-reliance. The process of involving local populations and empowering them is the focus of Participatory Rural Appraisal (PRA) (Chambers, 1994). Other grassroots approaches include the learning process approach, the participatory approach (Edwards, 1989) and the structured flexibility approach. Non-governmental organisations (NGOs) have increasingly played a role in local and community-based development initiatives and, without the burden of government responsibility, NGOs have been able to engage in extensive participatory fieldwork which can generate innovative solutions to local problems rather than standardised state solutions (Brohman, 1996a: 30). Friedmann (1966), who proposed the well-known 'centre-periphery' model, reversed his position (Friedmann & Forest, 1988) and acknowledged the politics of place. Along with a focus on people, alternative development is closely connected to the environment and sustainability. The concept of sustainability has developed with the realisation that environmental resources are limited on our planet (Loening, 1990).

Highlighted by the 1987 World Commission on Environment and Development's (WCED) *Our Common Future* (1987) and the 1992 AGENDA 21 (Keating, 1994), sustainability has come to mean meeting the needs of the present generation without compromising the needs of future generations. As Redclift (1987) suggests, the dominant modernisation, dependency and neoclassical paradigms did not incorporate the environment into development. Now however, ecological processes and resources are being increasingly considered as part of the economic system (Barbier, 1989). The links between the environment and politics have also come to the forefront in the field of political ecology, which attempts to describe the spatial and temporal impacts of capitalism on Third World people and environments (Bryant & Bailey, 1997). Along with an increased environmental awareness; the concept of sustainability links back to include the recognition of the role of local communities in development. The following comment illustrates the need to understand culture in

relation to sustainability. Specialists trained in western science often fail to recognise indigenous ecological knowledge because of the culture and religious ways in which indigenous peoples record and transmit that learning. Ways of life that are developed over scores of generations could only thrive by encoding ecological sustainability into the body of practice, myth and taboo that passes from parent to child (Durning, 1993).

Pretty (1994) developed a typology of seven forms of how people participate in development programmes and projects. Participation ranges from passive participation where people are told what development project is proceeding to self-mobilisation where people take initiatives independent of external institutions. Pretty argues that if development is to be sustainable, then at least the fifth level of participation (functional participation) must be achieved. Functional participation includes the forming of groups by local people to meet predetermined objectives related to the development project. The sixth level is interactive participation, which involves people participating in joint analysis of the development projects, which leads to action plans and institutional strengthening. The seventh stage of participation is self-mobilisation as outlined earlier. Criticisms of the alternative development are as varied as its approaches. Criticisms of the basic needs approach include: it may impede economic growth in the long term: it underestimates the importance of political change, and it can lead to too much state control (Van Der Hoeven, 1988). Critics of indigenous development theories cite problems of consensus building, barriers to participation, lack of accountability, weak institutions and lack of integration with international funding sources (Brinkerhoff and Ingle, 1989). The term sustainable development is criticised for being vague.

There are multiple definitions of the term depending on the problem being addressed (Arnold, 1989). Policy-makers are forced to decide what constitutes sustainability criteria and at what level they should be applied (project, regional, national or global). Questions are raised as to what should be sustained, and who decides what should be sustained. One consensus surrounding the definition is that it may be defined differently in terms of each culture; however, Redclift (2000) argues that this is superficially convenient. Difficulties also arise in measuring and quantifying environmental impacts. Graf (1992: 553) argues that the WCED reasserts the

'Northern global ideological hegemony'. There has also been a shift in focus, which has raised criticism. In the 1980s, environmentalists were usually concerned with the local or national space and with ideas such as eco-development or self-reliance that aimed to increase political and economic independence of a place by reconnecting ecological resource flows. However, in more recent years, environmentalists have taken on a global view, in part an outcome of space travel, whereby the planet has become a visible object from space. This shift to global environmental management, however, can also be seen to be in conflict with the aspirations of cultural rights, democracy, self-determination and present a threat to local communities and their lifestyles (Sachs, 1996).

The evolution of developmental thought has become increasingly complex over time. It has moved from being prescriptive to analytical in focus. Impact assessments of development policies are becoming more necessary as they relate not only to changes in the environment but also in changes to local communities. The linkages to the local community and its role in the development decision-making are becoming more essential as development policies start to operate under the paradigm of sustainability. If tourism is to be developed in a sustainable manner, it is necessary to utilise local resources.

Linking alternative development with tourism, it is seen as the last remaining form of tourism development. The concept started to surface in the literature some two decades ago (for example, Dernoï, 1981; Jenkins, 1982; Mowforth & Munt, 2003) argue that there is no standard uniform agreed meaning among scholars pertaining to this form of tourism. Butler (1990) suggests that alternative tourism has been associated already with wide ranges of different notions and concepts, and therefore it is impossible to define it explicitly. Nonetheless, the approach has remained focussed on the concept of sustainability, a concept that can be traced back to the conservation movement in the west during the late 19th century (Hall, 1998). However, in the context of tourism specifics, concepts of alternative tourism encompass a range of tourism strategies that include 'soft', 'responsible', 'green', 'appropriate', 'controlled', 'people friendly', 'small scale' and 'cottage' characteristics

(Conference Report, 1990). The 'green movement', which is associated with the wider concept of the 'green consumer', for example, puts forth the promotion of environmental issues in tourism (Shaw & Williams, 1994). Krippendorf (1986), furthermore, argues for the notion of 'a soft and human tourism', which discourages intolerable social and ecological damage. Environmentally conscious tourists, many of whom are part of the 'inner-directed' lifestyle group whose leisure pursuits are motivated by new experiences, creativity, human relations and personal growth (Gordon, 1991), lead to the demand for environmentally sound holiday. Gordon adds that it is the tourists' influence that forces politicians and tourism businesses alike to consider the environment a genuine concern. Such conditions culminated in ecotourism, a new form of tourism development:

"Travelling to relatively undisturbed or uncontaminated natural areas with the specific objective of studying, admiring, and enjoying the scenery and its wild plants and animals, as well as any existing cultural manifestations (both past and present) found in these areas..." (Ceballos-Lascurain, 1987, cited by Boo, 1990: xiv).

While Shaw and Williams (1994) noted a new trend in which tourism businesses such as tour companies have started to reassess their image by offering 'ecological holidays' to potential clients, Mowforth and Munt (2003: 80) suggest that "...the term 'sustainability' can be and has been hijacked by many to give moral rectitude and 'green' credentials to tourist activities". Similarly, Ioannides (2001) treat the phenomenon cautiously. Ioannidis argues that British-based International Federation of Tour Operators (IFTO) embraces of sustainable tourism is more to do with profit, particularly in an era where tourists are becoming discerning and sophisticated. However, Shaw and Williams (1994: 247) argue that "while many tourists will only pay lip-service to 'green holidays', as equally will sections of the tourism systems; but this may not ultimately detract from the importance of green tourism". To this Poon (1994) surmises that in the era of 'new tourism', package tours are fast becoming a thing of the past and tourism has become segmentalised.

In the same vein, Ateljevic & Doorne (2000) argue that small-scale tourism businesses are becoming more important due to the demand of a new hybrid of tourists. The advent of this lifestyle entrepreneur has been a positive stimulus in the growth of small tourism related businesses or tourism entrepreneurship. Ateljevic &

Doorne (2000) argue that unlike the conventional entrepreneurship of production and consumption, the lifestyle entrepreneur has an underpinning factor in that business represents an opportunity to indulge in in-depth place experience, which integrates both lifestyle and identity. In this sense, lifestyle, rather than economic gain is the main motive behind business operations such as the Black Water Rafting, an enterprise that deals with river 'sledging' activity in New Zealand. Hence 'lifestyle' is one of the diverse reasons on why people indulge in tourism related businesses other than financial rewards. Ateljevic & Doorne go further by denoting that these entrepreneurs had social and cultural obligations, which more than often delimit the growth of their businesses. They are content with their ways of life.

However, Shaw & Williams (2004) offer caution against such a notion. According to the authors, how these businesses are run varies according to the place and type of touristic activities. Based on a study of the surf tourism industry in Cornwall, they argue that although surf entrepreneurs are influenced by desires for freedom and being their own boss, and have interest in the environment, there is clear evidence that they, nonetheless also, have plans for business development and expansion, and are therefore profit oriented.

Meanwhile, sustainable tourism has taken the phrase alternative tourism, a generic term, to distinguish it from the conventional mass tourism (Butler, 1990; Weaver, 1991). Weaver's notion of alternative forms of tourism, which among others have criteria that denote small-scale accommodation development, lower market volume and low import sector. Using Dominica as a case study, Weaver (1991) argues that tourism which started as a 'circumstantial' alternative tourism destination; conform to characteristics such as low visitation and impacts levels.

Such a situation mirrors Butler's (1980) early stage of exploration and involvement. Dominica adopts a philosophical approach towards alternative tourism, using the Kastarlak Report (a United Nations' sponsored report on Dominica) as a blueprint to move forwards. This suggests among other things, specialised markets, such as environmentalists, as suitable for the country's tourism industry.

Alternative tourism as represented by many small companies emerges in the era of post-modernism to take advantage of the changing consumer trend, which demands more on special interest tours. From a wider perspective, there is a shift from

Fordism, to a more flexible and small but specialised scale of modes of production and consumption (Harvey,

1990). However, scholars like Lickorish (1990) and Ritzer (1998) challenge this notion. Ritzer contends that even in specialised niche market like Starbucks, there tends to be a replication of mass production and consumption.

Replication of a chain of Starbucks in other towns and countries mirrors the mass production of this branded product. While many researchers have favoured alternative tourism development in place of mass form of tourism, work written by scholars on alternative development has wide range of issues. Some researchers like, Long and Wall (1995), Din (1997) and Dahles (2001) have explored the tourism entrepreneurship of indigenous population. Din (1997), for example, further argues that the lack of empowerment that has caused locals to be marginalised in Langkawi, Malaysia.

Conversely the better equipped locals and outsiders are in the better position to reap the benefit. This gives rise to a question of empowerment in alternative tourism development. In term of empowerment and the participation of the local community in sustainable tourism planning, there is some literature produced by researchers such as Murphy (1985), Gunn (1994) and Slinger (2000). Slinger, for example, shows that the indigenous Caribs have managed to revive their traditional crafts and culture which, earlier on, been subjected to a process of cultural erosion, encouraged by the government to participate in ecotourism activities.

Furthermore, the Caribs have recognised the necessity of protecting the environment is important, particularly when they need raw materials from the forest to produce their handicrafts. By using the empowerment issue in tourism development researchers such as Kinnaird & Hall (1994) and Apostolopoulos et al. (2001) have also further diverged into the new field of gender and tourism. Hitherto the history of tourism, which can be attributed by its birth from industrialisation and its transformation by post-industrialisation, has been mostly described from a 'masculine perspective' (Kinnard & Hall, 1994). Kothari (2002) contends that this view has been at the expense of other dimensions such as feminism. This is imperative given that tourism also takes into account the changing role of gender, such as the 'softening' of tourism attractions, activities, experiences and tastes.

The stereotyping of this sexual imagery is further being enhanced by marketing brochures selling tourist destinations and products that use women as the pulling factor. While the male is associated with power and ownership the women are portrayed as passive and being owned (Edensor & Kothari, 1994). At the same time, this has produced a notion that tourism leads to prostitution (Mackie, 1988; Truong, 1990; Hall, 1994). A by-product of mass tourism, this particular form of activities is associated with male tourists who aim to travel to exotic places to indulge in sexual encounters with prostitutes either as a primary or a secondary agenda. Many scholars relate this phenomenon to developing countries. Hall (1994) on the other hand, argues that these activities also persist in developed countries even though it is more exploitative in the former. Conversely, sex-tourism has also evolved into the exploitation of male hosts by female tourists and also the emergence of the so-called gay tourist circuit. Gender relations in the tourism industry also transgress into the labour field. Bagguley (1990), for example, explores the relation of gender in tourism employment where a majority of part-time workers in the hotel industry are women. Nonetheless, Mowforth & Munt (2003) argue that although this new form of tourism has extensively influenced tourism activities in both developed and developing countries, it is arguably a western phenomenon. These authors argue that poor developing countries are still experiencing the effect of conventional mass tourists due to a major increase of such tourist groups from increasingly affluent middle class societies such as in Southeast Asia. However this trend is part of the evolutionary process that is happening in the region. Having said that, alternative tourism development unlike its predecessors provides not only a novel feature through its bottom-up process of advocating development but also incorporates a holistic notion of development process through its inclusion of indigenous or local participation in its framework.

2.2.7 Conceptual framework for tourism and development

There have been few attempts to modify development paradigms to make them applicable to tourism studies. Preister (1989) proposed refinements to dependency based on its weaknesses in terms of the analysis of local or specific situations and the failure to address political and social relations. His refined concept of dependency includes the examination of global forces which influence local events as well as the

study of the organisation of local residents to respond to these forces and achieve their own goals. It is important to continue to strengthen the theoretical links between tourism and development. Conceptualisation refers to defining the nature of a problem and identifying its parts as well as their relationships. The main influences of the development paradigms were highlighted as they relate to tourism development; the focus of tourism developed under the modernisation paradigm is typically economic while tourism developed under the alternative development paradigm is focused on sustainability. It should be noted that the dependency theory is linked with the structuralism perspective because it reflected that during the post-war tourism expansion, a number of newly independent states pursued state-led tourism development to modernise the country and to promote economic self-reliance. In addition, as suggested by Hettne (1995), one of the elements of a generalised list of common traits of dependency is to strive for national self-reliance.

2.3 PHILOSOPHY OF LOCAL ECONOMIC DEVELOPMENT

Before delving into the complexities of LED in South Africa, it is necessary to gain some clarity on what LED in its essence aims to be. When one considers any definition of LED, reference is made to issues of partnership, ownership, empowerment, and participation amongst others. References to elements, such as the above are to be found in several authoritative definitions of LED.

LED is defined as a process whereby partnerships between local governments, community-based organisations and the private sector are established – to manage existing resources, to create jobs, and to stimulate the economy of a well-defined territory (Rogerson, 2000). It emphasises local control, using the potentials of human, institutional and physical resources. LED initiatives mobilise actors, organisations and resources, develop new institutions and local systems through dialogue and strategic actions (Stohr, 1990).

There are key investment complementarities within the private and community sectors and between the public and private agents, which when properly managed,

could result in key economic gains and external benefits that otherwise would not have been forthcoming (Nel, 2001).

According to Zaaijer and Sara (1993: 129), 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.

According to Helmsing (2003), the World Bank defined LED in the following manner: The purpose of LED is to build up the economic capacity of a local area, in order to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Furthermore, the UN-Habitat (2003) in taking the definition a few steps further, describes LED as follows: LED is a locally-driven process designed to identify, harness and utilise resources to stimulate the economy and create new job opportunities. LED is not one specific action or programme; rather it is the sum total of the individual contributions of a broad spectrum of the community. LED occurs when local authorities, business, labour, NGOs and most key individuals strive to improve their economic status by combining skills, resources and ideas (UN-Habitat, 2003).

There is not one standard definition of what LED is, but LED approaches tend to have the following characteristics as (Rodríguez-Pose, 2002) identifies the following in the definitions of LED:

- It is a territorial-based approach that aims to empower stakeholders to shape the future of the place they live in. Although other actors are and indeed need to be involved as well in order for LED to be successful, it is a locally-owned approach that is, to a large extent, shaped and implemented by local actors.
- LED is a participatory approach to development. A wide range of local stakeholders work alongside regional and national governments and international organisations in an effort to realise a locality's full economic potential. Through this focus on participation, LED creates incentives and

opportunities for partnership between local private and public sector stakeholders as well as other societal and political groups.

- LED does not ignore or reject globalisation, but rather focuses on new social and economic opportunities that local, national and international markets may provide for its people and enterprises. This focus enables the formulation and implementation of locally tailored development strategies that make better use of and building on existing local resources and competitive advantages.
- The LED approach ultimately aims to create sustainable economic development. Through the involvement of a range of stakeholders, it aims to find solutions that will combine the goal of economic development and employment creation with the objective of poverty reduction and maintaining and increasing the quality of locally available jobs.

As these characteristics show, LED presents a number of core values that are not necessarily found in other development approaches. The approach seeks to promote a truly inclusive policy process, valuing the opinions of a wide range of local stakeholders and promoting equality among them. It encourages the creation of new opportunities for voice and social dialogue, both in the shape of formal processes, such as elections, and more informal local meeting and forums. Such inclusive processes are key to sustainable development, pro-poor development and the creation of decent employment opportunities.

The LED process itself is malleable and highly context-specific. Therefore it is not possible to divide it into clearly distinguishable, chronological steps or phases. Nonetheless, a successful LED process will usually contain six stages: a) territorial diagnosis; b) sensitising of stakeholders; c) promotion of a local forum; d) design of a strategy; e) implementation; and f) evaluation and monitoring. In reality, these phases tend to be blurred and will feed into each other. For instance, problems in defining a strategy may lead to a return to the diagnosis phase in order to gather further information that can inform the strategy formation process.

Although there are various definitions of LED, those above do provide a comprehensive perspective on how LED can be defined. LED is not a new phenomenon; and it has been written about extensively over the past years. The

translation of what this means into practice within various contexts is what needs to be explored. Given the understanding of what LED is, the sections below will look at the emergence of LED, and how it relates to tourism globally and in South Africa.

2.3.1 The emergence of LED

LED, which is a relatively new development strategy in South Africa, has been practised since the early 1980's in wealthy countries around the world (for example, the United States of America (USA) and the United Kingdom (UK)). While the reasons for the adoption of LED strategies in both wealthy and poor countries are many and varied, Nel (2001: 1004) traces this move to "the so-called development impasse". More specifically, this came about as a direct result of the slump in the economic growth of industrialized countries after World War II (Geddes, 2004). The downward spiral of the economies of these industrialized countries placed a lot of pressure on governments, especially local government, to become more innovative in trying to attract investment.

According to the Municipal Services Project (2001), the decline in economic growth in the global economy, which started in the 1970s, necessitated local authorities to become more entrepreneurial. This resulted in a phenomenon that is referred to as 'place marketing'. Place marketing generally encourages local government structures to compete with one another, in order to attract investment from outside, by promoting their respective economic advantages.

The Municipal Services Project (2001) further argues that, since the traditional top-down planning policies and initiatives of government have failed to achieve meaningful national development objectives, a shift in policy has changed the focus to target the disadvantaged, underdeveloped areas. The intention of the policy shift was to create favourable conditions, such as subsidies and grants, aimed at luring investors to areas that were once deprived of direct investment, economic growth and development.

This approach became commonly known as smoke-stack chasing. However, this approach failed to achieve its intended objectives. Instead, according to (Nel, 1994),

it left behind “cathedrals in the desert”. In addition to the above, Nel (1994) indicates that private investors remained reluctant to invest in poor areas, resulting in a situation where these local governments had to make a further policy shift. This shift focused on local leaders and members of the communities playing a more pro-active role in determining the form and content of LED initiatives.

In countries such as Britain, the notion of community-based bottom-up LED became more prominent and widely acceptable in the early 1980's (Turok, 1989). According to Geddes (2004), LED in the United Kingdom and the European Union emerged in the 1980s as a response to the growing problems of unemployment caused by economic restructuring and industrial decline in old areas. This took the form of closer interaction and co-operation between local government, community-based groups, and trade unions. He further suggested that this interaction was premised on the notion that greater government and social interaction would promote sustainable job creation.

As a result, co-operatives and community businesses were established. A number of enterprise zones, urban development corporations and enterprise councils were established. These initiatives were all underpinned by comprehensive training for community members in various disciplines of business and skills development. In the early 1990s these LED initiatives were further entrenched by the establishment of government funds, such as the ‘Single Regeneration Budget’ (SRB) (Geddes, 2004). SRB was introduced in April 1994. It combines twenty previously separate programmes and its main purpose was to be a catalyst for local regeneration. It compliments or attracts other resources - private, public or voluntary and helps to improve local areas and enhance the quality of life of local people by tackling need, stimulating wealth creation and enhancing competitiveness. The activities it supports are intended to make a real and lasting impact and to encourage partners to come together in a joint approach to meeting local needs and priorities. The overall objectives of the SRB evaluation were:

- To design a methodology with which to evaluate both the process by which economic, social and physical regeneration is achieved through the SRB and

also the impact and cost-effectiveness of the regeneration activities which have been funded through the first two rounds of the SRB bidding round.

- To undertake an evaluation of the first phase and second phase of the partnerships and groups of regeneration activities funded under the SRB. This evaluation process should provide a coherent baseline, undertake an interim evaluation of the process of promoting and funding regeneration embracing the design, implementation and effectiveness of this process and also conduct a final evaluation.

Thus, Geddes (2004) continues to argue that the European LED approach focused on three key principles. Firstly, it emphasised the stimulation of community-based enterprises. Secondly, it envisaged government having the particular role of providing resources for these local initiatives. Thirdly, extensive training underpinned most of these community-based initiatives. The experiences in North America were not very different from those of Europe.

According to Dewar (1998), LED emerged and became fashionable in the USA in the early 1970s, as a response to a decline in economic growth, and also as a tool to stimulate economic growth. These initiatives were especially directed at areas situated outside large cities. Intervention programmes initiated by government took the form of loans, grants and tax breaks.

While LED in African countries has taken very much the same evolutionary route, as in the wealthy countries (Nel, 2001) – where the lack of external investment and declining economy necessitated an inward-looking approach, the African experience of LED is premised on the strategy of self-reliance. Nel & Binns (2003) add that the importance of local control and empowerment, together with a reliance on local initiative and resourcefulness, are some of the key characteristics of LED initiatives in African countries.

While LED between the 'two worlds' (rich and poor) appears to be very similar, there are differences, in so far as the scale and focus are concerned. In the wealthy countries, for example, LED focuses on investment, big business support and large project development undertaken by relatively well-resourced local agencies. On the

other hand, LED initiatives in many Third World countries often take the form of community-based initiatives, utilizing indigenous skills and seeking primarily to ensure the survival, rather than participation in the global economy (Nel & Binns, 2003).

These authors further argue that the reasons why the self-reliance approach adopted by many African countries proliferated – as a means of stimulating local economic growth - was a basic response to the structural adjustment, debt crisis, drought, war, civil strife, and the failure of top-down development schemes as experienced in these countries. These issues have forced many African countries to look at their own resources and skills in coping with the harsh realities of poverty and underdevelopment (Nel & Binns, 2003).

This notwithstanding, developing countries in Africa are further challenged by the impact of globalisation and decentralisation on the LED policies that they have adopted. Ballard & Schwella (2000: 737) argue that, while “globalisation could facilitate economic and social upliftment in the communities served by local government”, their study of seven metropolises in South Africa showed that local government in South Africa has been isolated from international relations during the Apartheid years and has only since after the democratic election of 1994 being connected back to the international community. Their findings reveal that many of these metropolises have not developed specific strategies on globalisation. Additionally, some metropolitan municipalities were still debating on whether to proceed with an international relations policy, as it was felt that the focus should be placed on local economic and social development (Ballard & Schwella, 2000: 745). If this is true for large municipalities that have relatively better skilled staff, more resources and less developmental backlogs, it would be unrealistic to expect small rural local municipalities to develop policies and strategies on globalisation, and how they intend to harness the opportunities this presents.

Research has shown that rural municipalities are struggling to develop coherent policies on dealing with foreign investors, who are constantly looking for opportunities in specific municipal areas (Ballard & Schwella, 2000: 745). Consequently, these municipalities are not benefiting from the potential economic gains generally

associated with globalisation. According to Ballard & Schwella, (2000: 745), the following are the potential economic benefits of globalisation:

- Globalisation can lead to improvements in efficiency and gains in economic welfare.
- Trade enhances the division of labour as countries specialise in areas of comparative advantage. Deeper relationships between markets across borders enable and encourage producers and consumers to reap the benefits of economies of scale.
- Competitive markets reduce monopoly profits and incentivize businesses to seek cost-reducing innovations and improvements in what they sell.
- Gains in efficiency should bring about an improvement in economic growth and higher per capita incomes.
- Globalisation has helped many of the world's poorest countries to achieve higher rates of growth and reduce the number of people living in extreme poverty.
- For consumers globalisation increases choice when buying goods and services and there are gains from a rapid pace of innovation driving dynamic efficiency benefits.

2.3.2 The tourism industry

There can be no denying that tourism is a major global economic force. Hardly a day goes by without a new pronouncement about the wider significance of what many call the world's largest industry. International tourism has grown substantially in recent decades, with technological improvements, rising living standards and broader processes of globalisation leading to rapid increases in visitor numbers. In 1999, tourism generated some US\$3.5 trillion of Growth Domestic Product (GDP) and almost 200 million jobs across the world economy. World tourism GDP was forecast to increase in real terms by 3.0 percent per annum in the decade of 2010. As a result, the industry's share of world GDP was to rise from 10.5 percent in 1990 to 11.4 percent by the end of 2005. In the same period, employment was expected to grow at 2.6 percent per annum. This equates to creation of over 5.5 million jobs per year over the rest decade of the new century (WTO 2000; WTTC 2000). In its long

term growth forecast document, *Tourism: 2020 Vision*, the WTO (1999) predicts that the tourism sector will expand by an average of 4.1 percent a year over the next two decades, surpassing a total of one billion international travellers by the year 2010, and reaching 1.6 billion by the year 2020.

The economic and societal significance of tourism varies dramatically across the global stage. Twenty rich nations (17 European, USA, Canada and Japan) accounted for 81.8 percent of all tourist expenditure in 1995, with five nations (USA, Japan, Germany, the UK and France) accounting for almost half of all spending (WTO, 1998). While the growth of international tourism from nations like China and Brazil is significant, there seems little likelihood that this uneven global division of expenditure will change dramatically in the near future (WTTC; WTO; 1999, 2000). Despite the relatively strong performance of the tourism industry in many western nations, most are characterized by travel account balances that are in deficit. With residents from developed economies generating the bulk of international tourist expenditure, it is not surprising that the travel account balance in developing economies has been persistently in surplus, widening from US\$4.6 billion in 1980 to US\$33.7 billion in 1989 and US\$62.2 billion in 1997. Indeed, it was estimated that in 1997 the travel account surplus in the developing world offset more than two-thirds of its accumulated current budget deficit (WTTC, 2000; WTO, 1999).

A key issue is the way in which these processes of global tourism expansion, uneven development and, in some cases, retraction, play themselves out at the sub-national levels of regions and communities. Urban communities and rural settlements are all influenced by tourism to some degree and also play key roles in shaping the structure and nature of the industry. In order to conceptualize the links that exist between the global and the local; the notion of the global - local nexus model is a key reference. The model states that it is essential to look carefully at how interactions between the global and the local shape development outcomes for individuals, households, communities and regions. Tourism, in simple terms, must be viewed as a transaction process which is at once driven by the global priorities of multi-national corporations, geo-political forces and broader forces of economic change, and the complexities of the local, where residents, visitors, workers, governments and entrepreneurs interact at the industry 'coal-face'.

At the global scale tourism's development outcomes are influenced by broad-based economic change, evolving structures of corporate governance and the unrelenting evolutionary pressures of demographics and technological change. Global institutions, such as the IMF and World Bank, play a vital role in shaping the economic environment for tourism investment and development in much of the world (Mowforth & Munt, 1998). Multi-national trade bloc formation drives increases in business and leisure travel as restrictions to trade and human movements are relaxed. At the same time it is the transnational corporation that stands astride the global economy as the dominant form of enterprise in both the tourism industry and other sectors.

2.3.3 Evolving theories of tourism and development

It was in the 1970s and 1980s that tourism researchers first began to focus considerable attention on the broader context and outcomes of tourism development. The two approaches that dominated much of the discourse on tourism and development during this period were the dependency perspective (Britton, 1982) and the life-cycle model (Butler, 1980). While both emerged from quite different theoretical lineages (Neo-Marxism in the case of dependency, and modernization theory in the case of the lifecycle approach) they are based on the shared premise that the industry's mass variant represents its crowning height. Companies minimize 'unit costs' by generating economies of scale, destinations receive increased visitor numbers, and tourists fulfil their wanderlust cheaply and efficiently.

As a new nation or region is initially incorporated into the global 'patchwork- quilt' of tourism destinations the emergent industry is characterized by relatively high levels of local involvement. As visitor numbers rise and incorporation into the global tourism system increases, local industry structures soon become characterized by overseas or local élite ownership. Locals end up receiving few economic benefits, while having to carry the inevitable costs of rapidly increasing tourist numbers. Unfortunately, the high costs associated with the inevitable rise of mass tourism provide both the communities and localities that rely on it with little prospect for local control and limited potential to achieve more sustainable forms of local development.

Both dependency and life-cycle approaches have been criticized on a number of common grounds. Dependency theory is often accused of being "obsessed by the global level, and the world system" (Corbridge, 1986: 35), therefore ignoring the possibility that what occurs within a nation/region may be just as key as those influences that originate outside its boundaries (Storper, 1990; Lipietz, 1993; Peet & Hartwick, 1999). There is a failure, in the case of both approaches, to acknowledge the possibility that local government, industries and individuals can exert some degree of control over their own destinies. As Preister (1989: 20) notes: 'locally-affected people are not shaped passively by outside forces but react as well, at times even changing the conditions of the larger system'. Preister argues the development outcome is a 'negotiated process' between local groups or individuals and structural forces. Both frameworks fail to consider the possibility that by empowering locals to have input into development plans, the deteriorating cycle of evolution might be minimized or avoided (Drake, 1991; Priestly & Mundet, 1998).

These frameworks are equally limited in their ability to grapple with the changing nature of production and accumulation. Technological change and shifts in industrial organisation are not dealt with effectively. In particular there is an inability to incorporate notions of capital's ability (or otherwise) to cope with periodic episodes of profit down turn and crisis. As Lipietz (1987: 2) notes: "It [dependency theory] paid little attention to the concrete conditions of capitalist accumulation either in the centre or in the periphery". It therefore could not visualize that transformations in the logic of accumulation in the centre would modify the nature of centre-periphery relations.

Another approach to emerge in the 1980s emphasized local agency, seeing communities and their constituent members playing an active role in determining tourism's outcomes (Murphy, 1985; Taylor, 1995). In dramatic contrast to the models just described the community approach views locals as being capable of planning and participating in tourism development, of making their voices heard when they are concerned, and of having the capability to control the outcomes of the industry to some degree. Murphy (1994: 284) argues that if host communities can define the types of tourism they wish to attract and can accommodate over the long term, they can shape the type of industry that is most appropriate to their needs.

Unfortunately, proponents of community participation in the tourism development process have often ignored the tendency of local élites to appropriate the organs of participation for their own benefits (Brohman, 1996). It is also often forgotten that factors such as gender relations and race will have an effect on power structures within communities, as will the ways in which these communities are embedded in broader socio-economic, political and environmental structures (Wells & Brandon, 1992; Kinnaird & Hall, 1994; Milne, 1998). Community participation can also be a double-edged sword (Drake, 1991). Such approaches promote mutual responsibility between the state and locals, incorporate vital local knowledge into projects, and provide outlets for the channelling of local political discontent. Nevertheless, local participation is often expensive to run, may generate expectations that far exceed eventual outcomes, and may create new conflicts as marginal groups become more articulate and élites are able to gain a greater slice of participatory benefits through their own networks (Zazueta, 1995).

The counter-position of community and the tourism industry which is often inherent in the literature on local interaction with the industry is a form of reductionism found in a range of other settings (Sayer, 1995: 186). Given the profound and complex nature of the global social division of labour we should not assume that the interests of a specialist group of residents are always in accord with broader local wishes and desires. While localities depend heavily on their local economic base this does not mean that local interests can simply be defined in these terms and treated as unitary. As Urry (1990) notes, the interests of people within a locality vary enormously in strength and kind, and it cannot be assumed that local attachments come first, so that people's interests can be represented territorially. Perhaps, most key is the community-focused approach tends to ignore the local implications of the evolving nature of capitalist accumulation at broader scales of resolution.

2.3.4 The emergence of tourism-led LED

One essential consequence of globalisation has been that many cities have had to face the closure of factories and industries during the last 20 years, without any regional support from government; and this has forced decision-makers in cities to

seek alternatives to traditional LED practices (Nel, 2000). Linked to global restructuring, is a tendency to specialise in niches providing specialised services to smaller numbers of consumers, in other words the demise of the mass production model. Competition between places has been intensified; and this has precipitated a new focus on 'the local', and what is economically competitive about one place, as opposed to another (Rogerson, 1997).

The modern focus on service sector LED, rather than on traditional manufacturing and industrial LED, has led to tourism and other service industries being adopted as a major strategy (Nel, 2001). A new economic generator was needed; and tourism has been identified as a promising option in many areas (Rogerson, 2000; Nel & Binns, 2003). As observed by Agarwal et al. (2000: 252), across many countries tourism "is widely recognized as an instrument of LED".

This development is perhaps not surprising, as statistically, tourism is the most key sector in the global services economy. It has "grown more than 30-fold in the past half-century, and is projected to triple over the next two decades" (KPMG, 2005a: page numbers; ECI Africa, 2006). Statistics from the World Trade Organisation (WTO) show that there has been a sharp increase in tourism since 2005, notwithstanding even the impact of various events, like natural disasters and terrorism.

It is evident that a vibrant tourism economy is valuable to both governments and the private sector. It promotes "economic growth through foreign exchange earnings, employment and revenue" (KPMG, 2005a: 87).

Tourism is perceived as one of the few development options for both urban and rural areas, which allows economic growth and job creation, while protecting the economic and cultural well-being of the community, conserving the environment and involving local residents in decision-making (Briedenhann & Wickens, 2004). Most governments engaged in national economic development in both the developed world and in Africa have recognised that tourism is a key part of their planning (Dieke, 2000; Christie & Crompton, 2001; Sharpley & Telfer, 2002). The concept of responsible tourism is receiving increasing global support and the focus is on tourism

that produces positive growth and preserves the cultural and natural heritage of a place, while enhancing social development (KPMG, 2005a).

“Tourism activates many sectors of the economy simultaneously, such as information technology, advertising, fashion, media and construction; and it therefore, acts as a driver for a new economy based on services, globalisation, information and innovation” (KPMG, 2005a: 87). As a sector, it has many benefits, including income generation across many goods and service industries, and it is a generator of foreign exchange earnings; it is labour-intensive, but it does not have high entry level skill needs. Investment in infrastructure for tourism stimulates development in many sectors, and many small business opportunities occur. The development of an attractive image can have commercial and economic benefits for any country (KPMG, 2005a: 87).

Until the 1980s, the potential for tourism at local level was mostly ignored, even in the developed world. The only form of tourism-led LED was the marketing of traditional sea, sun and sand resorts and inland spas in North America and Western Europe (Rogerson, 2003b). Any LED that did take place was managed by regional authorities and did not reach poor and marginalised areas. Global economic restructuring in the last two decades has led to a greater interest in tourism-led LED in the developed world (Britton, 1991; Law, 1992; 1993; 1996; Briedenhann & Wickens, 2004).

By the 1990s, it was clear that tourism had become an essential part of both the European and American urban-economic revival and national LED strategies (Davidson & Maitland, 1997; Beauregard, 1998; Hall et al, 2003). Nevertheless, tourism-led LED was mostly city-based; and it did not penetrate to rural areas until more recently (Couch & Farr, 2000; Sharpley & Telfer, 2002).

Tourism-led development in cities was first seen in Baltimore and Boston, USA; both cities which had previously had a manufacturing and industrial history, and which subsequently reinvented themselves as tourist destinations (Davidson & Maitland, 1997; Rogerson, 2006). Baltimore city in Maryland, USA, was one of the first cities to engage in inner-city regeneration and to experience the positive impact of tourism on

the local economy (Davidson & Maitland, 1997). It was thought that tourism was the best way to handle the development of new businesses, and thereby provide new categories of employment (Rogerson, 2006).

The types of activities, which caused such changes, were dockland redevelopment projects, cultural festivals, inner-city leisure spaces, heritage/historical museums and tours, sporting events and conference centres (Davidson & Maitland, 1997; Beauregard, 1998; Rogerson, 2006). These were all innovative ways in which cities previously reliant on industry or manufacturing, have sought to enter the tourism market via LED in the urban context (Hall & Jenkins, 1995; Beauregard, 1998).

The attraction of tourism-led LED for cities was that it brought urban regeneration with it (Rogerson, 1997). In a world where global restructuring and deindustrialisation had stripped many cities of their employment and enterprise basis (Law 1996), tourism offered a new way of recreating both jobs and potential enterprises (Law, 1993; Davison & Maitland, 1997). The physical regeneration of the city centres, which was needed to attract tourism, had the unexpected side-effect of altering and enhancing the city's image internationally (Ateljevic & Doorne, 2000; Law, 1996).

During the 1990s, tourism-led LED as a strategy spread from Western Europe and North America to Australia, New Zealand, Singapore and Hong Kong (Ateljevic & Doorne, 2000; Rogerson, 2000).

In addition to cities, many rural areas in the 1990s found that their economic base needed diversifying; as a result of continual blows from national economic restructuring (Hall & Sharples, 2003). In Western Europe, tourism was seen as an attractive alternative for rural areas, which were experiencing outflows of younger qualified people and an economic decline in agriculture and manufacturing (Cavaco, 1997; Briedenhann & Wickens, 2004; Meyer, 2004; ECI Africa, 2006a).

Rural tourism-LED initiatives have been promoted through national policies in Europe, as well as European Union programmes (Rogerson, 2000; Briedenhann & Wickens, 2004). Tourism in rural areas is a "local development strategy, which is

considered to be sustainable and includes activities that capitalise on local resources” (Cavaco, 1997: 140). It can provide a new source of employment and can lead to the re-population of rural places (Cavaco, 1997; Briedenhann & Wickens, 2004; ECI Africa, 2006a).

Tourism, as a form of LED, requires that physical, economic and educational needs be provided for, but also self-esteem and pride-of-ownership need to be boosted, for local-LED tourism projects to succeed. Budget tourists and backpackers affirm the small local trader, by expressing interest directly in their lives and villages, and are less concerned with the amenities that the mass-market tourist requires, which makes infrastructure cheaper and simpler to provide (Mograbi, 2007). This author further indicates that locally produced foodstuffs are purchased, and local clubs, bars and restaurants are patronised; interest is expressed in learning local trades or participating in local ceremonies and festivals (Mograbi, 2007).

Backpackers can be found travelling by foot, bicycle, local bus or taxi service, or sleeping in local Bed and Breakfasts (B&Bs) in isolated regions (Mograbi, 2007). As a result, their impact on LED through tourism is much higher than mass-market tourist, as the above-mentioned ventures are more likely to be operated by historically disadvantaged individuals (HDIs) and to be small, medium and micro-enterprises SMMEs (Mograbi, 2007).

The market that the tourism industry is dealing with is currently undergoing widespread and penetrating changes in both the behavioural and technological attributes of the global tourist (KPMG, 2005a). Niche markets are proliferating, as people insist on varied experiences, and resist being treated as a number, not as an individual (Mograbi, 2007). The growth in global media and communications is creating an experienced, value-conscious tourist looking for a meaningful interaction, which is beneficial to the local community (Biggs & Purnell, 2003; KPMG, 2005a: 88, Mograbi, 2007).

Many people no longer want the ‘sand, sun and sea’ of the past, but an experiential, multi-activity tourism. Growing concern with the state of the environment, corporate actions and responsibility has increased community control of the tourism product

(KPMG, 2005a: 88). Prepared to trade income for free time, people are looking beyond fully packaged tours to options involving more personal choices.

Consumers are no longer passive, but are driven by a desire to remain active into old age and are pro-actively creating an itinerary, which is meaningful to them as far as life enrichment and spiritual fulfilment are concerned (KPMG, 2005a: 88). Where people are still seeking escape, they tend more towards the extreme and unconventional activities of adventure tourism (KPMG, 2005a: 88).

Mass marketing has given way to direct consumer communication, as sensory overload makes it increasingly difficult to get information to the consumer. People are under great stresses in the modern world, and the concept of the weekend or short breaks allows for indulgence in relaxation at affordable prices, again offering opportunities for localities to engage with tourism as a lead sector for local development (KPMG, 2005a: 88).

2.3.5 Tourism-based development

Tourism-driven development in areas seeking to restructure their economies is a key theme in academic literature. In the developed world, for example, the redevelopment of waterfront areas in places, such as Liverpool, Baltimore or Sydney for leisure and business tourism, or the use of former mining areas for heritage tourism, as in Wales and Yorkshire (Edwards & Coit, 1996; Watt & McGuirk, 1997), have become identified trends.

Critical to the success of such undertakings, is the degree to which a locality can market itself to potential investors and tourists through place marketing, in order to achieve tourism-based economic growth (Edwards & Coit, 1996). Identifying and marketing new concepts of space and place have become crucial in this regard. Activities, such as the hosting of festivals and the creation of flagship foci, such as heritage sites, convention centres, and capitalizing on locally available natural resources, are all hallmarks of this approach (Edwards & Coit, 1996).

The use of tourism-based development is also a key theme in the developing world, following from the trends in more developed countries. However, tourism

development often comes at a cost to the physical environment in terms of the destruction of resources, pollution and loss of cultural identity. For example, in Kenya's Maasai Mara National Park and the Ngorongoro Conservation Area in Tanzania, the heavy demand for firewood for use in lodges and camps for cooking and heating has severely depleted the small riverine forests (Kamuaro, 1996). Meanwhile, British tour operators and the British government have recently come together with British NGOs to develop a Sustainable Tourism Initiative for the entire industry (Tourism Concern, 2002).

It is therefore, key, that the pursuit of tourism-based development is undertaken sensitively, in order to ensure sustainability and to minimise any negative impacts (Tourism Concern, 2002). Literature on the developmental impacts of tourism, mainly in the developing world, but to a certain degree also in the developed world, has in recent years sought to identify whether tourism can actually be regarded as, and can be encouraged to become, a pro-poor development strategy. Poverty alleviation is the core focus of pro-poor tourism (PPT). But there is often some confusion as to how PPT relates to other tourism concepts such as eco-tourism, sustainable tourism and community-based tourism (Tourism Concern, 2002).

2.3.6 Tourism and LED in South Africa

Tourism-led development is clearly an emerging theme in the literature on South African LED (Rogerson, 2001), with tourism promotion geared towards community development being perceived as a viable growth option (Goudie, Khan, & Kilian, 1999; Kirsten & Rogerson, 2000: 1; Mahony & van Zyl, 2002). However, despite the prominence accorded to tourism in South Africa's broad development vision, and in many local-level strategies, tourism-led LED is markedly under-represented and little discussed (Rogerson, 2000: 1).

Over the last few decades, several countries have looked towards tourism as a means of promoting development and economic growth. This is due to the fact that tourism has grown to become the world's second largest industry, directly accounting for 3.8% of global growth domestic product in 2009, according to the World Travel and Tourism Council (WTTC, 2010).

In South Africa, the promotion of tourism has been identified as a key strategy that could lead to economic upliftment, community development and poverty relief. This means that in the last few years, tourism has emerged as a significant development option in the post-apartheid South Africa.

According to Ashley (2006), the tourism sector is becoming increasingly a key in the thinking about development in Africa. Most governments have now included tourism in their national development strategies. Many efforts are under way to increase understanding on how tourism could contribute to poverty reduction, and on how to translate this understanding into concrete action. The objectives of these efforts include increased tourism arrivals and overnights, more out-of-pocket spending, and a bigger share of the tourist economy benefiting to the poor (Ashley, 2006).

In direct response to the economic plight of the poorest areas, the South African government now actively encourages the pursuit of LED through tourism and LED. This is being formulated as a 'pro-poor' strategy (Republic of South Africa (RSA), 2000). Related to this approach, the promotion of tourism is now widely recognized in the country as a key economic growth alternative (Rogerson, 2000).

LED is a recently adopted approach to creating more equitable economic growth in South Africa. It is an integrated, multi-disciplinary approach, aimed at poverty alleviation through pro-poor economic growth. It involves supporting sustainable economic activities in the municipalities and integrating the second economy into the first economy (Rogerson, 2001).

In many areas of the world, the reality of the economic crisis has provoked a search for locally-driven and innovative growth alternatives, which are frequently referred to in the literature as LED (Stohr, 1990; Zaaijer & Sara, 1993; Demaziere & Wilson, 1996). Some key features of LED are that it seeks to encourage economic growth and to diversify the local economic base into sectors that are usually quite different from those in which hardship has been experienced.

In South Africa, the current devolution of authority and development leadership to local governments, as reflected in the country's recently stated commitment to 'developmental local government', has obliged local governments to seek innovative growth options to address the development backlog, and to plug the employment gap that more traditional economic sectors seem unable to do (RSA, 1998). Within this context, LED, in utilizing local resources and skills, is being increasingly recognized by government as a key vehicle for bringing about economic change and alleviating poverty (RSA, 1998; Binns & Nel, 1999; Nel, 1999; Rogerson, 1997; Binns & Nel, 2001).

In the South African context, local action and LED, specifically, have been encouraged by a range of government policy documents and acts of parliament, including the Reconstruction and Development Programme (RDP), launched before the first democratic elections in 1994 (African National Congress (ANC), 1994; Rogerson, 1997). The RDP prioritises community-based development, as the way whereby the most marginalized sections of the community can be empowered and drawn into employment.

The Local Government White Paper (RSA, 1998) and the National Constitution (RSA, 1996b) have subsequently charged local governments with promoting economic and social well-being, and introducing development and job-creation endeavours in the areas under their jurisdiction. The White Paper promotes the development of responsible and sustainable tourism, which includes the fundamental premise that communities should be involved in, and benefit from tourism (Department of Environmental Affairs and Tourism (DEAT), 1996).

In South Africa, in addition to long-standing popular tourist destinations, such as the Kruger Park, the Garden Route and Cape Town, a wide range of other localities are now seeking to drive development through tourism promotion, often as an explicit part of their LED programmes (Rogerson, 2000: 402). He further indicates that such interventions tend to have a community/pro-poor focus. An emerging trend is that local municipalities, who are now regarded by national government as the champions and deliverers of LED, are undertaking a set of programmes designed to make their

areas more exciting or attractive places for the purposes of consumption, entertainment or recreation (Rogerson, 2000: 402).

The common foci of these new initiatives include the promotion of townships as black/African cultural tourist destinations, the hosting of cultural and arts festivals, urban-redevelopment programmes, heritage tourism, the promotion of newly identified tourist routes, and the massive expansion in game parks that is now taking place. In addition to a wide range of private sector initiated tourism ventures focusing on game viewing, cultural tourism and the establishment of tourism routes, many local municipalities have initiated tourism projects. Tourism has come to be widely recognised by local municipalities in South Africa as a mechanism whereby development can be obtained, yielding benefits for the host community (Binns & Nel, 1999).

In response to such development challenges and their relatively new mandate to pursue LED, local municipalities in South Africa are clearly embracing a range of tourism projects. These range from the explicit formation of tourism promotion units in large cities, such as Durban and Cape Town, designed to promote cultural, heritage and recreational activities, through to small-town programmes with a very specific focus, such as a single cultural event, or the exploitation of a natural feature and resources.

Some of the more noteworthy tourism-based LED initiatives in South Africa include the redevelopment of the Newtown area in central Johannesburg as a cultural precinct, the promotion of township tours, and the development of township-tourist facilities, such as Lookout Hill in Khayelitsha, Cape Town, and the massive redevelopment of abandoned harbour facilities in Cape Town – to create a world-class waterfront facility (Binns & Nel, 1999).

It is noteworthy that local municipalities are at last recognising their assets, such as natural attractions (for example, wild animals, forests and lakes), cultural and historical features (for example museums and townships) or specific events such as arts festivals and sporting events as activities worth promoting, because of their potential developmental impact.

Whilst world class cities, such as Cape Town, have a guaranteed tourist market, smaller and less well-known centres, like George, are unlikely to be able to rely to the same degree on tourism. Whilst the apparent tourism boom places such as Cape Town are experiencing is self-evident, and a logical inspiration to all towns, the reality is that the tourism market is both finite and discerning. Not all localities can realistically hope to benefit from tourism-based LED.

2.3.7 The value of tourism for development

According to Phillips (2002), tourism is one of the fastest growing industries in the world. Tourism-based development approaches can be found in communities of all sizes, from the rural to urban areas, and there are several reasons why a community would want to pursue a tourism-based development approach. These compelling reasons are as follows:

- Tourism can provide both direct and indirect economic benefits;
- Tourism can generate various social and cultural benefits; and
- Tourism can help achieve environmental objectives.

In the view of Pittman & Phillips (2006), tourism-based development can often be applied in communities that may not have many other choices for encouraging economic development; and this makes it a useful tool to address. The ability of tourism-based development to be applied to a variety of communities facing many different issues and challenges is appealing; and it thus holds much potential.

2.3.8 Tourism – A new sectoral focus on LED

After the democratic elections of 1994, LED activities in post-apartheid South Africa initially concentrated on the manufacturing sector. These attempted to retain the industries and factories currently in South Africa, while simultaneously pursuing new manufacturing investment and support for small and medium businesses in manufacturing (Rogerson, 2000; Nel, 2001). However, South Africa's manufacturing economy has been stagnant, in terms of creating new jobs and economic growth.

Poor economic performance, de-industrialisation and global competition have caused almost one million jobs to be lost in the 1990s (Rogerson, 2000; Nel, 2000). In common with the international experience of LED activities, in South Africa there has been a sectoral shift towards the support of tourism as a leading sector for LED. This shift has been supported both by the activities of the Department Provincial and Local Government (DPLG), the Department of Trade and Industry (DTI) and by Department of Environmental Affairs and Tourism (DEAT) the line department which is most focused on tourism.

Many South African cities, towns and rural areas, have now made tourism one of the most key elements in their LED programmes (Nel & Binns, 2003; Rogerson, 2001; Marais, 2004; Rogerson, 2006).

Cape Town and Durban can perhaps offer the earliest examples of tourism being used as a lead sector for LED activities. Both these cities were already established tourist centres, and began to use tourism as an economic attraction in the 1980s, by investing heavily in waterfront developments in an attractive mix for local and international guests (Rogerson, 2000).

These cities continue to use tourism as the main focus of LED, but greater local autonomy has allowed unusual development initiatives to evolve (Rogerson, 1997; Nel, 2000; Nel & Binns, 2003). The main role of tourism is to promote urban economic regeneration and local economic growth, especially in cities (Rogerson, 2006). Different forms of tourism are being encouraged across various South African cities: leisure tourism through waterfront developments, business tourism through new convention centres, and event tourism through the attraction of mega-events, like Rugby and Cricket World Cups, and the 2010 FIFA Soccer Cup.

The recognition that tourism is one of South Africa's most key economic sectors, overtaking gold and other metals in returns in recent years, and particularly the recognition that tourism lends itself to pro-poor and community-based developments, has led to it being taken up as a new driver for LED interventions (Rogerson, 1997; 2000; 2001; 2006; Nel and Binns, 2003, KPMG, 2005a). These LED interventions in

tourism are occurring through partnerships between local stakeholders in the private sector, local government and communities (Rogerson, 1997; 2000; 2003).

The pressure on local government to find alternative forms of employment has resulted in many smaller towns and rural areas initiating LED projects, which promote tourism, even though they might never have relied on tourism before (Marais, 2004; Gibb & Nel, 2007). Most of these tourism projects are linked to drives to create new employment and businesses, as traditional economies decline (Nel, 2001; Rogerson, 2001; Rogerson, 2006; Gibb & Nel, 2007).

Rural economies have suffered variously from de-industrialisation, a shift in economic activities to major cities, and a progressive rationalisation of agriculture, resulting in job losses and severe poverty in situations of limited capacity and resources (Rogerson, 1999; Nel, 1994; 2000; Rogerson, 2006; Gibb & Nel, 2007).

Most of the writings in this regard take into account a focus on pro-poor interventions, as most of the poor or very poor populations in South Africa (and in developing countries generally) still live in these areas (Gibb & Nel, 2007).

Two towns where tourism-led LED initiatives have been launched are Lambert's Bay and Stilbaai, as the slump in the fishing industry in these small towns has left a legacy of increased unemployment (Gibb & Nel, 2007). Stilbaai's tourism development strategy is based on the many indigenous plants found in the area, and it has successfully combated widespread unemployment (Nel, 2000; Nel & Binns, 2003; Gibb & Nel, 2007).

The cultural, arts and music festivals in Grahamstown, Oudtshoorn and White River are other examples of tourism-led LED in small towns (Nel & Binns, 2003). The small Free State town of Clarens offers another good example of local economic transformation, which is led by the tourism sector (Marais, 2004). Hertzog is a case where the local community took the lead in regenerating the agricultural economy in the region, and has now more recently begun to explore eco-tourist options (Nel, 2000).

The unexpected benefits experienced by small towns engaging in tourism-led LED are a new sense of pride in the refurbished town centre, boosting property prices, new businesses, better services and improvements to private houses (Gibb & Nel, 2007). Small towns perceived early LED programmes as a miracle cure for all socio-economic problems, but recent studies show that they are not without problems. However, small towns have few opportunities for growth and need to use those that present themselves, particularly in relation to tourism (Marais 2004; Gibb & Nel, 2007).

A critical element for municipal governments in tourism development is financing for the support and implementation of LED (Rogerson, 2006). Central government's Poverty Relief Fund (PRF) provides both infrastructural and product development support for tourism development on a local level (Spenceley & Seif, 2003). This fund in particular, has supported the development of a number of trails and routes designed to benefit poorer communities by involving them in the tourism market. One example is the horse trails in South Africa's Eastern Cape Province (Ndlovu, 2002).

Another source of funding is the new South African Micro-finance Apex Fund, which is available to community initiatives, small businesses and individuals, and provides very small loans of up to R10 000, for various capital good purchases for tourism and small enterprises (ECI Africa, 2006).

2.3.9 Actors in LED

The range of actors in LED in Africa has increased dramatically in the last few decades. Localities are no longer dependent on the caprices of a centrally controlled government, but can rely on co-operation between NGOs, community-based organisations, local producers and associations, local government and the private sector. Local government's role is to facilitate and enhance local development initiatives rather than to control them. Central government's role has become one of providing political stability for stable macro-economic policies, while still providing specialised services and regulations for labour and enterprises (Helmsing, 2001).

While the planning of LED is not well-advanced in the developing world, there have been some key local or municipal interventions. Given that most policies for alleviating poverty are based on macro-economic growth or community-level programmes, municipalities can be seen to be operating on a macro-level (Rogerson, 1997: 514), thereby complementing both of the other forms of intervention.

The context for LED has changed enormously in the last two decades, and so has the thinking on policies (Helmsing, 2001). Central governments have considerably reduced their responsibility for the prosperity of places. Localities and regions have been thrown back upon themselves to take responsibility for their own development. Mostly by default and occasionally by design, local actors have been given the frameworks and have themselves developed the full range of processes required (Helmsing, 2001).

Developing competence for local development policy is a slow and difficult collective learning process (Zaaijer & Sara, 1993). The range of actors has increased, including governments, communities and their organisations, non-governmental organisations and now also private enterprises. The debate on enablement has made it clear that governments continue to play a role, albeit a different one, alongside communities. Communities and their community-based organisations (CBO) continue to be principal actors, but are themselves undergoing changes (Schmitz, 1999b).

Government enablement concerns a fundamentally different way in which government conducts its affairs. Instead of being self-contained, hierarchical bureaucratic processes, mediated by more or less democratically elected politicians, enabling governments seek to involve other actors in the formulation and/or implementation of government policies and programmes (Zaaijer & Sara, 1993).

It is from this perspective that it becomes of paramount importance to introduce and briefly describe the various actors in LED:

- *Local government.* Several factors have contributed to a more prominent role for local government in LED. In contrast to past practices at national level, local governments generally realise that they are but one of many players involved in LED (Blakely, 1994). Most local authorities, also in relatively

affluent countries, spend a relatively minor fraction of their budgets on direct economic developmental support. More necessary, however, is the manner in which they discharge their main functions and realize their economic significance, as a source of economic opportunity, and a service- enhancing or inhibiting enterprise development.

Local government can make a key contribution by properly co-ordinating its own public sector investment programme – with needs and investment priorities of communities and the private firms, and through its physical planning (Helmsing, 2001). Local convergence among actors is central to local economic development initiatives. This is needed for exchange information and for the various procedures for decision-making.

The participatory formulation of a local development strategy plays an integrating role. It identifies the overall local development priorities; it defines a set of strategic issues and related action programmes, both for public and private sectors, and in doing so, provides a basis for the co-ordination of complementary investment programmes.

- *Local producers and their association:* Clearly local producers are themselves key actors in enterprise and local business development (Lepp, 1996). Inter-firm co-operation and joint action both play central roles. However, local producers are very often individualistic, and they may find it difficult to combine competition with co-operation. Some argue that such collaboration requires a kind of external catalyst or brokerage role. The multiple roles of Business Associations (BA) in economic development are being increasingly recognised.

Associations may take a variety of forms. Traditionally, they represent their members in their dealings with government, and lobby for more favourable economic policies. They also often negotiate collective wage agreements with trade unions (McCormick, 1999). Their other traditional function is a social one. An association provides a reference group for individual entrepreneurs. More recently, the emphasis has shifted to two other functions: the provision of real services, and what some have called 'private interest' governance.

The experiences with new industrial districts provide ample evidence of services, such as information, training, technology and marketing (McCormick, 1999). Private interest governance refers to regulatory functions performed by associations, especially in the establishment of norms and standards products, best practices and codes of conduct. The associations can also resolve conflicts of interest between different firms.

New industrial district studies have confirmed the role of local governments, but also stress that local government initiatives rarely play a decisive role in the economic development of the clusters. It is necessary to stress here that LED does not refer only to local institutions, but also to decentralised sector and national agencies (Meyer-Stamer, 1998). The participation of key stakeholders may generate new forms of local economic governance. These may consist of public or private ones, as well as partnerships. In many countries, there has been a veritable explosion of differently constituted local economic development (Mumvuma, 2000).

2.4 TOURISM'S CONTRIBUTION TO ECONOMIC GROWTH, EMPLOYMENT AND POVERTY REDUCTION

According to World Travel & Tourism Council's (WTTC, 2011) estimates, global travel and tourism sector's contribution to gross domestic product (GDP) is expected to rise from 9.3% in 2010 to 9.7% by 2020. It further estimates that total employment is expected to rise from 235,785,000 jobs (8.1%) of global employment to 303,019,000 (9.2%) by 2020.

Tourism's specific contribution to the South African economy is that it remains a key driver for growth and employment (Department of Tourism Annual Report, 2013/14). The tourism sector in South Africa, which already makes a substantial contribution to the country's economic growth, is seen as a key sector that could contribute to government's job creation drive. Tourism contributes about 9% to the country's GDP and it contributes to job creation. Tourism plays a vital role in the South African economy. It has also become one of the biggest contributing industries to GDP and employment in the world. Forecasts show that the industry's GDP contribution in South Africa would increase to R200bn by 2015 from the estimated R143.5bn in

2011. The WTTC estimated South Africa's travel and tourism sector contributed approximately R102 billion (\$10.4 billion) to the country's economy, directly supporting an estimated 620,000 jobs in 2012. If we include the wider impact on the economy, the figures grow considerably. The employment contribution of the tourism industry in the country is estimated to increase from 620 000 in 2012 to approximately 664,200 in 2015 (Department of Tourism Annual Report, 2013/14). The National Development Plan (NDP) is the blueprint of government and it recognises tourism as one of the main drivers of employment and economic growth.

Tourism is an industry with great potential to foster development and create new employment opportunities in South Africa (WTTC, 2011). Tourism is one of the biggest industries in the world, contributing trillions of dollars to the global economy, creating jobs and wealth, generating exports and boosting taxes. The industry provides over 260 million jobs around the world directly or indirectly and through other related sectors (WTTC, 2011).

The tourism sector has gained considerable importance at the global and national levels as a source of economic growth and employment. As a result, governments have been paying increasing attention to the development of the sector with an expectation that it will help generate employment and higher income, thereby contributing to poverty reduction. However, the contribution of the tourism sector to economic growth, job creation and poverty reduction depends on the following factors according to (WTTC, 2011):

- The extent to which the tourism sector is integrated into the national economy through backward and forward linkages with other sectors and integration into regional and global value chains;
- The extent to which revenue generated by tourism, including foreign exchange, is used to finance infrastructure development, support local enterprises, in particular (SMEs), and to develop the skills and institutions needed to create a vibrant local economy;
- The policies and strategies adopted by governments, and whether they encourage increased domestic and foreign investment in tourism, transfer of

technology and know-how; promote labour-intensive activities; and target regions where the poor live and work;

- National efforts to ensure that tourism activities are carried out sustainably and meet economic, social and environmental objectives.

Tourism, on its own, may not be the answer to the elimination of poverty, but it can make a significant contribution. The impact of tourism on poverty reduction, however, depends on a number of factors. It depends, for example, on the type of tourism, in particular, whether it is large-scale tourism or specialized or exclusive tourism (Geloso, Leshner & Pinali, 2007). The former is highly likely to generate more employment, including for semi-skilled workers, and to provide opportunities for direct sales of goods and services to visitors by the poor or small enterprises. However, large-scale tourism could pose its own problems in terms of pressure on domestic resources, the environment and the preservation of cultural heritage; therefore, it requires a strategy to mitigate any possible negative impacts. The poverty reduction impact of tourism also depends on the level of out-of-pocket expenditure that occurs or is encouraged in a destination. This matters because a much higher proportion of discretionary spending usually reaches the poor (often through the informal economy) than of big-ticket items such as accommodation, tour operators and international travel. Employment generation therefore; is key to poverty reduction. As a highly labour-intensive activity, the tourism economy tends to create a high proportion of employment and career opportunities for low-skilled and semi-skilled workers, particularly for poor, female and younger workers. It can be a major source of employment for many workers who have become unemployed during the financial crisis or are joining the workforce (Geloso, Leshner & Pinali, 2007).

When tourism-related income grows with a substantial reorientation in favour of the poor, poverty can be reduced. In this regard, UNWTO launched in 2002 the ST-EP (Sustainable Tourism for the Elimination of Poverty) initiative, aimed at reducing poverty levels through developing and promoting sustainable forms of tourism. Increased tourism, local contributions and multiplier effects can accrue to wealthy, middle income, or poor alike. Therefore, interventions must be made to help poor people become part of the processes that drive the industry (ILO, 2010a). Investors

and developers, as well as local and national governments, play a critical role in determining the role poorer population's play in the tourism industry. The local industry can also help by engaging in and encouraging the use of local companies for the provision of transport, services and food in order to generate local income and employment multipliers and contribute to alleviate local poverty.

Making tourism more sustainable can create stronger linkages with the local economy, increasing local development potential. Of particular and recognised importance (Hall & Coles, 2008) are: purchasing directly from local businesses, recruiting and training local unskilled and semi-skilled staff, entering into neighbourhood partnerships to make the local social environment a better place to live, work and visit for all; as well as the ability to improve the local natural environment within its areas of direct and indirect influence (Ashley et al. 2006). The move toward more sustainable tourism has been shown in a number of destinations to enhance this local development potential through several mechanisms (Ashley et al. 2006):

- Its ability to harness biodiversity, landscape and cultural heritage available in developing countries can play a major role in enhancing incomes and employment opportunities;
- Tourism is a relatively labour-intensive sector traditionally dominated by micro- and small enterprises with activities particularly suited for women and disadvantaged groups;
- As a tourism product is a combination of different activities and inputs produced by many sectors, enhanced spending by tourists can benefit a wide range of sectors such as agriculture, handicrafts, transport, water and waste management, energy efficiency and other services;
- As tourism development at destinations require investment in facilities such as roads, water supply, and energy, it improves the basic common infrastructure facilities required for development of other sectors and improvement of quality of life; and
- Tourism employs more women and young people than most other sectors; providing economic benefits and independence to women is very important in terms of supporting child development and breaking the cycle of poverty.

Tourism is human-resource intensive due to the service nature of the industry. It is among the world's top job creators and allows for quick entry into the workforce for youth, women and migrant workers. The wider tourism economy provides, both directly and indirectly, more than 230 million jobs, which represents about 8 per cent of the global workforce (WTTC, 2011). Women make up between 60 and 70% of the labour force in the industry and half the workers are aged 25 or younger (ILO, 2008). In developing countries, sustainable tourism investment can help create job opportunities, especially for poorer segments of the population.

The move toward more sustainable tourism can increase job creation. Additional employment in energy, water, and waste services and expanded local hiring and sourcing are expected from the greening of mainstream tourism segments. Furthermore, an increasing body of evidence suggests significantly expanded indirect employment growth opportunities from segments oriented toward local culture and the natural environment (Cooper et al. 2008).

Tourism creates jobs directly and leads to additional indirect employment. It is estimated that one job in the core tourism industry creates about one and a half additional jobs in the tourism-related economy (ILO, 2008). There are workers indirectly dependent on each person working in hotels, such as travel-agency staff, guides, taxi and bus drivers, food and beverage suppliers, laundry workers, textile workers, gardeners, shop staff for souvenirs and others, as well as airport employees (ILO, 2008). These relationships influence the many types of workplace relationships that include full-time, part-time, temporary, casual and seasonal employment and have significant implications for employment opportunities within the sector. A study of South Africa shows that direct employment in the core tourism sector only accounts for 21% of total employment creation due to tourism spending in 2008 (Pan African Research & Investment Services, 2010). Available data indicate that every new job in tourism can have multiplying effects in the whole economy.

2.6 SUMMARY

This chapter has introduced the concept of LED, and how it has emerged in both wealthy and poor countries. While there are similarities in the emergence of LED, less wealthy countries, like South Africa, face additional challenges in relation to the implementation of this policy. Amongst these is the weak economic base of local municipalities. Lessons from international experience show that South Africa can learn several lessons from how LED has been implemented in wealthy countries. Key LED strategies need to be in line with the interest of the community members, which contribute to the sustainability of the approach.

LED choices need to balance various voices and demands. Reference to academic authors on the topic indicate that LED is a process, and that the process requires participation, and a consideration of what development choices can deliver the best outcomes for the area. This is often understood in terms of job creation, given the high unemployment facing South Africa. Property developers, who are crucial in attracting affluent South Africans and foreigners alike, have a part to play in the development of recreational facilities, and a local rates base for municipalities. It is for this reason that tourism strategies in LED planning need to look at different types of tourism, in order to attract various visitor groups, and in so doing, diversify their tourism asset base. With this in mind, it is therefore necessary that there is at all times enough accommodation to accommodate the visitors and hence the importance of the guest houses in the destination. The contribution of tourism to economic growth and employment which leads to poverty reduction was also evaluated.

The next chapter will focus on a theoretical overview of tourism demand and supply. The chapter will specifically discuss amongst others, the following: the structure and nature of the hospitality sector, the various categories of tourist accommodation and catering services; accommodation classification and the problems involved in classification; the nature of demand for accommodation, and how the sector has responded to changing patterns of demand over time.

CHAPTER 3: A THEORETICAL OVERVIEW OF TOURISM DEMAND AND SUPPLY

3.1 INTRODUCTION

Tourism demand is a broad term that covers the factors governing the level of demand, the spatial characteristics of demand, different types of demand and the motives for making such demands. Cooper (2004: 76) defines demand as “a schedule of the amount of any product or service that people are willing and able to buy at each specific price in a set of possible prices during some specified period of time.

Ivanovic, et al. (2009: 119) identified three approaches to tourism demand; they are:

- Economists who define tourism demand in terms of the number of tourism products that people are willing to buy at a specific price.
- Psychologists think about tourism demand in terms of the motivation and behaviour of buyers. Motivation includes a need to travel for relaxation, business, leisure, or education or to visit friends and relatives.
- Geographers define tourism demand by looking at the total number of people who travel or wish to travel and use facilities and services away from their homes.

The scale and the magnitude of demand differ with time and sometime with seasons. Time demand for tourism services either advances or changes. Such changes could be due to the emergence of the new tourists (Poon, 2005). These tourists want to experience something new and expect high quality service and value for their money. Another key issue that has arisen is the increasing significance of tourist seasonality with regard to periods of high and low tourism demand referred to as peak and low seasons respectively. Page (2009: 58) defines tourism demand as the number of persons who travel, or wish to travel, to use tourist facilities and services at places away from their places of work and residence. The same author goes on to elaborate that determinants of tourism demand are economic, social-psychological and exogenous determinants. Page (2009: 63) described three elements which conditioned demand as follows:

- Energizers of demand – which are factors that promote an individual to decide on a holiday;
- Filters of demand – which are constraints on demand that can exist in economic, sociological or psychological terms despite the desire to go on holiday or travel;
- Affecters of demand – which are a range of factors that may heighten or suppress the energisers that promote consumer interest or choice of tourism.

Buhails (2004) identifies three main types of demand, namely, actual, suppressed and latent demand. Actual demand also referred to as effective demand, comes from tourists who are involved in the actual process of tourism. The second type of demand is the so-called suppressed demand created by two categories of people who are generally unable to travel due to circumstances beyond their control. The first group would include those sections of the population who would like to be involved in the tourism process, but for some reason or another cannot. Since they may participate at a later date, their situation is referred to as potential demand. Deferred demand describes the second sub-category of suppressed demand in that travel is postponed due to problems in the supply environment. Potential and deferred demands are difficult to measure and it is for this reason that they are rarely taken into account. The third type is latent demand. It relates to the spatial and temporal expression of demand at a specific site, for example, demand for either tourist accommodation or a tourist service at a specific destination. George (2012: 14) came up with another type of demand called “No demand” and described it as those people who have no desire to travel or are unable to do so.

3.2 EXTERNAL FACTORS THAT INFLUENCE TOURISM DEMAND

According to Ivanovic, et al. (2009: 128) there are many factors that may lead to people being willing or unwilling to buy tourism products or travel to certain places. These factors are briefly described below.

3.2.1 Socio-cultural factors

Societies and cultures differ and these differences arise from socio-cultural factors that are based on their beliefs, values, traditions, norms and lifestyles. These factors

affect individual behaviour such as buying behaviour and lifestyle. People who have the same beliefs, values and lifestyles usually have the same buying patterns, prefer the same type of food and visit the same places. So, the type of culture or society in which people live will determine the type of tourism products they are likely to buy Ivanovic, et al. (2009: 128).

3.2.2 Economic factors

Economic factors are factors that affect both the number of things that people buy and the price at which they buy them. Economic factors include changes in personal income, the interest rate and the foreign exchange rate. Each of these factors has an effect on the demand for tourism Ivanovic, et al. (2009: 128).

3.2.3 Political factors

The political stability of the country and the way that it is run may affect the demand for tourism products. Political factors will include safety, travel laws and regulations, and government procedures. When a country becomes unsafe or politically unstable, the demand for tourism decreases. For example, the 9/11 terrorist attacks on the World Trade Centre towers forced many people to change their itinerary from America to other countries that they perceived to be safer at the time Ivanovic, et al. (2009: 128).

3.2.4 Technological factors

Technological factors or innovations, such as the use of internet to make bookings and find information on destinations, have made tourism cheaper as well as more accessible and convenient, which has increased the demand for tourism Ivanovic, et al. (2009: 129).

3.2.5 Demographic factors

Demographic factors are statistics that relate to people, for example in terms of age, gender, income, family life cycle, occupation, social class and education. People's demand for tourism products will be different according to these demographic factors.

As a result of these differences, many tourism companies target a specific demographic group or type of people Ivanovic, et al. (2009: 129).

3.2.6 Geographic factors

Geographic factors include location, transport costs and visa requirements of a destination. The geographic location of a tourism product can affect people's demand for it. For example, a destination close by will attract tourists who only have a short time available to travel while tourists who have more time to travel or who seek more privacy may demand a destination further away Ivanovic, et al. (2009: 129).

3.2.7 Psychographic factors

Psychographic factors are based on a person's personality, and include values, attitudes and interests. In general, tourists have one of two types of psychographic profile. They can either be introverts or extroverts. Introverts are tourists who prefer visiting familiar places where they know at least one person or they have visited the place before and they know the surroundings. They prefer following planned and guided tours to places of interest. Extroverts are more flexible in the sense that they prefer visiting unfamiliar places or people, as they want to explore and experience new things. They usually do not like following a scheduled timetable like introverts do, and prefer to prepare their own itinerary Ivanovic, et al. (2009: 130).

3.2.8 Marketing factors

Marketing factors that affect the demand for tourism are based on the four Ps: product, price, place and promotion. The demand for tourism will increase if a new product is introduced that satisfies the needs of tourists. The demand for tourism will also increase if the price of the tourism products falls. In addition, the demand for tourism is affected by the place or distribution of the tourism products. This means that if a product is sold in an inaccessible place, demand for the product will not be as high as it could be if it were located in an accessible place. Finally, the demand for tourism products is also affected by their promotion, which consists of ways of letting tourists know about the products available Ivanovic, et al. (2009: 130).

3.3 THE NATURE OF DEMAND FOR ACCOMMODATION FACILITIES

According to Cook, Yale, and Marqua (2006) even before a new property opens for business, sales and marketing efforts begin and should never end, no matter how simple or complex the marketing effort, the ultimate goal is to attract future bookings. As Holloway (2006) points out, the demand for accommodation bedrooms stems from a widely-distributed market, nationally or internationally. It is therefore useful for managers and marketers to segment demand into different categories based on such criteria as geographic origin, purpose of travel, travel method amongst others since each category is likely to have different needs and requirements, pricing sensitivity, seasonal preferences and because there may be varying expectations about the future growth of particular segments.

Roubi and Littlejohn (2006: 380) point out that demand for accommodation is, to a great measure, derived demand, in the sense that it follows from and is secondary to the more primary decision to travel: typically, travellers first make a decision about where they want to travel to, and then make a decision about where they will stay when they get there. Roubi and Littlejohn (2006: 380) however note that there are exceptions to this in case of what are called 'destination hotels', which is where accommodation itself is the primary motivation for the holidaymaker. Furthermore, demand for accommodation is, to a greater or lesser extent, seasonal. Resort properties tend to experience a fairly high degree of seasonality, with demand peaking in the summer months and/ or during holiday periods. An intriguing feature of accommodation demand is that the person who actually stays in the accommodation may not be the 'travel decision-taker'.

The accommodation product is made up of five characteristics: its location, its mix of facilities (which will include bedrooms, restaurants, other public rooms, functions rooms and leisure facilities), its image, the services it provides (including such indefinable features as the level of formality, personal attention, speed and efficiency of its staff), and the price which it is prepared to charge Roubi and Littlejohn (2006: 380). The location of the accommodation will invariably be the first consideration when the tourist is selecting a hotel. Location implies both the destination (resort for the holiday-maker, convenient stopover point for the traveller, city for the business

traveller) and the location within that destination. Thus, business-people will want to be accommodated in a city-centre site close to the company they are visiting, while the seaside holiday-maker will seek a hotel as close as possible to the beach, and transit travellers will want to be accommodated at an accommodation convenient to the airport from which they are leaving. In economic terms, a trade-off will occur between location and price, as the leisure traveller looks for the accommodation closest to the beach which still fits the budget, or the transit traveller opts for a more distant accommodation which is prepared to offer a free transfer to the airport. Location is of course, fixed for all time; if the resort itself loses its attraction for its visitors, the accommodation establishment will suffer an equivalent decline in its fortunes.

According to George (2012: 11) the fact that high fixed costs are incurred in both building and operating accommodation compounds the risk of accommodation operating. City-centre sites are extremely expensive to purchase and to operate, requiring high room prices. The market may resist such prices, but is nevertheless reluctant to be based as (any distance from the centres of activity, even when good transportation is available. Accommodation establishments will seek to maximise their revenue by offering a wide range of different tariffs to the different market segments they serve. By way of example, one city hotel provides, apart from the normal rack rate, at least nine other rates, including special concessions to corporate bookings, conference rates, air crew, weekender traffic and tour bookings. In the climate of recession experienced by accommodation in recent years, it has also been possible for clients to negotiate substantial discounts if they book late in the day; the hotel management, recognizing that any sale is better than none, allows the desk clerks to come to an agreement against any realistic offer, which may be as much as 50 per cent lower than rack rate.

Accommodation companies may be further constrained by the need to meet building codes present in the location where they are building. Increasingly, concern about the environment and widespread recognition of the damage done to the architectural styles of resorts swamped by high-rise hotel building have led local authorities to impose stringent regulations on new buildings. This may mean using local (often more expensive) materials in place of concrete, limiting the height of hotels to four or

five floors (some tropical destinations restrict hotel building to the height of the local palm trees) or restricting the total size of the building to ensure it is in keeping with surrounding buildings.

3.4 FACTORS THAT MOTIVATE PEOPLE TO TRAVEL

There are as many reasons for engaging in tourism, as there are tourists. Different people participate in tourism for different purposes. Seemingly, every purpose comes with specific tourism demand. One of the most common demands is for accommodation. Whatever the intention of travel, tourists should be accommodated in one way or the other. According to George (2012: 5) the most common reasons for travel away from home are:

- Leisure, recreation and holidays;
- Visit friends and relatives;
- Business and professional engagements;
- Health treatment;
- Religious and other pilgrimages; and
- Personal motives

The activities that tourists engage in form the basis for demand. Perhaps it is necessary at this point to reiterate the definition of tourist. The term tourist described as “any person travelling to a place other than that of his/her usual environment for less than twelve consecutive months and whose main purpose of travel is other than exercise of an activity remunerated from within the place visited” (Poon, 2005: 67). This suggests that tourists are people who need a ‘home away from home’. Thus they visit to tourism destination with particular expectations, which trigger demands.

3.4.1 Tourism demand

The demand for tourism can be defined in various ways, depending on the economic, psychological, geographical and political point of view of the different authors. The geographic perspective defines tourism demand as the total number of persons who travel or wish to travel, and use the tourist facilities and services at places away from their places of work or residence (Cooper et al., 1993).

One of the key issues relating to tourism as mentioned in a number of official proclamations, demand is the individual's right. In 1980 the Manila Declaration on World Tourism stated that the ultimate aim of tourism was "the improvement of the quality of life and the creation of better living conditions for all people" (Cooper et al., 1993). This sentiment is reflected in the tourism vision as stated in the 1996 South Africa Government's White Paper on tourism.

Cooper et al. (1993) identifies two types of demand curves. The first one is the direct demand curve that states that a tourism product can be ascribed to the relationship between two variables like price and quantity'. This is a relationship in the economic demand schedule. The second one is the inverse demand curve that states that the quantity of demand for tourism drops with an increase in the price associated with tourism, and vice versa.

According to Prosser (1994), the character of tourism demand will continue to change. Schwaninger (1989) predicts these changes in tourism demand as follows:

Tourism demand will continue to grow and become increasingly differentiated.

There will be greater market specialisation and segmentation with a stronger emphasis on more active pastimes rather than passive holidays.

Packaged holidays will be customised to accommodate greater individual freedom through a modular product design.

These predictions have at this point in time happened and continue to happen in South Africa. In South Africa there are various market segments for example, eco-tourism, cultural tourism, heritage tourism, wildlife amongst others. South Africa is known for its variety of attractions such as fauna, flora, geology, ethnology and scenery. Then there is climate and facilities to accommodate active and outdoor activities like hiking, diving and river rafting, which are very popular. When all of these are combined, they provide a definite scope for tourism operators to put a packaged tour that appeals to almost every taste. Given this context, it must be acknowledge that it is not simply the stock of natural and other tourism resources in South Africa that determines its competitiveness in tourism, but rather how these

resources are managed and to what extent they are complemented by human innovations.

3.4.2 The domain of tourism demand

Tourism demand is led and influenced by many external factors, in particular market forces and economic factors, leading to the generation of physical and financial flows that have strong economic, socio-cultural and environmental impacts. According to Middleton (2004: 27); there are five main tourism demand domains and they are:

- The main **external factors** influencing tourism demand which includes: disposable income, advanced technology, demographic change and the time factor.
- The **basic services** that are intertwined with tourists motivations which include: accommodation, transport, infrastructure and technology.
- The **different levels of tourism market segments** expressed by economic indicators and indicators pointing out the impact of tourism and these can be local, provincial, regional or international.
- The **tourism policy** by governmental organisations on different aspects affecting both supply and the demand side.
- The **product development and marketing** and includes marketing, pricing, positioning, and differentiation.

The discussion above clearly indicates that there are different factors that lead to increase in tourism demand. Such factors could be either internal or external. External factors are those that relate to a person's surroundings. Examples of such factors are disposable income, time availability, advancement in technology and change in the demographic composition of a society. Internal factors are based on individual needs like health, education, business and physical factors. As a result, these factors relate very closely to the purpose of travelling. High and rising incomes, increased leisure time, good education and the advance in improved forms of transportation all contribute to a progressively higher demand for tourism. Moreover, increases in foreign arrivals and population growth within countries themselves too have affected tourism demand in a variety of ways.

According to Ivanovic (2009: 128) the media have also played a part in increasing the numbers of people who have entered the tourism market. The image that is created by different types of media especially television and the internet tend to advance the popularity of a destination much faster than other kinds of promotion strategies. A good image stimulates more interest and higher demand about a particular destination. Not quite so obvious is the extent to which sophisticated promotion of the tourist product has created a demand that did not previously exist. This is partly due to the marketing of packaged tours and partly to tourism promotion through the creation of an image of a destination in the mind of potential travellers using branding as an advertising ploy.

According to Ivanovic (2009: 128) the motivation for such tactics is mainly to stimulate the interest that potential tourists may have in a specific tourism activities leading to a need to satisfy a particular demand. Demand is also based on created imagery. Tourism imagery can be looked in two ways. In the first instance, it is seen as a personal process that helps to determine what sort of holiday or trip to take. Secondly, tour companies deliberately use it as part of their marketing strategy. This has led to the growth of myths about some destinations that seem to attract visitors by creating an unreal picture of the destination. There is no doubt that marketing and promotion aim to increase demand thereby becoming the main sources of rising demand. Demand is also linked to the reasons why people engage in tourism-related activities.

3.4.3 Tourism supply

According to Gunn & Var (2002) tourism supply has to do with the provision of the key elements of tourism industry by the host governments or destinations. Such provision should extend to maintenance, promotion and management of the tourism facilities and resources. Tourism resources that are necessary for tourism supply range from natural to man-made. Infrastructure required would include telecommunication, accommodation and transportation. Tourism reception services include travel agencies, tourist offices, hire companies and visitor managers (Gunn & Var, 2002). The one underlying characteristics of tourism supply that distinguishes it from other services is the way in which the mobile population who visit destination

areas consume a tourism product, service or experience. In contrast, the supply elements are often fixed geographically at certain places. This means that businesses are required to sink considerable costs into different forms of tourism services and centres of production on the basis of the expectation that the destination will appeal to visitors and assist in the promotion of their individual product and services.

The tourism supply chain concept originated from economics. It has been used to explain how different businesses enter into contractual relationships to supply services, products and goods, and how these goods are assembled into products at different points in the supply chain. Tourism is well suited in the supply chain because the product, service or experience that is consumed is assembled and comprises a wide range of suppliers. The supply of tourism products basically involves how various components of the tourist product are placed at the disposal of tourists. Tourism supplies can be classified under the following heading: Hospitality, Transport and Attractions/Products (Gunn & Var, 2002). As far as hospitality is concerned, this is where a tourist will look at the appropriate forms of accommodation, different types of food service provision, entertainment and leisure activities. The suppliers of accommodation vary from privately-owned organisations to large hotel chain groups or consortiums. Ultimately, accommodation forms the core of the tourism supply chain where it occupies a more central position.

Tourism supply can also be explained through the distribution system in the tourism analysis. The distribution system makes the supply of tourism available and accessible to the demand side. Tourism is an intangible product; therefore information is the only thing on which potential tourists can base their decision to make their arrangements. There are four components in the tourism distribution, namely, suppliers of tourism services, the distributors of information, travel intermediaries and consumers. Gunn & Var (2002) suggest that supply components can be classified according to the following four different elements (natural, human, transportation and hospitality and cultural resources):

- Natural or environmental resources that constitute the fundamental measure of supply. With the contemporary rise in environmental awareness, nature

conservation and eco-tourism, natural resources are being used more sustainably to ensure they continue to be of benefit in the future. Tourism supply in this regard embraces elements like the physiographic of the area, landforms, flora, fauna, water bodies, air quality and similar natural phenomenon. In essence the availability of such resources is of paramount importance to the success and continuity of tourism in a spatial industry.

- Built or man-made resources such as infrastructure and superstructures. Infrastructure includes all underground and surface development constructions such as water supply systems, sewage disposal systems, power lines, roads, communication networks and many other commercial and recreational facilities. Superstructures are those other facilities that are developed for the use by tourist and to support tourist's visitation to ensure a good experience in the destination. These will include shopping malls, hotels, parking lots and airports amongst other things (Inskeep, 19991).
- Transportation is a critical component of tourism supply, as without it tourists cannot reach their tourism destinations.
- Hospitality and cultural resources are integral to a tourism offering. It is the people and the cultural wealth of an area that makes it possible for tourism to take place. Tourists are hosted where there is security and often comfort. The attitudes of residents to visitors need to be desirable. The friendliness, courtesy, sincere interest and willingness to serve and to be better acquainted with visitors are crucial factors in the tourism supply.

3.4.4 Matching supply with demand

The definition of tourism supply should result from the overall definition of tourism and thus can be defined as the supply of all assets, services and goods to be enjoyed or bought by visitors and occasioned by the journeys of visitors. Statistics on tourism supply may be approached in two ways:

- Statistics on the production (structure) of enterprises, their activities such as the supply of accommodation and retail services; and
- Statistics on the results of such activities, that is, products which also may be services consumed by visitors (Buyers Report, 2007).

The general purpose of statistics on tourism supply is to assess the contribution of the tourism sector to a country's general socio-economic process and to identify the effects of tourism, distinguishing between direct effects and indirect or induced effects. Most of the tourists to South Africa arrive to appreciate the natural beauty of the country (Bull, 1995). South Africa's beauty is found in its diversity, which includes a generally hot and sunny climate, varied scenery and unspoilt wilderness areas, accessible wildlife, diverse cultures, activities like bird-watching, hiking, river rafting and diving (Schoeman, 1998) and other resources of an ethno-cultural, archaeological, geological and paleontological nature. These all add up to produce the supply of tourism which consists the amalgamation, or mix of attractions. Cooper et al. (1993) believe that tourism supply shapes the demand for tourism in the country.

Measurement of demand is calculated in several ways. The occupancy rates of the available beds increase within the ambit of the range of growth factors. Thus, the point at which the demand for beds exceeds their supply can be established. This is done according to the star rating of beds available so that the demand for a particular level of supply might be calculated even though the star rating system is not fully operation. An analysis of tourism demand is required to take the volatile nature of tourism into account, particularly as far as international tourism is concerned. International tourists are generally quick to abandon a formerly popular destination because of threats to health and security (Lea, 1993). Trends in tourism, including tourism destinations, take into account changing demands for the type of tourism product required. As tourists become more sophisticated, their requirements change, as can be noted by the increasing number of people involved in adventure and eco-tourism, which has become dominant in the Eden District as an option of serving the international tourism market.

Changes in the economic environment on a global scale affect not only the numbers of people involved in the tourist industry, but also the type and duration of the holidays they take. Naturally, the weaker the South African currency the more foreign tourists are likely to visit the country, thus increasing the demand for tourism. However, the effect is not the same for the domestic holidaymaker that constitutes

the larger proportion of the tourism market. The effect is in fact critically negative, with a slowing down in the domestic market.

3.5 TOURISM POLICY AND INITIATIVES

The Tourism Ministry aims to create the right conditions for responsible tourism growth and development by promoting and developing tourism, thus increasing job and entrepreneurial opportunities and encouraging the participation of previously disadvantaged individuals. Its focus is on facilitating the growth of the industry by providing support to the public and private sectors and the broader community.

The South Africa Government's White Paper on Tourism (1996) provides a policy framework for tourism development, and entails, among other things:

- Empowerment and capacity-building
- A focus on tourism-infrastructure investment
- Aggressive marketing of South Africa as a tourism destination in international markets
- A domestic tourism and travel plan.

Raising general awareness about the opportunities for domestic travel remains a priority. The aim is to encourage South Africans to travel within their country, to make tourism products accessible to all, to facilitate the development of a culture of tourism and create a safe and welcoming environment for visitors (White Paper on Tourism, 1996).

To promote a culture of domestic tourism amongst the South Africans, the Ministry of Tourism (the then DEAT) successfully implemented the Sho't Left domestic marketing campaign in 2005/6. It was expected to generate more than R40 million in the economy from a R20 million investment. The success of this campaign had been largely due to a partnership between the Ministry and stakeholders in the tourism industry. The aim of the campaign is to promote affordability and increasing the number of South Africans accessing tourism products and services either through easy Internet access on-line or through tourism information centres country-wide (DEAT, 2006).

3.5.1 Domestic tourism growth

In May 2004, the DEAT (now the Ministry of Tourism) in conjunction with South African Tourism launched the Domestic Tourism Growth Strategy at the Tourism Indaba in Durban. Domestic tourism was particularly considered more valuable because it is not seasonally-based like international tourism. The following activities are to be implemented to sustain and support the growth of the domestic tourism industry:

- Promoting the domestic tourism brand
- Promoting a set of experiences that relate to South African consumers
- Distributing appropriate information in specific places
- Facilitating the development of co-operative product packages
- Developing marketing and distribution channels
- Promoting repeat visitation (DEAT, 2006).

3.5.2 International tourism growth strategy

South Africa started with International Tourism Growth strategy in June 2003. The strategy included an analysis of core markets and their segments. Priority markets were identified in Europe, Asia and Africa. The South African tourism strategy of 2003 was particularly aimed at achieving the following goals:

- Increasing the number of tourist arrivals;
- Increasing the duration of stay of tourists visiting South Africa;
- Increasing spending by tourists;
- Ensuring that tourists travel throughout the country, and not just in a few provinces; and
- Facilitating transformation and integrating BEE into the local tourism industry (DEAT, 2006).

The New Partnership for Africa's Development (NEPAD) identified tourism as a key sector for addressing the development challenges facing Africa. The NEPAD Tourism Action Plan has been developed, providing a more detailed framework for action at national and sub-regional levels. The action plan proposes concrete interventions in the following focus areas:

- Creating an enabling policy and regulatory environment;
- Institution-building aimed at promoting tourism;
- Tourism marketing;
- Research and development;
- Investment in tourism infrastructure and products; and
- Human Resource Development (HRD) and quality assurance (DEAT, 2006).

3.6 MARKET SEGMENTS

The last decade has witnessed the segmentation of tourism industry into distinct markets. The different market segments diversify the scope of tourism demand and brought about specialisation amongst tourists. The accommodation sector received more types of demand than most sectors in the tourism industry. The accommodation market segments have been labelled in various ways, in particular the business segment, which has a number of sub-sectors like the in-route market and the niche market (National Department of Tourism, 2012).

3.6.1 Business market

The fastest-growing segment of the tourist market is the business tourism demand. Business people around the world travel to different venues for conferences and meetings. The expectations and needs of business tourists are different from those of general tourists, and South Africa seems to understand these needs and offers professional levels of service excellence, which corner a large section of the market. In the past twelve years, South Africa has successfully hosted prestigious events such as the 2002 World Summit on Sustainable Development, 2003 Cricket World Cup, 2009 FIFA Confederations Cup, 2010 FIFA Soccer World Cup, 2010 and the World Energy Summit in 2012 and many other large and high profile events on the conferencing calendar (National Department of Tourism, 2012).

Although by comparison with some other countries with more established reputations in this field, almost two thirds of all conferences held in Africa between 2009 and 2012 were held in South Africa, contributing to its national economy. Business travellers tend to be high spenders, often taking a few days on either side of the conference and meetings to travel the country. South Africa boasts world-class

conference centres, dedicated and professional personnel and the commitment to succeed, all factors meant to ensure that it remains a top business destination and that this segment of the tourism industry continues to grow (National Department of Tourism, 2012). International conferences generate income locally as employment opportunities, permanent and casual, are created and foreign exchange benefits accrued. Due to the nature of demand of the business tourism market, only countries with the flexibility to adapt to the changing needs will continue to be successful in this field (National Department of Tourism, 2012).

3.6.2 In-route market

The concept of route tourism demand is considered in both global and more local idiom. Route tourism is not defined in an official or international sense. It is a relatively new concept in tourism and therefore has been burrowed and adapted to cover a broad spectrum of tourism product types. Eden District region falls within and it is part of a long stretch of the route called the Garden Route. The Garden Route stretches from the end of the Wine Route in the Western Cape Province and ends up in Port Elizabeth in the Eastern Cape Province. The literature review revealed that, in a global context, well-known routes are most often and most successfully defined as point-to-point trips with clear a beginning and end. The tourist can join the route in the middle or at either end, but it is clear that it is a defined path with destinations to visit along the way. Each destination along the route complies with the consistent theme, and the destinations have developed somewhat organically over a long period. The routes generally cover very long geographical spaces. This kind of route tourism is usually used as a mechanism to attract tourists to an area and to link several attractions that would independently not have the potential to entice visitors to spend time and money. Using a synergy effect promises to have greater pulling power and dispenses visitor's money among a larger number of recipients.

The local definition commonly used in used in South Africa interprets the term, 'route tourism' as combining the tourism resources of a number of smaller centres and collectively marketing them as a single tourism destination region (National Department of Tourism, 2012). An example of existing routes in South Africa includes amongst others the following routes: the Garden Route, Stellenbosch Wine Route,

the Zululand Bird Watching Route, African Ivory Route in Limpopo Province and Route 62 in the Western Cape Province (National Department of Tourism, 2012). One of the most ambitious route development projects is that of the African Dream Projects of the Open Africa Foundation, which seeks to link the splendours of Africa in a continuous network of Africa tourism routes, from the Cape to Cairo (Africa travel, 2013). Such routes have come to be known as destinations with similarly themed or branded products, attributes and features, with which the participants in an area collectively identify. They do not necessarily cover consistent geographical spaces.

While route tourism in the South African context is getting closer to the scale of well-known, international iconic routes, the activity itself is known as grouping of similarly-themed products for the purpose of drawing visitors to an area where independent attractions would not be enough of a draw card on their own. Combining routes, themed and packaged according to special-interest experiences or particular geographic areas, or both, can be an effective tool for destination marketing.

3.6.3 Niche market

Niche tourism refers to tourism offerings that appeal to a particular special interest grouping, sometimes to the exclusion of their standing as a general tourism offering. Niche tourism requires that the market be segmented into groupings or themes with which visitors identify themselves or their experience while on a trip. Increased access to travel information, as well as the increased sophistication of travellers, can, in part, be cited for the increase in niche tourism and niche product offerings. Many tourism practitioners in South Africa incorrectly associate niche tourism with eco-tourism or cultural tourism in marginalised areas. This has clearly stemmed from the supply-side approach to development, while ignoring the huge opportunities that niche markets offer throughout the world (National Department of Tourism, 2012).

3.7 SUMMARY

The tourism industry has shown constant growth over the past decades and has been resistant to economic and political changes. It is also now recognised as the world's greatest generator of employment. Some of the benefits of tourism include

additional employment opportunities, increased awareness of other cultures and concern about the environment.

The supply of tourism in South Africa competes with the very best in the world. The diverse mix of attractions including sunny climate, varied scenery, wildlife and other features, is just what brings visitors here in the first place. The supply of geo-tourism features is probably the best in the world. However, it is not only the supply of tourism that shapes the demand, but how it is developed, marketed and managed.

Since tourism is now the world's largest industry, South Africa has the potential to benefit greatly from the growing tourism market. The exposure that the country got during the 2010 FIFA Soccer World Cup has given the country's tourism industry the continued flow of tourists for many years to come. All that is needed are individuals and organisations with vision, willing to look beyond the problems and to develop and market our destinations, and in so doing, create further awareness, pride and unity. Both the current and previous governments invested in tourism. The South Africa Government's White Paper on tourism development and its promotion of 1996 was a special piece of government publication. Its vision was to develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it would immensely contribute to the improvement of the quality of every South African citizen.

The next chapter examines literature that focuses on the nature of accommodation and its role in the tourism industry.

CHAPTER 4: THE NATURE OF ACCOMMODATION AND ITS ROLE IN THE TOURISM INDUSTRY

4.1 INTRODUCTION

Accommodation is a fundamental element of the tourism product and not only is it the largest and most ubiquitous subsector within the tourism economy (Cooper et al., 1998: 313). Accommodation typically accounts for around one-third of total trip expenditure, but it is also an essential ingredient of the tourism experience (Goss-Turner, 1996: 27). At the same time, however, the growth and development of the accommodation sector in particular is also intimately related to the overall development and success of tourism destinations in general. For example, the total supply of bed spaces in relation to a destination's arrivals figures is a powerful influence on occupancy levels, profitability, employment in the sector, investment and the longer-term ability of accommodation providers to retain control over pricing levels. Similarly, the physical location, density and quality of accommodation, and the extent to which it is balanced with the broader development of infrastructure and tourism-related facilities, is an important element in the overall tone or attraction of tourism destinations. This, in turn, directly influences the ability of destinations to survive in an increasingly competitive international tourism market. In short, the success of tourism destinations is largely dependent upon the appropriate development of the accommodation sector. The choice of accommodation reflects, by and large, the needs and expectations of the tourist and, as a result, both the quantitative and qualitative characteristics of the supply of accommodation services directly influence the type of tourism/tourists attracted to destination areas.

Accommodation is a base of the tourism industry as it is a vital and fundamental part of tourism supply. Tourists in their travel require location where they can rest and revive during their travel. As a result, commercial accommodations are in existence. There is great diversity in size and type of accommodation in relation to location and services provided. The services of accommodation facilities vary from each other based on their targeted customer groups. As one of the major components of tourism supply, accommodation constitutes the most important segment of the tourism industry. Availability of accommodation in the area represents the image of a tourism

destination, as it is one of the basic requirements for tourists in their travel. The role of accommodation in the tourism industry is central because it provides a support service for the wider motivation that brings the visitor to the destination. This chapter explains the planning issues around tourism and accommodation, the accommodation and the tourism product, distinctive nature of accommodation, structure of accommodation, how accommodation is classified and graded as well as the diversity of the accommodation services. Finally the chapter explain the role of human resources in the accommodation sector.

4.2 TOURISM AND ACCOMMODATION: PLANNING ISSUES

Tourism is developed for a variety of reasons. Primarily, however, it is considered to be an effective vehicle for economic and social development in destination areas (Roche, 1992: 566). Indeed, most countries are now tourist destinations and many regard tourism as an important and integral aspect of their development policies (Jenkins, 1991). This popularity of tourism as a developmental agent is attributable to a number of factors. For example, international tourism has demonstrated consistent growth since the 1960s and recent forecasts suggest continued growth well into the 21st Century (WTO, 1997). It is seen as an effective source of foreign exchange earnings and a significant generator of employment; it is also considered to have relatively low 'start-up' costs and, unlike many other forms of international business, it is relatively free of trade restrictions. More cynically, perhaps, for some countries tourism represents the only realistic development option (Brown, 1998: 59).

Despite these apparent attractions of tourism, however, effective planning is necessary if its potential contribution to broader development is to be realised (Gunn, 1994). Not only does tourism, if unplanned or uncontrolled, frequently generate a variety of negative economic, social and environmental consequences in destination areas, but the very nature of the tourism industry, or production system, demands effective planning and co-ordination. As an economic activity, tourism is diverse, fragmented and multi-sectoral, comprising innumerable private and primarily small enterprises involved both directly and indirectly in the supply of tourism products and services. According to Inskip (1991: 16) planning is therefore essential to ensure that all these elements are developed in an integrated manner to serve tourism as

well as general needs. Above all, however, the character, scale and rate of tourism development must be planned in order to ensure that it remains a means to an end, that is, an element of a broader socio-economic development strategy as opposed to an end in itself.

Given this necessity for planning, the primary issue, particularly in the present context, becomes the question of governance. That is, it is generally accepted that some degree of state intervention in tourism development is essential (Elliott, 1997); the extent of such intervention, however, remains the subject of intense debate. Inevitably, much depends upon the political and economic framework within which tourism is being developed. For example, in less-developed economies it is likely that the state will play a more active managerial and entrepreneurial role in tourism development (Jenkins, 1991). Conversely, in developed countries with a diverse, mature private sector (and where tourism is likely to make a less significant contribution to overall economic activity); the role of government will focus on support and facilitation rather than direct intervention. In either case, however, it is the responsibility of the government to formulate tourism development policy and to provide the appropriate legislative, administrative and planning tools in order to optimise the benefits of tourism to the country within an increasingly competitive global tourism environment.

4.3 ACCOMMODATION AND THE TOURISM PRODUCT

In the context of the tourism sector in general, accommodation rarely has a place or rationale in its own right. It is rare for a tourist to select to stay in a hotel or any other form of accommodation for its own sake. Rather, the choice is made because the accommodation provides a support service for the wider motivation that has brought the visitor to the destination, whether for business or leisure purposes (Cooper et al., 1998). In essence, given the above, accommodation is a fundamental element of the tourism product. Not only is it the largest and most ubiquitous subsector within the tourism economy (Cooper et al., 1998), but it is also an essential ingredient of the tourism experience. The choice of accommodation reflects, by and large, the needs and expectations of the tourist and, as a result, both the quantitative and qualitative

characteristics of the supply of accommodation services directly influence the type of tourism/tourists attracted to destination areas.

Cooper et al. (2008: 344) argue that accommodation is a necessary component in the development of tourism within any destination that seeks to serve visitors other than day-trippers. The quality and the range of accommodation available will both reflect and influence the range of visitors to a location. Accommodation also plays a key role in the overall economic contribution which tourism makes at a local and national level. It is however, difficult to generalise about the proportion of total tourist expenditure that is allocated to accommodation because it varies greatly according to the market, accommodation type and nature of product purchased. Accommodation, therefore, has an integral but varied role as part of the wider tourism product.

At the same time, however, the growth and development of the accommodation sector in particular is also intimately related to the overall development and success of tourism destinations in general (Barke & France, 1996). For example, the total supply of bed spaces in relation to a destination's arrivals figures is a powerful influence on occupancy levels, profitability, employment in the sector, investment and the longer-term ability of accommodation providers to retain control over pricing levels. Similarly, the physical location, density and quality of accommodation, and the extent to which it is balanced with the broader development of infrastructure and tourism-related facilities, is an important element in the overall tone or attraction of tourism destinations. This, in turn, directly influences the ability of destinations to survive in an increasingly competitive international tourism market. In short, the success of tourism destinations is largely dependent upon the appropriate development of the accommodation sector (Barke & France, 1996). This would suggest, of course, that the development of the accommodation sector should be a fundamental and integral element of the overall destination planning process. In other words, it is logical to assume that plans and controls should be in place to ensure that the supply of accommodation reflects and contributes to wider tourism development plans and objectives (Barke & France, 1996). However, it is widely recognised that, throughout the Mediterranean region, such an integrated approach to resort planning and management has proved to be the exception rather than the rule. Many destination areas have experienced rapid, excessive or inappropriate

development of the accommodation sector which, in some instances, threatens the longer-term viability of the tourism industry (Barke & France, 1996).

Accommodation has been a travel requirement since the first trading, missionary and pilgrimage routes were established in Asia and Europe in pre-Christian times (English Tourism Council, 2001). The basis for such accommodation was generally non-paying, as travellers were provided with a roof over their heads and sustenance as part of a religious obligation or in the hope that similar hospitality might be offered to the host in the future. The first reference to commercial accommodation provision dates back to the thirteenth century (English Tourism Council, 2001). This concurs with the traditional perception that associates tourism with hotels. Traditionally, hotels played a central role in the development of the tourism industry. The association of tourism with business brings accommodation to the centre of tourism studies (Hall, 2005).

Several scholars (Vallen & Vallen, 1991; Smith, 1991; Hall, 2005) regard accommodation as a basic, functional business within the tourism industry. Most tourists experience the extreme luxury and opulence of tourism when accommodation is of high standard. Such accommodation can either be informal or private or it may be provided within units operated by major multinational organisations in conjunction with governments or independently. Hotels constitute a greater proportion as a sub-sector of tourism accommodation businesses. Most of the existing studies only focussed on hotels, ignoring the fact there is a diverse array and numerous classifications of accommodation facilities related to the tourism industry of which guest houses is one of them. In short, tourism accommodation in South Africa has been researched, but with a strong bias towards the more conventional perception that hotel accommodation is the only place where tourists stay (Rogerson, 2001; Visser, 2003; 2005a). However, lately it has come out that tourists now prefer different types of accommodation (non-metropolitan small- to medium-sized tourism accommodation to bigger hotels (Bennet, 2001).

Bennet (2001) further suggests that today tourists want to experience something new and are insisting on impeccable, first class service and fair value for monetary outlay. The expectations of these “new tourists” (as defined by Poon in 1994: 316) have led

to the emergence of new demand dynamics for a different type of tourism experience and means that the strategic provision of hotel accommodation has to be complemented by other types of tourism accommodation. These opportunities, in this case guest houses, also deserve academic consideration; a need addressed in this research, particularly justifying the envisaged investigation.

4.3.1 Accommodation as a tourism product

Generally, accommodation does not attract tourists in its own right, but its absence might force potential tourist not to visit the destination (Cooper et al., 1998). Accommodation provides support services that are core-elements of the tourism industry. It can thus be argued that accommodation does not generate a tourist's motivation for travelling. The motivation to travel is usually led by the desire to experience a wider tourism product at a particular resort or locality with accommodation as one of the crucial tourism products (Cooper et al., 1998).

Accommodation as a tourism product has to reflect the vital components of any business product. For sustainability, a product has to be well-positioned or located. The location needs to be accessible in terms of transport, information communications technology and infrastructure. Location often determines the appeal and accessibility of properties. Typically, the distance decay principle applies to decision-making when considering accommodation locations. The quality of the service should relate to the grading and the value of the products. Quality products create a good image that can easily be advertised through mass media. All these components of the tourism products are interrelated (Cooper et al., 1998).

Accommodation is an integral part of the overall tourism infrastructure as without it tourists will not visit the location. There are situations where its provision has dominated development plans. Moreover, it also assists in attracting wider investment in the tourism product at the locality. Hall (2003: 65) gives an example of the province of Newfoundland, in Canada, where four hotels were built in strategic locations as part of its tourism development strategy in the early 1980s.

Talking about tourism economics, Boone & Kurtz (2007: 45) agree that accommodation could feature as an element in wider economic development strategies but it needs to play a primary and varied role as a successful tourism product too. If a hotel is simply a support facility for wider economic development only, it could easily operate at a deficit. Accommodation also plays a key role in the overall economic contribution, which tourism makes at a local and national level.

It is difficult to generalise about the proportion of total tourist expenditure that is allocated to accommodation because this varies greatly according to the market, accommodation type and nature of product purchased. A generally accepted estimate is that a third of the total expenditure is allocated to this sector. Accommodation may be sold as a loss leader to promote expenditure on other components of the tourism product. Off-season offers are frequently promoted whereby hotel rooms are provided 'free' on condition that guests spend a specified minimum amount on food and beverage. Such strategies recognise the highly volatile and fluctuating demand that exists on a seasonal and weekly basis, a broader dimension of the accommodation sector (Boone & Kurtz, 2007: 45).

4.4 THE DISTINCTIVE NATURE OF ACCOMMODATION

According to Cooper et al. (2008: 352) the accommodation sector is distinct from other industries in three areas. The first of these areas is that accommodation sector comprises both tangible and intangible factors. The tangible aspects would include the physical surroundings, the equipment needed to provide accommodation, the décor, location and perhaps the food and beverage that were consumed by the guest. The intangible aspects would include the atmosphere present in an establishment and, most importantly, the service that the consumers of the product experiences.

The second area concerns the inseparability in the provision of goods and services in the accommodation sector. Essentially, this means that guests have to be present during the production and consumption of the accommodation provision – the guest has to be present during the overnight stay. The concept of inseparability in the provision of goods and services in the accommodation sector further means that the

goods and services consumed by the guest or customer has no lasting value. While it is recognised that the guest will benefit from staying in accommodation overnight, apart from the memory of the stay, the guest will experience no lasting physical benefit from the experience (Cooper et al., 2008: 352).

The third area that distinguishes accommodation from other industries is the fact that it is immediately perishable. Essentially this means that accommodation cannot be stored and if not sold for any given night, the opportunity for sale is lost forever. Even if subsequent nights are full due to a sudden surge in demand, lost revenue from the previous empty night can never be recovered. Demand, therefore, plays an especially significant role in the production and delivery of accommodation (Cooper et al., 2008: 352).

4.5 THE STRUCTURE OF THE ACCOMMODATION SECTOR

The accommodation sector comprises widely differing forms of sleeping and hospitality facilities which can be conveniently categorised as either serviced (in which catering is provided) or self-catering (George, 2012: 105). These are not watertight categories, as some forms of accommodation, such as holiday camps or educational institutions, may offer serviced, self-service or self-catering facilities, but they will help in drawing distinctions between the characteristics of the two categories. Hotels are the most significant and widely recognised form of overnight accommodation. They also form one of the key elements of most package holidays. However, what constitutes a hotel and distinguishes it from other forms of accommodation is not always clear. According to George (2012: 105) a hotel is defined as an establishment that provides formal accommodation with full or limited service to the travelling public and it has a reception area, offers a dining facility and must have a minimum of six rooms, but more likely exceeds 20 rooms.

George (2012: 105) a feature of the industry is that, as mass tourism has developed, so have the large chains and corporations in the accommodation sector. The hotel and motel business has reached a stage of maturity in which a few major companies have come to dominate the international market. In Britain, about a third of hotels with eleven or more rooms are now part of big chains, mainly British-owned, and

similar patterns can be detected in other developed countries. This expansion has been achieved not only through direct ownership, but also through the process of franchising, whereby hotels and motels are operated by individual franchisees paying royalties to the parent company for the privilege of operating under a brand name (Boone & Kurtz, 2007: 45).

This form of expansion has been used with great success around the world by companies such as Holiday Inn, while the Friendly Hotel group holds European franchises for such well-established brand names as Quality Hotels, Comfort Hotels and Sleep Inn. Since these chains market their products more aggressively, advertising extensively, working closely with large tour operating organisations globally and providing an effective distribution network using computer reservations systems linked to the airline central reservation systems (CRSs), they tend to play an even more significant role in the industry than their market share might suggest (in total bed terms, their accommodation is still minimal by comparison with the many small independently owned facilities, which have less ready access to the other sectors of the tourism industry) (Boone & Kurtz, 2007: 45).

4.6 CLASSIFICATION OF ACCOMMODATION FACILITIES

Classification of accommodation may be defined as “the categorisation of accommodation facilities into different ratings in terms of offered amenities, type of property and their size” (Gee, 1997: 67). Accommodation types may differ in terms of their style of operation (formal or informal), size (large or small), the service offered and the standard of the product. Although tourism accommodation has always been linked with entertainment facilities, food and hospitality, changes in the tourism industry have brought about the existence of different kinds of accommodation that do not necessarily adhere to traditional patterns. Cooper et al. (2008: 245) state that hotels have always been major providers of a food service, but this role has changed in recent years. Today customers have a choice of whether they need accommodation or not. Classification of accommodation varies with countries. According to the World Tourism Organisation Business Council (WTOBC) (2003), the capacity provided by accommodation determines the type of accommodation. For

example, if an operation provides both motel and camping grounds, and the majority of its provision units are motel rooms, then it will be classified as a motel.

Classification in terms of accommodation size reveals that smaller establishments tend to be more numerous when compared to the bigger establishments. This conforms to the classical geographical theories of sizes and spacing such as the 'The Rank Size Rule' and 'The Central Place Theory', which claim that the number of bigger centres within a given area will always be fewer than the number of tourists within a given area as has been shown to be the case in Australia (WTOBC, 2003). The implication here is that if the small- to medium-sized enterprises (where guest houses falls under) were to be given special attention in terms of strategic development and promotion, they could make a huge difference in the whole sphere of tourism accommodation provision, their contribution to LED and the development of the tourism industry in general. It is the hope of the researcher that the proposed recommendations for guest houses to contribute to LED can be adopted or adapted to contribute in this regard.

4.7 ACCOMMODATION GRADING

Grading identifies accommodation according to certain verifiable objective features of the service offered, such as the number of courses served at meals and whether a 24-hour service is provided, amongst others. It is necessary to note, however, that none of these refers to the assessment of quality, which calls for subjective evaluation, and is therefore far more difficult and more costly to validate, especially when standards can change so rapidly over time. Grading also emphasises quality dimensions (DEAT, 2006). In practice, most national or commercially-operated schemes concentrate on classification with quality perceived to be an add-on which does not impact upon the star-rating of an establishment. It is common practice for almost all areas of the tourism accommodation to adhere to certain standards despite the fact that they are products of local or global forces representing socio-political, technological and economic factors. The interplay of these factors does not influence the sector's heterogeneity. In reality, a thoroughly scientific comparison of the tourism accommodation facilities is difficult because every business is based in a particular setting that is determined by specific local determinants. However, the process of

accommodation grading still serves as the best mechanism to ensure standards in tourism accommodation (DEAT, 2006).

In South Africa, two major bodies, the National Accommodation Association (NAA) and the South African Tourism Grading Council (SATGC) play a major role in tourism accommodation grading. Unfortunately, the reviewed literature indicates that only registered accommodation establishments may be graded, yet most non-metropolitan tourism accommodation remain unregistered and unnoticed. During this research, it was also realised that there is no database of guest houses in the Eden district region. Furthermore, for grading, they need to apply formally and there are no obvious incentives for small accommodation operators of which many guest houses falls under to register their enterprises. In fact, in many instances, various accommodation grading and classification schemes have been applied for comparative purposes. Accommodation classification or grading is predominantly associated with large accommodation enterprises like hotels, lodges, B&B and few guest houses and camp sites. The South African Tourism Board (SATB) keeps the inventory of the graded establishments (DEAT, 2006).

Standardisation and the establishment of uniform service and products create an orderly travel market distribution system. This is also useful for travellers who have to choose from the range and types of accommodation available to suit their needs within a destination area. It also helps in the promotion of a destination and development of a competitive edge for different categories of accommodation. Different classes of accommodation require standards of facilities and services within their respective grades (Sheppard, 2002).

4.8 THE DIVERSITY OF TOURISM ACCOMMODATION

The South African tourism accommodation sector can be categorised into two broad groupings, graded and un-graded accommodation. The graded includes formally registered accommodation like hotels, guest houses and lodges. The un-graded are generally not registered and they are 'informal' in nature. These range from self-catering, camps, holiday flats and many other small types of accommodation. Sheppard (2002) indicates that the grading of 'formal' tourism accommodation in

South Africa still range from one to five stars. The one-star grading is the least rated while the five-stars are the most luxurious. With more people engaging in tourism with a budget-conscious mind, the use of highly rated five-star accommodations is associated with the wealthy, while the middle-income groups prefer the middle graded three-star accommodation (Sheppard, 2002). A description of the different types of accommodation will now follow in the next section.

4.8.1 Guest houses facilities

The guest house forms a sub-sector of tourism accommodation. It actually embraces different types of tourism operations with similar characteristics that offer beverage, food and accommodation in a small family style environment. These kinds of operations could offer relatively the same kind of service offered by small hotels although the guest house includes a more homely environment where tourists may share facilities and meals with the hosts. George (2012: 255) defines a guest house as an existing home, a renovated home or a building that has been specifically designed as a residential dwelling to provide overnight accommodation, together with public areas for the exclusive use of its guests. It must have more than three rooms. In this research, this definition was applied and therefore only guest houses that had three rooms and more were considered for inclusion in the study. Guest houses have a long tradition internationally. Inns, for example, are ubiquitous in the United States of America, with guest houses normally found in the upper-market area of a city or town, most often near tourist attractions and easily reachable by car, taxi or bus service (Page, 2009: 273). In Germany the Gasthaus is famous, while in the United Kingdom, small and family run properties with fewer than 12 rooms dominate the B & B /small hotel sector (Henning, 2004: 8).

In France, guest houses are known as “hotels du charme” or “boutique hotels”, while “Gîtes” provide self-catering accommodation in or near small villages (Lyons, 1993). The “Gîte” itself may be a small cottage, village house or a flat in the owner’s house. Over and above the presence of guest houses in New Zealand, another form of serviced accommodation found in that country is the so-called “home-stay” concept. Here the visitor stays in a house on a farm with a family who act as hosts and allow

the visitor to experience the local way of living. This also enables rural farmers to supplement their income (Page, 2009: 273).

Initially in South Africa, the term guest house indicated that the establishment must consist of four or more bedrooms. Each bedroom must have an en suite bathroom or the guest house must have a private bathroom for the exclusive use of clients. Furthermore, the establishment must have public areas that are exclusively for the use of the clients (Henning, 2004: 43). However, it is in modern times acceptable for a guest house to only have one or two bedrooms.

Major international events such as conferences and sport tournaments depend on the standard of accommodation provided in the host country for its success, including guest houses. It is argued by Henning (2004: 8) that the guest house sector in South Africa “really started its rapid growth in 1995, boosted by the Rugby World Cup”. Today, guest houses have become a preferred accommodation choice for many international and local travellers in South Africa. These guest houses provide high standards of service throughout the country and make a vital contribution to South Africa’s tourism industry, economy and international reputation.

Internationally there are contrasts in the operation of this sub-sector. In the United Kingdom, B&B and guest house enterprise are not significantly different, although the former requires fewer controls or licences in order to operate. Indeed, it is a sub-sector where many operators take guests on a seasonal or sporadic basis and, as a result, can offer a flexible accommodation resource to both metropolitan and non-metropolitan areas (Olsen, West, & Tse, 1998).

Linked to the required high standards referred to above, and in order for the clients of guest houses to know what standards to expect when enquiring about a guest house or making a booking, most guest house owners globally and in South Africa have their guest houses rated. It is in fact international practice for countries to have guidelines, rules and regulations applicable to guest houses. Such guidelines, rules and regulations include the number of rooms allowed, the type of breakfasts served and the maximum length of stay allowed. Lanier (1993), for example, published The

Complete Guide to Bed and Breakfasts, Inns and Guest Houses in the United States of America and Canada. In the publication he states, for example, that at the time of publication, five bedrooms were accepted as the minimum for a reasonable return on the investment in a guest house in the two countries. He further writes that clients, who always return to the same guest house, are more critical and demanding. This results in guest house owners and managers investing in amenities or changes that benefit their clients. When their clients return, the clients felt confident that all their needs would be attended to. Very often a client selects a certain guest house based on previous experiences with the guest house, its rating, advertisements, value for money, its location, or recommendations by others.

Marketing Quality Assurance (MQA) is an international certification organisation which sets quality standards and assesses accommodation establishments for their marketing, sales and customer service. According to Knowles (1994: 46), the British Island National Tourism Board uses a rating system in the form of bands derived from a scheme which awards points for the standard of services offered by facilities. These are the Dragon Award scheme in Wales, the Rose Award scheme in England, and the Thistle Commendation scheme in Scotland. The hospitality industry in the United Kingdom also applies a so-called BS 5750 quality assurance scheme to verify quality (Callan, 1994: 482). Since 1991, only rated establishments are allowed to perform business and advertise.

In South Africa, the Tourism Grading Council of South Africa (TGCSA) sets and inspects standards in the hospitality and accommodation industry in terms of a star rating system (South African Government Information, 2010: 2). This star rating system of the TGCSA is an internationally recognised benchmark of quality, offering international visitors an easily recognisable symbol of quality assurance and more precise information of what they can expect from the guest house they enquire about or visit (Henning, 2007: 8). This voluntary rating system, which was launched in 2001, uses internationally recognised star insignia to rate accommodation establishments and indicates a commitment to providing good service and regularly upgrading facilities. Once rated, establishments are encouraged to use the star rating system for marketing and advertising purposes.

The presence of the rating and marketing associations imply that the hospitality industry in South Africa is highly competitive and requires the highest levels of professionalism – hence the need for international rating standards and qualified assessors. This star rating, from one to five stars, is the only system recognised by government and the TGCSA, and is displayed on most advertising material and at accommodation entrances. Star-rated establishments undergo annual quality checks to ensure that standards are maintained.

Table 4.1: The TGCSA’s rating framework in South Africa

| STARS | EXPLANATION OF THE RATING |
|--------------|---|
| * | Relative (acceptable) quality in the standard of furnishing, service and seeing to clients. Clean, functional accommodation. |
| ** | Good quality in the standard of furnishing, service and seeing to clients. |
| *** | Very good quality in the standard of furnishing, service and seeing to clients |
| **** | Excellent comfort and quality and a high standard of furnishing, service and seeing to clients. |
| ***** | Exceptional good quality and luxurious accommodation comparable with the best international standards. Highest standard of furnishing, first-rate service and immaculate seeing to clients. |

Source: Train, Claase and Pilbeam (2007:14).

Rating assessors in South Africa undergo training to receive the National Certificate in Tourism Rating, a world-first qualification (South African Government Information, 2010: 3). Assessors are accredited with the Tourism and Hospitality Education and Training Authority (Theta) and registered with the TGCSA before being recommended to the industry. Larger hotel groups with their own internal assessors are also accredited with Theta. Independent auditors conduct random audits. These auditors also assist in ensuring that the assessors adhere to a specific code of conduct. It should be noted that it is general practice for the qualified assessors to visit high-scoring establishments on a regular basis to verify their scores.

The TGCSA annually publishes the AA Travel Guide which serves as an accommodation quality check guide for visitors to South Africa. The AA stamp of approval on promotional material indicates that a venue is highly recommended. Work by other professional bodies such as the National Accommodation Association of South Africa, and marketing organisations such as Portfolio Collection and Guest House Accommodation of South Africa, ensure that South African guest houses can compete successfully internationally and have a good reputation (Henning, 2007: 9).

The TGCSA also has a helpline where clients can complain if they are unhappy with the service they received. Complaints include, for example, bad service experienced and service which was not in line with the rating advertised and paid for, as well as injuries occurring due to bad safety procedures. However, most of the complaints are received from clients staying in unrated guest houses. When a client experiences bad service during his or her stay in a guest house, it can lead to a negative effect on tourism. Normally when a client experiences good service, the client will return for further visits to the guest house due to being satisfied and this leads towards repeated business and client loyalty.

4.8.2 Self-catering facilities

Touring is an adventure that people can enjoy if essential food and refreshments for daily sustenance are readily accessible. Self-catering accommodation offers an advantage in this regard by providing more than just sleeping arrangements since they are equipped with amenities for recreation and food preparation on a personal basis, allowing them to prepare food according to their own preferences. This type of accommodation has become a sought-after component of lodging for touring people, especially families. Guests are housed in individual cottages or rooms that might have been adapted from normal residential use or purpose built bungalows developed and marketed as a distinct brand.

Self-catering holiday accommodation can be accessed in different ways, usually as part of a vacation package, through an agency or independently directly from the owner (Vallen & Vallen, 1991). In some countries, self-catering accommodation is rented or leased out. In France and Greece, owners of a country or beach cottage

are not confined to the wealthy people. It is also a very common phenomenon in developed areas, particularly so in Moscow, the capital city of Russia (Vallen & Vallen, 1991). Also available in South Africa are holiday homes that are not necessarily purpose-built, but purchased within the normal housing market, a practice that can create considerable distortion in the local property market and extend the gap between tourism demand and supply, which is constantly in a state of flux. Resentment arises within local communities when they see prices rise precluding them from buying. Furthermore, if the local housing market stock comprises a preponderance of holiday rather than residential homes, the impetus for growth in the provision of tourist accommodation facilities is curbed. It is quite common for local residents' homes to form the accommodation base for self-catering vacations (Vallen & Vallen, 1991: 58).

4.8.3 Camping and caravan sites

The accommodation levels provided on the camping or caravan parks have improved greatly from the camping experience of earlier generations, but are still restricted in terms of space and privacy. A key provider, within tourism, is the sub-sector offering sites for campers or caravans. Such sites may be basic fields with few, if any, utilities provided or sophisticated resort locations including a range of comfort services as well as leisure, food service and retail options. This form of accommodation is very popular in nature tourism and has an increasingly interested market. Permanent caravan sites include vehicles and sites for short-term renting, as well as those owned by visitors who may use the accommodation on a regular basis throughout the season (English Tourism Council, 2001).

4.9 HUMAN RESOURCES

The aim of the research was to investigate the contribution of guest houses to LED; one of the main objectives of LED is employment creation and hence it was necessary to dissect the employment structures in the accommodation sector. Productive businesses within the accommodation sector, irrespective of size, are usually labour-intensive and are likely to remain that way. This is in spite of considerable improvement in productivity through use of technology, training, systems efficiency and management effectiveness (Smith, 1998). There are few

labour-saving initiatives that could drastically reduce the level of employment in say, housekeeping. By contrast, the budget or economy sector is able to provide a quality product without service levels by minimising the level of staffing employed, for example internet marketing and on-line services.

In spite of changes in the use and productivity of labour within the sector, accommodation remains an area that provides employment opportunities for a wide range of skills and aptitudes, reflecting not only the diversity of businesses that operate under the accommodation umbrella, but also the variety of tasks that working in the sector demands (Smith, 1998). In many communities, accommodation businesses contribute socially by providing employment for the people who would find it difficult to work in other sectors of the economy. Accommodation also provides relatively easy access to employment for new immigrants, legal and illegal, as well as those entering the labour market for the first time. These positive dimensions must be counterbalanced by recognition perceived and actual problems associated with work conditions, pay and general industry image issues, in both developing and developed countries (Smith, 1998).

Tourist use of catering facilities varies according to the specific service offer and on their being located throughout cities, often in association with and servicing other facilities (Smith, 1998). Many catering establishments in cities reflect local community needs and tourism complements the existing pattern of use. Nevertheless, Ashworth & Tunbridge (1990: 65) acknowledge that restaurants and establishments combining food and drinks with other entertainment, whether night-clubs, casinos and the like, have key location characteristics that render them useful in the sense that they have a distinct tendency to cluster together in particular streets or districts. Among the secondary elements (Ghemawat, 1999) of the leisure product in urban areas, three components emerge as central to serving tourist needs. These are accommodation, transportation and catering elements.

4.10 THE ROLE OF ACCOMMODATION IN TOURISM DEVELOPMENT

Tourism, in a broad sense, is dependent on the quality and quantity of accommodation facilities available. It is a very vital factor of tourism development. To imagine a successful tourism development, the development of accommodation should be considered as a core factor of the tourism planning. In other words, accommodation is a matrix of tourism, and therefore, appropriate choice of accommodation is required in order to expand and develop the tourism industry (Surya, 2013). Comfortable hotels and other forms of accommodation facilities play a vital role in attracting tourists to the destinations places. This therefore mean that the facilities of the accommodation establishment should provide comfort to the tourist as the opposite will lead to the tourist being dissatisfied and end up spreading a negative message about the accommodation establishment to friends and family members. Realising this fact, accommodation has a role in the attractiveness of a tourism destination, accommodation facilities which are available in different tourist spots have been focusing to provide maximum comfort to tourists within reasonable rates. It is very important and tricky to the accommodation supplier to provide comfortable accommodation to the people from diverse economic backgrounds according to their affording ability (Surya, 2013).

In modern times, the way people spend their vacation has faced many changes. People like to spend their holiday and leisure time with friends and family and at the same time exploring various touristic destinations around the world. As a consequence, a tourism business across the world has seen unprecedented developments which directed remarkable growth in the accommodation facilities (Surya, 2013). Accommodation, as a dominant part of tourism, has directly influenced the tourism development in certain destination areas. Accommodation is a basic need in the tourism industry. Therefore, it is logical that development of accommodation should be a fundamental element of the overall planning process of the tourism destination's planning process. Considered as a core of the tourism industry, most of the countries have been able to recognize its importance in accordance to the tourism development and therefore the governments of the destination countries have been coordinating their tourism activities with the accommodation industries by emphasizing attractive incentives and concessions to

the providers of tourist accommodation. This kind of governmental plan has succeeded in developing various types of accommodation. Sufficient supply of accommodation facilities in the tourism industry is one of the basic fundamentals of tourism development (Surya, 2013).

Accommodation in tourism plays a vital role in a country's economy, in result; countries who acknowledge its positive influence on its economy are giving more importance to the development of the accommodation sector. The supplies of accommodation, qualitative and quantitative, have a direct influence on the overall success of the tourism destinations. The development of the accommodation sector should be a key element of the tourism destination planning process in order to gain tourism development. Failure to plan and control the accommodation sector will result that in many tourism destinations the targeted tourism developments have not been achieved. Socio-economic and cultural development in destination countries are the positive aspects of tourism development, but on the contrary, it also leaves some negative drawbacks to the destination, for example, environmental pollution and incoming cultural influence to the host countries (Surya, 2013). The vision of the accommodation development in relation to the tourism development in the destination countries should be applied at the same time since they make a vital contribution to the whole economy of the country. As a result, in many countries, tourism industries cover the dominant percentage of their total domestic net income (Surya, 2013).

Tourist accommodation performs a key function within both the context of rural and urban tourism. It provides the opportunity for visitors to stay for a length of time to enjoy the locality and its attractions, while their spending contributes to the local economy. Accommodation forms a base for tourists' exploration of the urban and non-urban environments. The tendency for establishments to locate in urban areas precludes peripheral opportunities from expansion thus intensifying their need to find a relevant *modus operandi* rather than relying on what happens in the metropolitan areas and within established urban tourism initiatives. The importance of infrastructure and accessibility comes clearly to the fore when hotels are built to serve specific markets. For example, an exhibition and conference market will need

hotels adjacent to major conference and exhibition centres (Law, 1996). However, this does not, by any means, suggest ignorance of the locational viability of the accommodation business.

According to Pearce (1989) the functions of the accommodation sector within urban tourism can be divided into serviced functions and non-serviced functions sectors. Each sector has developed responses to the needs of different markets, and a wide variety of organisational structures have emerged among private sector operators to develop this area of economic activity. Pearce (1998) notes that many large chains and corporations now dominate the accommodation sector, using vertical and horizontal forms of integration to develop a greater degree of control over their business activities.

4.11 SUMMARY

The above discussion shows that accommodation is the largest and arguably the most key sub-sector of the tourism industry. Together with the transport industry, the accommodation industry caters for international tourists, regional tourists, and national tourist as well as locally-based tourists. In a way, it meets the needs of virtually all tourism market groups. The different categories of tourism accommodation were identified. The importance of human resources in the accommodation sector was elaborated upon, indicating that the accommodation sector is a very labour-intensive sub-sector of the tourism industry. The role that the accommodation sector plays in the tourism industry was analysed and it was found that even though the accommodation sector does not motivate tourists to travel, except in few exceptional circumstances, it was found that its absence may discourage tourists from visiting a particular destination. It was also found that the accommodation forms the basis from which tourists begin their exploration of the destination. The next chapter reviews the legislative framework for the South African tourism industry.

CHAPTER 5: A LEGISLATIVE FRAMEWORK FOR THE SOUTH AFRICAN TOURISM INDUSTRY

5.1 INTRODUCTION

Like any industry, the tourism industry is governed and regulated by different sets of acts for which the purpose is to encourage and promote improved standards and services and facilitate closer cooperation between government and industry participants. The Tourism Act of 1993 in South Africa provide guidelines and regulations to ensure the safety and satisfaction of visitors while clearly defining the proper steps in dealing with non-compliance and unlicensed operations. Tourism Act of 1993 has now been amended to the Tourism Bill of 2012 that was presented to the government's tourism portfolio committee on 12 February 2013. The Tourism Bill, when promulgated, will repeal the Tourism Act of 1993 and its subsequent amendments, which fell short of being an overarching national legislative framework for the management of tourism in the country.

This chapter will focus on the legislative framework of tourism in South Africa with specific focus on the South African constitution, Batho Pele principles, The White Paper on the development and promotion of tourism in South Africa, South African Tourism, the different roles played by the national, provincial and local government in tourism and an analysis of the district municipality's role in managing and developing tourism.

5.2 LEGISLATIVE FRAMEWORK OF TOURISM IN SOUTH AFRICA

In South Africa, the backbone of these acts will be the South African Constitution Act 108 of 1996 which enshrines the basic human rights. With specific reference to the tourism industry, there is the Tourism Bill of 2012 which replaced the Tourism Act of 1993 which was analysed above, the other key organisations and their roles in the tourism industry will be evaluated in detail in the sections that follow.

5.2.1 South African constitution Act 108 of 1996

The transformation of South African local government has a number of important implications. The first implication is that the status of local government has changed: it has been given more responsibilities; planning has had to be integrated and be developmental; and municipal performance has had to be measured and judged by the municipality itself, by residents, and by both the Provincial and National government. Other added responsibilities and requirements include the need for local government to be self-sustaining so as to be developmental. This has been followed by greater insistence that local government improve its financial management, budgeting and other credit controls within a framework of acceptable accounting standards and principles.

The closeness of local government to the places where needs are felt, means that it is strategically located to perform its mandate of providing basic services to the people, as a first step towards developing the communities of South Africa. The delivery of basic services greatly assists in poverty eradication and community development. Local government is now also expected to render free basic services to people who cannot afford to pay for municipal services, as per the 2000 Election Manifesto of the ruling ANC government. This Manifesto viewed access to basic services as universal and a constitutional requirement.

As part of its developmental role, local government is expected to form a partnership with its communities, as indicated by the new definition of a municipality, which includes a municipal structure and its residents. Furthermore, local government cannot fulfill its mandate without a partnership with the Provincial and National governments. Establishing and maintaining sound inter-governmental relations have, therefore, become vital in ensuring the success of local government.

The Constitution of the Republic of South Africa, Act 108 of 1996, positions local government as an independent sphere of government, interrelated to and interdependent on the national and provincial governments. To give it a collective voice, local government speaks from a position of strength through organised local

government, as embodied in the South African Local Government Association (SALGA).

No single sphere of government can manage to provide services and deal with enormous backlogs in service delivery whilst being developmental, in isolation. Services have to be provided in collaboration with other spheres of government, agencies of government, community-based organizations, supported by the private sector, non-governmental organizations and the community itself. Integration in service delivery can be facilitated through engendering a sound co-operative ethic in the practice of government. Co-operative government in the form of sound intergovernmental relations forces all spheres to place collective national interest above geographic and spherical interests. Every government institution should make an indispensable contribution to the ultimate goal of the state, namely the advancement of general welfare of its citizens.

With new boundaries, new structures and new systems, it also became clear that local government could not survive without a new financial management system. This led to the passing of the Local Government: Municipal Finance Management (MFMA) Act 56 of 2003.

5.2.2 Batho Pele principles

Batho Pele is from Sesotho origin meaning 'People first'. It is a South African Government programme that was adopted as a framework to establish a service delivery ethic in the public sector in line with the nation's constitutional ideals which promote the efficient, economic and effective use of public resources in a manner that is development-oriented and responsive to peoples' needs (Batho Pele Handbook, 2007: 8).

The programme is set out in the White Paper on Transforming Public Service Delivery (Government Gazette No. 18340, dated 1 October 1997) which stipulates that the guiding principle of the public service in South Africa shall henceforth be that of service to the people. Batho Pele seeks to do this by calling on public sector

organisations to deliver responsive and quality services in terms of its eight national principles. These principles are aligned with the Constitutional ideals of:

- Promoting and maintaining high standards of professional ethics;
- Impartial, fair and equitable service without any bias;
- Effective and efficient utilisation of resources;
- Responding to people's needs and participation by citizens in policy-making;
- Accountable, transparent and development – oriented public administration.

Below is a brief explanation of the key focus of Batho Pele (Batho Pele Handbook, 2007: 10).

5.2.2.1 Consultation

Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered.

5.2.2.2 Service standards

Citizens should be told what level and quality of public service they will receive so that they are aware of what to expect. Citizens should have equal access to the government services they are entitled to. (Access in this regard would apply to both local and international citizens).

5.2.2.3 Courtesy

Citizens should be treated in a friendly and respectful way and with consideration.

5.2.2.4 Information

Citizens should be given information on what public services they are entitled to. (Plus information must be available at all times).

5.2.2.5 Redress

If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation, a speedy and effective remedy, and when complaints are made, citizens should receive a sympathetic, positive response.

5.2.2.6 Value for money

This principle recognises the fact that services are sponsored by the citizens in the form of taxes and services should therefore be provided best value for money.

5.2.3 Tourism Bill 2012

The vision for the National Department of Tourism is to be a catalyst for tourism growth and development in South Africa. The introduction of this bill will further add to our achievements in fulfilling this vision.

The Tourism Bill 2012 was presented by former South African Tourism Minister Marthinus van Schalkwyk to the government's tourism portfolio committee on 12 February 2013. The Bill is important in replacing spontaneous creation and application of non-legislative rules and in developing a set of rules that were enforceable and applicable to all. The Bill was further important to provide for the development and promotion of sustainable tourism for the benefit of the Republic, its residents and its visitors; to provide for the continued existence of the South African Tourism Board; to provide for the establishment of the Tourism Grading Council; to regulate the tourist guide profession; to repeal certain laws; and to provide for matters connected therewith (National Department of Tourism, 2012).

The Tourism Bill, when promulgated, repealed the Tourism Act of 1993 and its subsequent amendments, which fell short of being an overarching national legislative framework for the management of tourism in the country. The Tourism Act of 1993 did not support the implementation of the 1996 tourism White Paper – the Development and Promotion of Tourism in South Africa – and its broader policy framework. That White Paper was drafted specifically to provide such a framework and guidelines for tourism development. The main aim in drafting the Tourism Bill was to provide for the development and promotion of sustainable tourism for the social, economic and environmental benefit of South Africa's citizens. The Bill provides an effective legislative framework for the drafting of policies and strategies that will enhance the performance of the tourism sector far into the future (National Department of Tourism, 2012).

The Bill's key objectives are to promote the practice of responsible tourism; provide for the effective marketing of South Africa domestically and internationally; promote quality tourism products and services; encourage growth and development in the sector; and advance effective intergovernmental relations in developing and managing tourism. To this end, the Tourism Bill includes the National Tourism Sector Strategy as part of the legislative framework for the management and development of tourism. It makes provision for the establishment of a convention bureau by South African Tourism, the South African National Convention Bureau, which is already operational (National Department of Tourism, 2012).

In the Bill, the Tourism Grading Council of South Africa (TGCSA) is established as a statutory entity responsible for quality assurance of tourism products, services and facilities. The bill expands the TGCSA's mandate. It also provides for the minister to determine a grading system and assign the oversight role and functions of the TGCSA to the National Department of Tourism, the board of South African Tourism, or any other suitable body in compliance with the Public Finance Management Act. The Tourism Bill also provides for knowledge and information management, monitoring and evaluation and makes provision for the calling of information from tourism businesses. This is aimed at fostering better understanding of the sector and at improving decision-making. The provision of information is voluntary, and allows for incentives for businesses who participate. Provision is also made for the issuing of norms and standards to standardise the management and development of tourism. The Bill also provides for the determination of codes of good practice as guidelines for the management of tourism.

5.2.4 White Paper on the development and promotion of tourism in South Africa

The White Paper on the development and promotion of tourism in South Africa (1996: 1) spells the vision of South Africa's tourism as "to develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of the quality of life of every South African". As a lead sector within the national economic strategy, a globally competitive tourism industry will be a major force in the reconstruction and development efforts of the

government. The following principles will guide the development of responsible tourism in South Africa:

- tourism will be private sector-driven;
- government will provide the enabling framework for the industry to flourish;
- effective community involvement will form the basis of tourism growth;
- tourism development will be underpinned by sustainable environmental practices;
- tourism development is dependent on the establishment of cooperation and close partnerships among key stakeholders;
- tourism will be used as a development tool for the empowerment of previously neglected communities and should particularly focus on the empowerment of women in such communities;
- tourism development will take place in the context of close cooperation with other states within Southern Africa, and
- tourism development will support the economic, social and environmental goals and policies of the government(National Department of Tourism, 2012).

For South Africa to achieve its vision for tourism, a number of key conditions must be met, as identified below:

- sustainable environmental management practices;
- involvement of local communities and previously neglected groups;
- a safe and stable tourism environment;
- globally competitive practices, by offering quality services and value for money;
- innovative and responsive to customer needs;
- focus on product-enhancement and emphasise diversity;
- effective tourism training, education and awareness;
- creative and aggressive marketing and promotion;
- strong economic linkages with other sectors of the economy;
- appropriate institutional structures; and
- appropriate supportive infrastructure (National Department of Tourism, 2012).

5.2.5 National Department of Tourism

The vision of this department is to be a catalyst for tourism growth and development in South Africa (National Department of Tourism, 2012). Its mission is that as a strategy-focused department, it is committed to creating conducive environment for growing and developing tourism through:

- Innovation;
- Strategic partnerships and collaboration;
- Providing information and knowledge management services; and
- Strengthening institutional capacity (National Department of Tourism, 2012).

5.2.6 South African Tourism

Since the transition to democracy in 1994, South Africans have become aware of the potential for tourism to play a meaningful role in contributing to the economic development of the country and the people. Government has prioritised tourism as one of five economic growth sectors on which to focus its efforts to support investment and facilitate growth. South African Tourism (SAT) is the destination marketing organisation for South Africa and its main responsibility is to market South Africa as a place to visit, and thereby help the country to realise the economic potential of tourism. SAT was originally established as the South African Tourism Board by the Tourism Act (Act No. 72 of 1993) with the aim of stimulating sustainable domestic and international demand for South African tourism experiences (National Department of Tourism, 2012).

SAT aims to contribute to:

- Sustainable GDP Growth
- Sustainable job creation
- Redistribution and transformation

The main tasks of SAT are to:

- develop and implement a world-class international tourist marketing strategy
- encourage domestic tourists to travel around the country, and develop ways to maintain and improve the standards of facilities and services that tourists use (www.southafrica.net).

5.2.7 The role of national government in tourism

The national government will play five key roles in the development and promotion of the tourism industry:

- Facilitation and implementation
- Coordination
- Planning and policy-making
- Regulation and monitoring
- Development promotion (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.7.1 Facilitation and implementation

The national government's role in facilitation and implementation process is to ensure the following:

- establish a safe and stable political and economic environment for tourism to flourish
- ensure the safety and security of residents and visitors
- facilitate and provide appropriate incentives for private sector investment in tourism
- establish and facilitate enabling and appropriate legal and fiscal frameworks for the industry
- facilitate the development of a tourism culture in South Africa and the supply of skilled manpower for the industry
- facilitate an active labour market policy and an appropriate labour relations environment for the industry
- allocate appropriate financial resources for tourism development
- promote tourism as a national priority
- facilitate and conduct the effective marketing and promotion of the country
- encourage and facilitate foreign investment (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.7.2 Coordination

The national government's role in coordination process is to ensure the following:

- coordinate and liaise with international, regional and provincial governments with regard to all aspects of tourism development
- coordinate the tourism-related efforts of all government departments and related government institutions
- coordinate and liaise with NGOs, labour and community organisations, training institutions, universities and other bodies related to the development of the tourism sector (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.7.3 Planning and policy- making

The national government's role in planning and policy-making process is to ensure the following:

- formulate, monitor and update a national tourism policy and strategy, in collaboration with relevant stakeholders
- develop integrated national tourism plans in collaboration with relevant stakeholders (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.7.4 Regulation and monitoring

The national government's role in regulation and monitoring process is to ensure the following:

- ensure the application of integrated environmental management principles in land-use development proposals to facilitate sustainable utilisation of natural and cultural resources
- facilitate the sustainable and responsible development of the tourism industry, by formulating appropriate development guidelines and regulatory measures
- establish and maintain standards of facilities and services (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.7.5 Development promotion

The national government's role in development promotion process is to ensure the following:

- promote the equitable development of all destinations with tourism potential, whether high, medium or marginal potential
- promote the involvement of communities at appropriate levels of tourism activity
- promote the spread of responsible tourism
- promote the development of major tourism projects that will have national and country-wide impacts (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.8 The role of provincial government in tourism

The provincial government has a key role to play in the development and promotion of the tourism industry of South Africa. The provincial tourism organisations are key players in the tourism industry. Schedule 6 of the Constitution makes specific provision for tourism to be a provincial responsibility. The provincial government has responsibility for all of the functions indicated at the national government level (facilitation, co-ordination, regulation, monitoring and development promotion) with a few exceptions, additions and modifications. Provincial tourism organisations will formulate tourism policies which are applicable to their areas, in accordance with the national policy. They will also be partners in the implementation of relevant national policies, strategies, and objectives (White Paper on the development and promotion of tourism in South Africa, 1996).

The provincial government, through provincial tourism organisations, have responsibility for marketing and promoting their destinations. As is the practice in many other countries, provincial government should have responsibility to market the province to the domestic market in competition with other provinces. Concerning international marketing, the national and provincial tourism organisations should agree on a strong, effective marketing strategy to be coordinated at the national level and executed with the participation and support of the provincial organisations. This may not imply the promotion of separate brand identities by provinces, but possibly a

number of strong product lines (e.g. eco-tourism, culture tourism, sports tourism) which are applicable across provincial boundaries. This approach is recommended providing that it does not exclude provincial initiatives in markets that they wish to develop independently and where national presence is non-existent (White Paper on the development and promotion of tourism in South Africa, 1996).

The following principles underpin the above approach:

- develop a common strategy for the international marketing and promotion of South Africa as a joint effort among the private sector, the national organisation and provincial authorities, taking cognisance of international trends and the competitive environment
- fund international marketing efforts from private sector, national and provincial resources
- strong coordination of the international marketing effort by the national body, underpinned by effective participation by the provinces

Individual private sector members can obtain considerable synergies from combining efforts in the international market. It is important, however, that this is done within the framework of the structure and strategies of the national effort. The provincial governments should also play a more prominent role in tourism development activities than the national government. Such include: the involvement of local communities, environmental management, safety and security of visitors, tourism plant development, and infrastructure provision, amongst others. Budgets and resources allocated to provinces will need to reflect this reality (White Paper on the development and promotion of tourism in South Africa, 1996).

5.2.9 The role of local government in tourism

Essentially it is the job of a local authority to strategically manage tourism to ensure that its net local benefits outweigh its disadvantages – this is the key to long-term sustainability. Linked to this must be local government's role in facilitating tourism growth, which largely takes place through private sector (and in certain instances, community) initiatives. The significance of tourism to the economy of an area depends on factors such as history and geography, and available resources. This

determines the scale at which a local authority needs to invest in and support local tourism. Competing budgetary pressures are placing considerable strain on the ability of local authorities to participate in non-statutory services such as tourism. Therefore, it is essential that local authorities tackle priority tourism issues and functions that can be fulfilled by no other agency. According to the White Paper on the development and promotion of tourism in South Africa (1996) at the local government level, specific provincial functions of policy implementation, environmental planning and land-use, product development, marketing and promotion are further supported. Specific functions of the local government include:

- responsible land-use planning, urban and rural development,
- control over land-use and land allocation
- provision and maintenance of tourist services, sites and attractions, for example camping and caravan sites, recreational facilities (parks, historical buildings, sports facilities, theatres, museums, among others.) and public services
- provision of road signs in accordance with nationally established guidelines market and promote specific local attractions and disseminate information in this regard control public health and safety facilitate the participation of local communities in the tourism industry provide adequate parking, also for coaches facilitate the establishment of appropriate public transportation services, for example, taxi services license establishments in accordance with national framework, and
- promote and financially support the establishment of local publicity associations /community tourism and marketing organisations to facilitate, market, coordinate and administer tourism initiatives. Local government should not provide services that can be provided by the private sector (White Paper on the development and promotion of tourism in South Africa, 1996).

5.3 THE NATIONAL TOURISM SECTOR STRATEGY (NTSS)

The Strategy is premised on three themes:

- Tourism Growth and the Economy;
- Visitor experience and the brand; and
- Sustainability and good governance.

It will strive to have South Africa as one of the top 20 tourist destinations in the world by 2020. It recognised the need to create a legislative and regulatory environment conducive to tourism development and promotion. The policy framework as set out in the White Paper has been incorporated into the NTSS (National Department of Tourism, 2012).

5.4 THE WESTERN CAPE TOURISM ACT 1 OF 2004

Tourism in the Western Cape Province was controlled by two development sections namely the Western Cape Trade and Investment Promotion Body (WESGRO) and Cape Town Routes Unlimited (CTRU). WESGRO was mainly concerned with investment while CTRU dealt with the promotion as well as the development of tourism. On 7 December 2011, the Cabinet of the Western Cape Provincial Government provided in-principle support to form a single economic development delivery agency. On 30 May 2012 the Western Cape Cabinet granted in-principle approval to draft legislation to repeal the Western Cape Tourism Act 1 of 2004 and to provide for the amendment of the Western Cape Investment and Trade Promotion Agency Amendment Act. This will allow WESGRO to be the provincial economic development agent by focussing on trade and investment promotion, the promotion of key competitive sectors and the promotion of the Province as a tourist destination. Currently the WESGRO Act is being amended and the Provincial Act is being repealed. This is evidenced in the draft Tourism, Trade and Investment Bill which is focussed on incorporating the functions of tourism destination marketing into the existing legislation of WESGRO. It also allows for the alignment of the corporate governance structure with existing public entities and some technical corrections. The draft Bill is currently being consulted with the Boards of WESGRO and CTRU, Municipalities and other stakeholders. CTRU was taken over by WESGRO in April 2012.

5.5 REGIONAL GOVERNMENT – EDEN DISTRICT MUNICIPALITY AS A CASE STUDY

Eden District Municipality is the second-largest district in the Western Cape Province. It is classified as a Category C municipality and the region is defined as a medium-capacity functional municipality. Eden District shares borders with four other district

municipalities, namely: Cacadu District Municipality in the Eastern Cape Province, and Overberg, Cape Winelands and Central Karoo District Municipalities (Eden District Municipality Integrated Development Strategy, 2013).

5.5.1 Composition

According to the Eden District Municipality Integrated Plan (2012: 38) The Eden district municipality is situated on the south – eastern coast of the Western Cape Province. It is the third largest district in the Western Cape and shares borders with four other district municipalities: Cape Wine lands, Overberg, Central Karoo in the Western Cape and Cacadu District Municipality situated in the Eastern Cape. The EDM's total surface area is 23 332 km² (Eden District Municipality Integrated Development Strategy, 2013: 27). As a Category C municipality, the municipality comprises of the following seven Category B municipalities:

Kannaland municipality

Hessequa municipality

Mossel Bay municipality

George municipality

Oudtshoorn municipality

Bitou municipality

Knysna municipality

5.5.2 Demographics of the Eden district region

This section highlights the population figures in the district, the age and gender distribution across the district as well as migration patterns within the district.

5.5.2.1 Population figures

Population size provides an indication of the demand for government services in a particular geographical space. According to the Eden District Municipality Integrated Development Plan (IDP) (2012: 38) the 2007 community survey estimated the population size of the Western Cape at 5.3 million people, of which 513 306 people (9.7 per cent) resided in Eden District. The 2007 community survey highlights George as the most populous municipality in the Eden region with 136 540 people, followed by Mossel Bay with 117 840 people and Oudtshoorn with 79 604 people. The least populated municipal areas within the Eden region in 2007 are Kannaland with 24 714

people and the District Management Area (DMA) at 11 485 people. The latter ceased to exist from May 2011 and was incorporated into George Municipality (Eden District Municipality Integrated Development Strategy, 2013: 27).

5.5.2.2 Age and gender

The population can be classified into three main groups namely: children (0 - 14 years); economically active population (15 - 64 years); and persons aged 65 years and older. In 2007, Eden District's population composition was as follows: children at 26.4 per cent, economically active population at 67.1 per cent and persons aged 65 and older at 6.4 per cent of the population. The youth represented 35.6 per cent of the population in 2007 and together with children represent 62 per cent of Eden District's population (Eden District Municipality Integrated Development Strategy, 2013: 27).

The child dependency lowered from 43.7 per cent in 2001 to 39.4 per cent in 2007 whilst the age dependency ratio increased from 9.8 per cent to 9.4 per cent over the same period. The overall dependency ratio lowered from 53.5 per cent in 2001 to 48.9 per cent in 2007 (Eden District Municipality Integrated Development Strategy, 2013: 27).

The gender ratio in 2001 was 95.5 males per 100 females in 2001 and in 2007 it increased to 101.1 males per 100 females. The male population increased from 222 184 people in 2001 to 258 093 people in 2007, this represents an annual average increase of 2.5 per cent, while the female population increased from 232 741 people in 2001 to 255 212 people in 2007, which represents an annual average increase of 1.5 per cent. Age cohort 20 to 34 and 40 to 44 proportionally indicates a larger male population in Eden District (Eden District Municipality Integrated Development Strategy, 2013: 27).

5.5.2.3 Migration

Although in-migration into the District is commonly talked about, there is no official data to quantify the extent of inflow (Eden District Municipality Integrated Development Strategy, 2013: 27).

5.5.3 Tourism as an economic activity in the Eden district

South Africa's Garden Route is well known as one of the country's tourism pearls to both international and domestic visitors. The Klein Karoo is also well-endowed with unique attractions (like the Cango caves and different mountain ranges), complementing the Garden Route towards a diversified offering of tourism, sports, arts and cultural attractions (Eden District Municipality Integrated Development Strategy, 2013: 56). Over the past decades a solid tourism-sector base has been developed across the district, with places like Knysna, Plettenberg Bay, Oudtshoorn, George and Mossel Bay closely identified with regard to their tourism activities and growth potential as well as many smaller places also viewed as locations with tourism potential. At the same time many of these developments have been 'unequal' in terms of the spread of the fruits of such growth, and formerly disadvantaged members of society often feel frustrated about the lack of black empowerment in this sector (Eden District Municipality Integrated Development Strategy, 2013: 56).

Thus, the concern is around the dynamic sector which has the potential to play a significant role in future regional growth and job creation, but which needs to be transformed with regard to several important aspects. The tourism industry makes a significant contribution to the economy of the Eden district. The tourism attractions in Eden district region comprising of the Garden Route and Klein Karoo brand, ranked amongst South Africa's best tourism destinations. Its natural attractions and location have shaped the retirement industry and the tourism industry with significant interaction between them. Tourism has boomed in areas such and Knysna, Plettenberg Bay, Oudtshoorn, George and Mossel Bay. Other places such as (Stilbay, Plettenberg Bay, Calitzdorp and Oudtshoorn) are also viewed as locations with tourism potential (Eden District Municipality Integrated Development Strategy, 2013: 56).

In 2008, a tourism marketing and development strategy for the tourism department of Eden District Municipality/ Garden Route and Klein Karoo tourism was developed. This was done in order to stay abreast with times and incorporate all the latest marketing and development trends, initiatives and strategies to provide the most

effective plan of operation. This strategy was developed for five years and its key performance areas are:

- domestic destination
- international destination
- consumers,
- international guests relations,
- e -marketing
- joint marketing agreements
- emerging markets
- penetration of markets(existing and new)
- public relations and communications

Objectives for tourism in Eden District Municipality are:

- promote the development of tourist infrastructure that will enhance tourism in general and conform to place-specific architectural, environmental and aesthetic requirements
- ensure cost-effective management of all facets of tourism at all levels
- promote tourism as a community-based and community-driven industry with sustainable potential for providing direct and indirect benefit to the community

5.5.4 Strategies and regulatory documents for tourism development management in the Eden District

As in other sectors there are many legal, regulatory and other interventionist forces and frameworks which impact on tourism activities in the Eden region and reference will be made in the next sub-section to the most influential documents and higher-level bodies shaping the development in the sector in terms of areas of cooperation.

5.5.4.1 Encouraging of co-operation and partnerships

The National Department of Tourism (NDT) aims to strengthen cooperative governance, engage in international agreements and encourage community involvement and partnerships in tourism development. The co-operative governance issue is taken further by the Department of Economic Development and Tourism (DEDT) in the Western Cape, which tries to assimilate the Integrated Tourism

Development Framework (ITDF) into local-government integrated development plans (IDPs), lobbying to ensure that both national and provincial-government departments take the ITDF into account when making tourism-based investment decisions. The department also advocates a strategy of attracting sufficient resources and partnerships to implement the ITDF. This ties in directly with the Eden objectives to involve a wide spectrum of role players (public sector, private sector, NGOs and CBOs) to foster region-wide co-ordination and co-operation as well as build institutional capacity through partnerships.

5.5.4.2 Promoting growth, poverty-alleviation and employment through the tourism sector

Tourism is a priority sector in the Accelerated and Shared Growth Initiative (Asgisa), which aims to halve unemployment and poverty in South Africa by 2014. This is linked to the NDT's objective to create conditions for sustainable tourism growth and development. In the Western Cape tourism is identified as a priority area by the Micro-Economic Development Strategy (Meds) as requiring relatively low investment by the social partnership to obtain high impact in GDP growth, job creation and enterprise development.

5.5.4.3 Promoting black economic empowerment

NDT endeavours to promote black economic empowerment in the tourism industry, focusing on public-sector procurement practices, training, tourism-awareness creation and tourism-enterprise funding. In the Western Cape the emphasis is on developing partnerships with the private sector in order to promote access to the market place, capital and expertise for new entrants and previously excluded communities. Both levels of government actively promote the Broad Based Black Economic Empowerment (BBBEE) charter and scorecard.

5.5.4.5 Skills development

The Joint Initiative for Priority Skills Acquisition (JIPSA) will identify urgent skills needs and formulate quick and effective solutions. In the Western Cape the focus is on implementing projects arising from the Human Resource Development Framework (HRDF) to enhance productivity and skills development. The Tourism HRDF was developed in order to promote tourism excellence and open opportunities for

participation by marginalised communities. It will give strategic direction to both the private and public sectors on the required interventions with respect to tourism-skills development. The DEDT instituted tiered tourism-business-development training in 2004 as a fundamental component of the tiered support programmes for small tourism enterprises. This programme aims to develop management skills among tourism entrepreneurs, thereby also building entrepreneurial confidence in the sector.

5.5.4.6 National support institutions

Changes in national policy and legislation initiated an entirely new model for government involvement to sustain and develop the tourism industry. This led to the transformation of the South African Tourism Board into a business entity known as SA Tourism. It takes a business stance and approaches the tourism sector from a marketing perspective, setting tourism-growth strategies for the international and local market. SA Tourism conducts global competitive studies, does market-segmentation analyses, launches national and international marketing campaigns and monitors the success of these programmes.

5.5.4.7 Provincial support bodies

The Western Cape government followed suit and proposed substantial changes to its approach to the tourism sector. This is contained in Act no. 1 of 2004, which focuses on the establishment of the destination marketing organisation (DMO) as an umbrella organisation for the marketing of tourism in the Western Cape. Succeeding the Western Cape Tourism Board, Cape Town Routes Unlimited (CTRU) was created in April 2004. The Western Cape Tourism Act of 2004 also covers the main elements of co-operation between the province and other entities involved in tourism development and management (at district or local levels). CTRU tries to:

- manage, plan and direct regional marketing activities
- facilitate the development of new tourism products
- facilitate public- and private-sector co-operation and joint efforts
- align marketing activities
- facilitate transformation and black empowerment in the sector

5.5.4.8 Local responsibilities

The municipal structures amendment Act of 2000 states that district municipalities are responsible for creating a framework for IDPs for the local municipalities in the district and are also responsible for the promotion of local tourism in the area. The municipal systems Act of 2000 states that IDPs have to include tourism as one of the sectors in their forward planning.

5.6 CURRENT LED INITIATIVES IN THE EDEN DISTRICT AREA

The current Eden District Municipality (EDM) LED strategy was developed in 2012 for five years and will be again reviewed in 2017 and it forms part of the Integrated Development Plan (IDP) process and is one of the stepping-stones toward achieving LED within the EDM area. An important development principle underlying economic development is the broadening of the local economic base. This includes the introduction of new activities in the area, exploiting latent resources and the establishment of SMEs. The key issues that are addressed in the strategy include the eradication of poverty through sustainable job creation, skills training and enhancement, economic development as well as diversification of the economic base for effective investment. LED is an approach towards economic development that allows and encourages local communities and economic stakeholders to work together to achieve sustainable economic growth and development within their respective area (national, provincial, district and municipal), thereby bringing economic benefits such as employment, skills development, as well as SMME development and support for all the residents residing within a local municipal area.

5.6.1 Tourism in Eden

The current LED strategy has identified tourism as having huge potential to spur economic growth with excellent employment growth prospects. The tourism attractions in Eden District comprising of the Garden Route and Klein Karoo, ranked amongst South Africa's best tourism destination. Its natural attractions and location have shaped the retirement industry and the tourism industry with significant interaction between them. Tourism has boomed in areas such and Knysna, Plettenberg Bay, Oudtshoorn, George and Mossel Bay. Other places such as Stilbaai, Plettenberg Bay, Calitzdorp and Oudtshoorn are also viewed as locations with tourism potential. The LED strategy of 2012 has reported that the Eden District

is estimated to have earned about R3.8 billion from the tourism sector and created 26 000 jobs (Eden Business Guide, 2007). The current statistics as released by Cape Town tourism indicates that 4 303 343 tourists have visited the Western Cape Province in 2014. The Western Cape Province is the prime tourist destination attracting 22% of all foreign visitors to South Africa and hosting about 2.53 million domestic trips every year. Eden is however part of the tourism boom as 16% of domestic and 29.2% of foreign tourist to the Western Cape Province visit Eden as their final destination. These growing statistics are particularly important for guest houses as they need to position themselves to provide accommodation to the growing number of tourists.

5.7 SUMMARY

The South African government has identified tourism as one of the top five priority areas for the promotion of economic development and job creation. This involves partnerships with a range of institutions in the development of policies and strategies to guide tourism in the country. On the main, the national department of tourism is responsible for national tourism policy, regulation and development. The department has undertaken a number of measures to ensure the transformation of and black economic empowerment (BEE) in the South African tourism industry. SAT is responsible for the international marketing of South Africa, and for information management in consultation with provincial tourism organisations. SAT is run in consultation with the government and the private sector. These include joint ventures with the private sector and research with the Development Bank of Southern Africa (DBSA) and the Council for Scientific and Industrial Research (CSIR) to determine priority areas needing infrastructure development and tourism investment to complement the core market segments of the Tourism Growth Strategy. This chapter provided an overview of the different legislative frameworks available in South Africa to help the tourism industry achieve the objective of the South African government to use tourism for promotion of economic development and tourism. The Eden District Municipality was analysed closely together with the Western Cape Province as it is situated in this province. The various programs that are available both from a provincial to the district municipality were highlighted. The next chapter will review sustainable tourism development and how this impacts on guest house establishments.

CHAPTER 6: THE IMPORTANCE OF SUSTAINABLE BUSINESS PRACTICES IN TOURISM ACCOMMODATION

6.1 INTRODUCTION

The term 'sustainable development' was first defined in the 1980s in the Brundtland report (Mowforth & Munt, 2009). The tourism industry has also embraced the concept of sustainable development, but its definition is still widely discussed and researched (Butler, 1999; Sharpley, 2000; Wall, 1999). The difficult definition and the complexity involved have been highlighted as barriers to translate the concept of sustainable development into precise actions and sustainable business practices for the tourism industry (Horobin & Long, 1996). Nevertheless, the tourism and in particular the accommodation industry has acknowledged the critiques about their contribution to the unsustainable depletion of resources (Swarbrooke, 1999; Mowforth & Munt, 2009). Through voluntary initiative and self-regulation the industry intends to encourage the implementation of sustainable business practices. Whether this motivation is based on a sense of moral responsibility, companies' self-interest or simply to prevent statutory regulation is debatable (Miller & Twining-Wards, 2005; Bramwell & Alletorp, 2001; Swarbrooke, 1999). As attitudes are said to be related to behaviour and actions, the attitudes of business managers toward sustainability and responsibility for sustainable development are subject to frequent investigations by researchers. So far, previous research showed that there is no agreement whether the main responsibility for sustainable development should lie with the public or the private sector (Bramwell & Alletorp, 2001; Forsyth, 1995). Ideologically a participatory approach, including not only the industry and government but also the tourists and host community would create a more holistic understanding of sustainable tourism (Manning, 1999). Nevertheless, the communication between public and private sector is often ineffective (Berry & Ladkin, 1997; Dewhurst & Thomas, 2003; Horobin & Long, 1996). Within the wider literature the awareness and especially the demand of guests for sustainable business practices in the accommodation industry is frequently debated. Although 'green consumerism' is said to be increasing, business owners report no rise in actual consumer demand (Sloan, Legrand & Chen, 2009; Dewhurst & Thomas, 2003).

The main motive for the implementation of sustainable business practices is based on the business managers' or the corporations' philosophy and closely linked to the

possibility of saving costs (Landrum & Edwards, 2009; Bohdanowicz et al., 2004; Hitchcock & Willard, 2009). But positive public relations and higher employee commitment and satisfaction were also mentioned as important benefits (Hitchcock & Willard, 2009; Swarbrooke, 1999; Baum, 2006). However, the majority of previous studies as well as the measures taken by businesses focus primarily on the environmental dimensions of sustainability and therefore fail to acknowledge the holistic principle of sustainable development (Swarbrooke, 1999; Sharpley, 2000). The socio-cultural, environmental and economic realms are interdependent and the aim of a sustainably managed business should be the optimisation of all three (Hitchcock & Willard, 2009; Elkington, 2004). Whether or not these are understood by guest house accommodation owners/ managers may be an interesting field of research. These three dimensions are discussed later in this chapter.

The literature review provided the context for sustainable tourism business practice by introducing the concepts of sustainable development and sustainable tourism. In particular the role of the tourism industry and consequently the development of sustainable business practices are outlined. The reviewed literature included benefits and barriers of adopting sustainable tourism practices by guest houses as well as strategic implementation of sustainable tourism practices by guest houses to show the issues related to sustainable business practices in the accommodation industry.

6.2 SUSTAINABLE DEVELOPMENT AND SUSTAINABLE TOURISM

The growing concern for environment, resources and social equity in the 1980s led to the emergence of the concept of sustainable development (Hunter, 1997; Mowforth & Munt, 2009), which was defined as "development that meets the needs of the present without comprising the ability of future generations to meet their own needs" (WCED, 1987: 43) by the 'Brundtland Report'. Based on this report the United Nations World Tourism Organisation (UNWTO, 2013) defines sustainable tourism as 'development that meets the needs of the present tourists and host regions while protecting and enhancing opportunities for the future. "It is envisaged as leading to management of all resources in such a way that economic, social, and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems" (Inskip, 1998: 21).

The definitions of sustainable development as well as sustainable tourism have been issues of debate for many academics and practitioners (cf. Butler, 1999; Sharpley, 2000; Wall, 1997). Comparing the concept of sustainable development and its fundamental principles of a holistic approach, futurity and equity to the nature of tourism, Sharpley (2000) argues that there is a certain incongruity between these two concepts. Some authors therefore urge for a distinction between sustainable tourism and tourism in the context of sustainable development (Butler, 1999; Ioannides, 2001).

To date no comprehensive, all-encompassing and widely accepted definition of sustainable tourism has been identified (Sharpley, 2000; Mowforth & Munt, 2009). Mowforth and Munt (2009: 100) further claim that “there is no absolute true nature of sustainability”. Clarke’s (1997) approach of convergence focuses on the ultimate goal of sustainability for all forms of tourism whereby the general movement in the right direction is most important. The constant change of the concept requires adapting our understanding to the forever evolving and complex system of sustainable development (Clarke, 1997; Swarbrooke, 1999; Farrell & Twining-Ward, 2005).

Due to the varying interpretations, many misperceptions of sustainable tourism have evolved (Wall, 1997; Butler, 1998). Differing perceptions and interpretations among stakeholders make the translation of the concept into meaningful actions difficult (Horobin & Long, 1996) which is further influenced by the imbalance in weight and power in decision-making among stakeholders (Bramwell et al., 1996; Swarbrooke, 1999; Liu, 2003; Mowforth & Munt, 2009). Consequently sustainable tourism should be defined through a participatory approach, involving industry, tourists and host communities or regions to determine values and indicators of sustainability (Manning, 1999).

6.2.1 Sustainability in the tourism industry

The tourism industry is one of the largest single industries worldwide which has been criticised for its unsustainable practices such as the exploitation of the environment and local population; little commitment to particular destinations; control through large transnational corporations; unsustainable planning of physical elements, little action for awareness-raising and implementation of sustainable initiatives only for good publicity and reducing costs (Swarbrooke, 1999; Mowforth & Munt, 2009). The

industry has also been accused of its strong motive of short-term profit maximisation instead of long-term sustainability (Swarbrooke, 1999; Mowforth & Munt, 2009). Bansal (2002: 124) argues that “organizational goals are tied to economic performance, not environmental performance or social equity” and that this orientation is understandable given that a firm’s time horizon is considerably shorter than society’s”. Nevertheless, there are many examples of good environmental practice allied with profitability (Mowforth & Munt, 2009).

6.2.1.1 Industry self-regulation

To achieve greater sustainability in the tourism industry the primary instruments of actions include the enforcement of laws and regulations as well as voluntary standards and initiatives (Bohdanowicz, Simanic & Martinac, 2005). However, the highly fragmented and cross-sectorial nature of the tourism industry often presents challenges for government regulations and their enforcement. In particular the regulation for sustainability is difficult due to the complexity of the concept (Mowforth & Munt, 2009). Consequently most countries rely on responsibility for sustainability through self-regulation (Bramwell & Alletorp, 2001). The most common techniques to respond to the growing importance of sustainability are corporate social responsibility (CSR); Environmental auditing; Eco-labelling and certification; and codes of conduct.

Supporters of industry self-regulation argue that it might enhance creativity to solve problems and challenge businesses to exceed minimum standards (Field, 1994). Self-regulation is promoted as more effective in preventing unsustainable activities as it is in the companies’ self-interest to be socially responsible. Moral businesses will introduce sustainable business practices that are believed to be right for society and the environment (Bramwell & Alletorp, 2001). However, unfolding moral motives of companies from their self-interest in the benefits generated from sustainable business practices is very difficult (Cannon, 1994). Indeed, the implementation of voluntary initiatives has been criticised for being solely designed to prevent statutory control and regulations. Industry initiatives tend to not make a significant difference as the issue of sustainable development is not considered from a broad perspective, often solely considering environmental issues and involving only little investment (Swarbrooke, 1999). The bodies currently leading the tourism industry, such as UNWTO or WTTC, do not promote sustainable development through a holistic

approach but promote the tourism industry through growth, profit maximisation and capital accumulation (Mowforth & Munt, 2009).

6.3 SUSTAINABLE BUSINESS PRACTICES

In this section, the definition of sustainable business practice will be analysed through evaluating attitudes of business managers towards sustainability. The factors that influence the attitudes of business managers towards sustainable business practice will also be highlighted.

6.3.1 Definition of sustainable business practices

Based on the Brundtland definition Landrum and Edwards (2009: 4) define a sustainable business as “one that operates in the interest of all current and future stakeholders in a manner that ensures the long-term health and survival of the business and its associated economic, social, and environmental systems”. Businesses solely focusing on reducing their environmental impact are referred to as ‘green businesses’ whereas a sustainable business would focus on all three dimensions of sustainability, which have often been referred to as ‘triple bottom line’. The realms are intimately intertwined and their interdependencies need to be understood (Hitchcock & Willard, 2009; Elkington, 2004). The limitation to the environmental dimension has been criticized by several authors about the attempt of the tourism industry, in particular the accommodation industry, to become ‘sustainable’ (Swarbrooke, 1999; Font & Harris, 2004; Roberts & Tribe, 2008).

However, taking environmental initiatives can be the first step towards sustainability according to the four-step model for sustainable development in tourism enterprises by Kernel (2005). The first steps are mainly concerned with developing environmentally cleaner processes and environmental management practices. The consequent and final steps challenge organisations to go further and include social and ethical aspects as well as integration in the community (Kernel, 2005). Similarly, Dunphy, Griffiths and Benn’s (2007) sustainability phase model defines distinct steps organisations can take to reach sustainability. The final phase is called ‘The sustaining corporation’ where the ideology of sustainability is internalised with a fundamental commitment to facilitate ecological viability of the planet and contribute to equitable social practices and human fulfilment. According to Dunphy et al. (2007)

this stage has not been reached by any organisation for the time being. Many businesses appear to be in the initial phase and need to continue their efforts to combine the ecologic, environmental and socio-cultural dimension of sustainability.

6.3.2 Attitudes towards sustainability

Research of business manager's attitude is essential as 'the most serious barriers to change in business are attitudinal' (Dewhurst & Thomas, 2003). Ajzen and Fishbein's (1980) theory of reasoned action concludes that a strong relationship between belief, attitudes, and behavioural intentions exists, which then leads to certain behaviour. Beliefs and attitudes are influenced and formed through macro-environmental pressures, personal relationships, individual values and motivations (Ajzen & Fishbein, 1980). Hobson and Essex (2001) point out that the general attitude towards environment and the implementation of sustainable business practices is most important. However, several authors highlight that agreement with broad statements representing the idea of sustainability is easy (Horobin & Long, 1996; Dewhurst & Thomas, 2003; Deng, Ryan & Moutinho, 1992). But more specific statements and actions taken are more difficult to agree with and a certain gap between attitudinal statements and actual initiatives becomes apparent (Dewhurst & Thomas, 2003). Studies about businesses' attitudes towards responsibility for sustainable development reveal contradicting results. A survey of senior managers in the Danish tourism industry suggests that comparatively larger proportion of businesses consider the prime responsibility with the industry or with the industry working in partnership with the government (Bramwell & Alletorp, 2001). However, a study conducted with out-going tourism companies in the United Kingdom reports that the majority considered that responsibility lies with national and host governments alone and not with the industry (Forsyth, 1995). The comparability of these studies might be limited due to the contrasting business strategies, different time frame and location.

6.3.2.1 Determining factors of attitudes

Many researchers intend to better understand the motivations and perceptions of tourism business managers and investigate determining factors of their attitudes towards sustainability, of which the size of business appears to be frequently researched (Deng et al., 1992; Kirk, 1998; Dewhurst & Thomas, 2003; Horobin & Long, 1996). The majority of tourism businesses are small- or medium sized, but in

global terms large transnational companies dominate and control the development of the industry (Middleton & Hawkins, 1998; Swarbrooke, 1999). Large businesses might be more likely to develop sustainable policies in order to respond to market pressures and out of commercial self-interest (Middleton & Hawkins, 1998). In their study of Canadian hotelier's attitudes towards environmental issues, Deng et al. (1992) tested various hypotheses including whether or not size or other structural components were determining factors of attitude. They assumed that hotels belonging to a group might be less concerned about environmental regulations and restraints. However, their results showed no significant difference between group-owned and family-owned hotels. Concerning the size of business there was a non-significant tendency that small hotels were the least sympathetic to environmental issues as they were facing the most difficult trading conditions (Deng et al., 1992).

An attitude-study particularly looking at managers of chain hotels in Europe was conducted by Bohdanowicz and Martinac in 2003. Their results show very positive attitudes towards environmental protection and acknowledgement of the importance of the environment for further development of the tourism industry. They highlight the significant impact of the hotel industry and the potential of large hotels and hotel chains for promoting and supporting corporate sustainability. An interesting finding of their study was that "the level of environmental awareness among the hoteliers was commensurate to the efforts made by the chain management towards developing and enforcing environmental policies and programs" (Bohdanowicz & Martinac, 2003: 4). On the contrary small hotels are mainly managed by the owners whose attitudes towards sustainability are not influenced by hotel chain policies but mainly by their personal values and beliefs, perception of environmental imperatives, motivations and goals and the understanding and awareness of the type of action required (Dewhurst & Thomas, 2003). Another determining factor of attitude towards sustainability and environmental responsibility could be the destination and its stage in the tourist area life cycle. Based on Butler's (1980) tourist-area life cycle, Ioannides's (2001) longitudinal model of attitudes showed that hoteliers only took a 'treadmill' approach to sustainability as they began to worry about business survival. Their strategic planning timeline remained short through all destination development phases and their social priority was always low. Environmental priority and support for regulations only emerged when the destination began to demonstrate structural

difficulties (Ioannides, 2001). Bohdanowicz, Zanki-Alujevic and Martinac (2004) compared attitudes among Swedish, Polish and Croatian hoteliers. Their results show that Swedish hoteliers were more aware and had comprehensive knowledge and well-established programs and initiatives relevant to environmental protection. Polish hoteliers had little knowledge about environmental issues, thus were only beginning to recognize the importance of initiatives other than immediate economic benefits. Although in Croatia hoteliers seemed to have a high level of knowledge about and concern for environmental issues, the least pro-ecological initiatives were implemented. Bohdanowicz et al. (2004) conclude that the differences come on the one hand from the national level of environmental education and on the other hand from the development state of the tourism industry including the political and economic situation. Consequently they agree with Bramwell and Alletorp (2001) who explain differences in attitudes by the unequal levels of environmental concern in various countries. The majority of attitude studies are concerned with environmental issues and do not consider other dimensions of sustainability which need to be considered in order to receive a more comprehensive understanding of businesses' perceptions and attitudes towards sustainable business practices.

6.4 SUSTAINABLE BUSINESS PRACTICES IN THE ACCOMMODATION SECTOR

This section of the study is unable to describe the discussion about the negative impacts of accommodation businesses in depth and will not provide a detailed review of all sustainable business practices as the main point here is to highlight what guest houses can do to remain sustainable in their operations and hence contribute to economic growth and employment. It is noted that there is no universal solution for accommodation businesses due to the fragmented structure of the industry. Consequently every business will need to decide on a strategy to move towards sustainability that suits the needs of its present and future stakeholders and will ensure a sustainable use of resources. The decisions will need to be taken in a collaborative approach with all stakeholders. The following sustainable business practices of accommodation businesses will therefore represent general trends and ideas instead of practical recommendations and frameworks. The accommodation sector interfaces with the concept of sustainable tourism on various levels. First the development, location and design of accommodation units; second the operational

management practices; third the human resource management practices and lastly the food and drink offered in catering establishments. The hospitality industry has been largely focused on environmental issues concerned with operational matters rather than all dimensions of sustainability (Swarbrooke, 1999). Roberts and Tribe (2008) have developed a set of sustainability indicators for tourism enterprises using the following four dimensions: environmental, socio-cultural, economic and institutional. These indicators were designed for small businesses and guest houses fit in this category and therefore they will be the basis as they provide a holistic overview of the issues relevant for tourism businesses. To better conform to the definition of sustainable business practices, the institutional sustainability indicators were integrated into the indicators of the economic dimension.

6.4.1 Economic dimension of sustainable business practices

Economic sustainability refers to a business' ability to make profit in order to survive and benefit the economic systems at the local and national level (Roberts & Tribe, 2008: 584). Sustainable businesses consider their economic impact on the community, such as job creation, local wages, and their contribution to local economic growth as well as suppliers and an engagement across the supply chain to ensure similar values and practices are issues of economic sustainability. At the same time businesses need to maintain corporate profitability and internal financial stability (Landrum & Edwards, 2009). For guest houses, local purchasing practices are a means to maximise the economic benefits of tourism for the local economy and reduce the need for transport and energy consumption (Swarbrooke, 1999). Shaw and Williams (2002) take Lundgren's model of entrepreneurial development and hotel linkages as an example for supply and demand linkages for food by hotels. Strong linkages spread the economic benefit of tourism throughout the economy and could lead to improved development.

Sustainable business practices concerned with human resource management require that both employers and employees take a long-term view of their relationship in the mutual interest of both parties, of their customers and ultimately, of the company profitability (Baum, 2006). The tourism and accommodation industry is a service industry whose quality depends on committed, well-trained, well-rewarded and empowered front-line staff (Baum, 2006).

6.4.2 Socio-cultural dimension of sustainable business practices

The definition of socio-cultural sustainability is difficult as it includes definitions of society, culture and community. In short, socio-cultural sustainability is concerned with the social interaction, relations, behavioural patterns and values between people (Roberts & Tribe, 2008; Mason, 2003). A respectful interaction between hosts and guests, involvement of the local people and recognition of the contribution of traditions and culture to the tourist experience are key issues for sustainable businesses (Roberts & Tribe, 2008). Negative socio-cultural impacts are mainly concerned with tourism in developing countries where overcrowding, 'demonstration' effect amongst others are phenomena possibly leading to a certain irritation of the host population and socio-cultural problems (Mason, 2003). Nevertheless, also in developed countries the tourism and accommodation industry might have impacts on the socio-cultural conduct of people. The question of authenticity in tourist experiences arises when cultural traditions get modified and altered for tourist consumption. Commoditisation can lead to pseudo-events that are planned to be convenient for tourists which might lead to a falsification of the traditional meaning of the event (Mason, 2003). Consequently cultural promotion through tourist education and initiatives to promote and enhance appreciation for cultural and historic heritage are indicators and actions outlined by Roberts and Tribe (2008). Related to the authenticity in cultural events is the authenticity in food and drink provided. The modern catering side of the accommodation industry has been criticised for offering 'international' menus with many imported ingredients or imitations of traditional local dishes. Sustainable business practices would be encouraging tourists to visit local food producers, providing local products and supporting organic and environmentally-friendly agriculture and food-processing industries (Swarbrooke, 1999). Involvement of the local population and a business's involvement in the local community are also part of socio-cultural sustainable business practices. Supporting the community through sponsorship of activities or groups, membership in NGO and resident access to accommodation premises are possible targets (Roberts & Tribe, 2008).

6.4.3 Environmental dimension of sustainable business practices

The environmental dimension of sustainability is the most widely documented one. In the hospitality industry a wide range of information exists about environmental issues such as energy saving, recycling, water savings, amongst others. A study in the London hotel sector showed that almost all respondents indicated to be taking action on environmental matters (Knowles et al., 1999). Many other researchers point out that the accommodation industry is aware of its negative impacts on the environment. In particular resource depletion such as energy, water and non-renewable resource usage are areas of environmental action (Middleton & Hawkins, 1998; Hobson and Essex, 2001). Other initiatives towards more environmental-friendly operations management adopted by accommodation business could be: recycling systems; use of unbleached and undyed fabrics, use of recycled supplies, amongst others (Swarbrooke, 1999; Hobson & Essex, 2001).

However, researchers observe a gap between environmental 'good' intentions and action. Most hotel managers merely concentrate on actions that advance the company's objective. Cost-reductions through environmental actions have been criticised for being the only motivator for action (Knowles, et al., 1999; Swarbrooke, 1999; Hobson & Essex, 2001). Also the development of new accommodation establishments can be problematic with regard to the environmental dimension of sustainability. The use of fresh water resources for swimming pools and the energy consumption for air conditioning and heating have been criticised (Swarbrooke, 1999). However, some researchers argue that environmentally-friendly design, also referred to as 'green building' is an up-coming issue in the accommodation industry that will facilitate sustainable business practices (Landrum & Edwards, 2009; Deng & Burnett, 2000; Butler, 2008). Raising awareness of environmental issues among guests and staff represents another important issue of sustainable business practices which can be linked to the educational criteria for sustainability in tourism. However, the effectiveness of general information pamphlets presented to guests about water and energy usage during their stay at a hotel or guesthouse can be questioned (Mowforth & Munt, 2009; Sloan et al., 2009).

6.5 STRATEGIC IMPLEMENTATION OF SUSTAINABLE BUSINESS PRACTICES

Successful implementation of sustainable business practices can only be reached when the holistic principle of sustainability is understood and integrated into the strategic planning of the business. If sustainability initiatives are seen as add-ons or as another performance variable, the full benefits of sustainable business practices will not be reached (Larson et al., 2000). Strategic sustainability represents a commitment demonstrated by top management that moves beyond compliance and efficiency to avoid risks and minimize costs (Dunphy et al., 2007). The integration of sustainability into strategic planning will also require businesses to develop a more long-term focus and thus help them to examine threats and opportunities, see relationships in the external environment and make sense of current trends (Hitchcock & Willard, 2009). It is essential that sustainability is perceived as a company-wide goal that incorporates every aspect of business and its relationships. This requires a system thinking that everything is related in some way and each part and each person in the business can contribute towards more sustainability (Landrum & Edwards, 2009) Therefore a bottom-up approach as well as top-down approaches are required involving goals, tactics and budgets which should be reviewed and updated regularly. Also the process and performance needs to be regularly monitored and audited (Blackburn, 2007).

6.5.1 Benefits of the implementation of sustainable business practices

The moral obligation or pure desire to contribute to society might be the reason for adopting sustainable business practices for some businesses (Tzschentke et al., 2004); but for many the business case for sustainability and the benefits related to sustainable business practices tie the commercial interest of business to the goals of society (Miller & Twining-Ward, 2005). Below are some of the benefits of implementing sustainable business practices by guest houses.

6.5.1.1 Cost reduction

The most cited benefit of sustainable business practices is the reduction of costs (Landrum & Edwards, 2009; Bohdanowicz et al., 2004; Hobson & Essex, 2001; Hitchcock & Willard, 2009; Swarbrooke, 1999). Tzschentke et al. (2004) declare it as the prime motive behind introducing environmental initiatives. In particular the rising

costs for water, energy and waste disposal led many businesses to look for alternatives. Operational measures are for example recycling systems, using recycled materials, installing water-saving devices, using low energy light bulbs, energy-conservation measures such as insulation or solar-powered water heating systems. These initiatives focus exclusively on the environmental dimension of sustainable business practices (Swarbrooke, 1999). There is a lack of literature and research about cost saving possibilities related to the socio-cultural and economic dimension of sustainability.

6.5.1.2 Public relations

Sustainable business practices can also bring benefits to a company in terms of positive public relations and improved hotel image with shareholders and local community. These benefits can differentiate the business from its competitors and can be the source of competitive advantages and new market opportunities (Hitchcock & Willard, 2009; Landrum & Edwards, 2009; Swarbrooke, 1999). Kirk's (1998) findings reveal that public relation benefits had the most positive attitude ratings, followed by 'Improved relation with the local community' and 'Marketing'. The analysis shows interesting associations with the hotel characteristics. Large hotels, hotels with a classification between 3 and 5 stars and chain hotels were more likely to see positive public relation benefits (Kirk, 1998) than small, 2 star classified, independent hotels and guest houses.

6.5.1.3 Employee satisfaction

Through sustainable human resource management employees are more likely to feel adequately rewarded, valued, and proud of their work and have a more positive self-image (Swarbrooke, 1999; Baum, 2006). Service quality but also health and productivity are likely to improve through more sustainable developments and business practices (Swarbrooke, 1999; Butler, 2008). The move towards sustainability requires a positive change in corporate culture. In this context, culture can be described as the hidden driving force of people's behaviour both inside and outside organisations.

Cultural beliefs, thinking and behaviour need to be consistent with the concept and values of sustainable business practices to make efforts successful (Doppelt, 2003;

Schein, 2009). Sustainable human resource management and a sustainable corporate culture can help the company to attract and retain the best employees which at present is a serious problem in the tourism and hospitality industry (Hitchcock & Willard, 2009; Swarbrooke, 1999).

6.5.1.4 Consumer demand

Consumer demand is the most controversial benefit of sustainable business practices. Environmental and social concerns increasingly influence customer behaviour but so far it is debatable if this 'green' consumerism has reached the tourism industry (Dodds & Joppe, 2005; Miller & Twining-Ward, 2005). Once more the difficulties in defining sustainable tourism and sustainable business practices force consumers to base their choice on individual judgement and limited knowledge. Sustainable tourism products are often not readily available and clearly specified. Consequently greater information and disclosure about the impacts of the products is necessary (Miller & Twining-Ward, 2005). Many researchers argue that the increased awareness for general societal issues will ultimately lead to a rise in demand for sustainable travel and tourism products (Dodds & Joppe, 2005; Bohdanowicz & Martinac, 2003; Sloan et al., 2009). However, although people might be aware of the negative impacts of tourism, they are not willing to pay more for environmentally-friendly products (Watkins, 1994; Dodds & Joppe, 2003). Business owners are unconvinced that consumers will be attracted by a business's environmental performance and more research is required to determine the actual consumer demand for sustainable business practices in the accommodation industry (Dewhurst & Thomas, 2003; Sloan et al., 2009).

6.5.2 Barriers to the implementation of sustainable business practices

Businesses can be limited in their implementation of sustainable business practices by external factors that are beyond their control such as government policy or the attitudes of stakeholders and their lack of interest. But also internal obstacles within the company might exist. The main barriers with the implementation of sustainable business practices outlined are the involved costs, the complexity of the concept and the lack of information and support (Swarbrooke, 1999; Berry & Ladkin, 1997; Hobson & Essex, 2001; Kirk, 1998; Bohdanowicz & Martinac, 2003). These barriers are now briefly described below:

6.5.2.1 Costs

One major concern of all businesses is the cost involved in implementing sustainable business practices. Many fear that the change towards more sustainable business practices is prohibitively expensive (Bohdanowicz & Martinac, 2003; Butler, 2008). Butler (2008) admits that first generation energy-saving or alternative technologies were expensive and relatively inefficient. Today technologies have evolved and buildings designed according to Leadership in Energy and Environmental Design (LEED) standards are cost-neutral and less expensive to operate than conventional approaches (Butler, 2008). Although this refers to the building of new establishments; initiatives in established buildings can also provide eco-efficiency and thus cost-saving benefits. However, once initial steps have been taken, environmental problems may arise that require new investments which may not provide a financial return (Tilley, 2000).

6.5.2.2 Complexity of concept

Another problem is expressed concerning the definition of sustainability and sustainable business practices. The imprecision in definition makes the concept difficult to understand and hard to translate into meaningful action and measures (Berry and Ladkin, 1997; Horobin and Long, 1996). This 'lack of an accepted model of what sustainable tourism actually means in reality' and the 'lack of in-house expertise on relevant issues' have been highlighted by Swarbrooke (1999) as a limitation on the tourism industry action in sustainable tourism.

6.5.2.3 Information and support

In order to overcome the difficulties businesses face concerning the complexity of sustainability, information and support from the public sector is required. However, Sloan et al. (2003) criticise that the communication of environmental concerns by governments is ineffective. Several other authors raise a similar concern. Berry and Ladkin's (1997) findings reveal that the roles of the people responsible for development and management of infrastructure and regulation were not understood and a more active role of the public sector as a co-ordinator was demanded. The information provided by the UK government, such as good practice handbooks or manuals, was largely unknown to participants of various studies (Horobin & Long,

1996; Berry & Ladkin, 1997; Dewhurst & Thomas, 2003). This shows the importance of involvement of all stakeholders in participatory approaches to sustainable tourism development.

6.6 SUMMARY

The literature reviewed in this chapter showed that sustainability is an increasingly important issue in the tourism industry. Although the concept is difficult to define and the striving for industry self-regulation has been criticised, the tourism and accommodation industry increasingly intends to implement sustainable business practices. The motives and also the attitudes of managers are likely to be influenced by factors such as size, ownership or location of the business. The literature review summarized some indicators for sustainability in accommodation businesses and also outlined the benefits and barriers associated with a successful implementation of sustainable business practices. Sustainable tourism practices comprise environmental, social and economic aspects. The accommodation sector will always constitute an essential and dynamic component of the world's largest industry – travel and tourism (UNEP, 2002). The contribution of the accommodation sector in the sustainability of the tourist product is considered essential. Sustainable accommodation providers lead to sustainable destinations which in turn lead to successful accommodation businesses (Marin & Jafari, 2002). In this manner, it is important for guest houses to act responsibly to mitigate any negative impacts that their operations may have on the environment through the conservation of water and energy, waste water and solid waste management, reductions in hazardous chemical usage, biodiversity conservation and community development. The next chapter analyses the research design and methodology used in this study.

CHAPTER 7: RESEARCH DESIGN AND METHODOLOGY

7.1 INTRODUCTION

The major aim of this chapter is to discuss the key methodological components used to achieve the objectives of the study. To achieve this aim, this chapter starts by identifying the factors affecting the research design, and concentrates on the description of the steps involved in the research process, ranging from the formulation of the research problem to the analysis and processing of data. Finally, issues of validity and reliability, and the limitations faced in this research are discussed.

7.2 FACTORS AFFECTING THE RESEARCH DESIGN

To identify factors affecting the design of this research it is helpful to explain the following dilemmas faced in this study.

7.2.1 Stakeholders

Initially in this study, a survey of major stakeholders was seen as appropriate to identify views and perceptions of each stakeholder group. These views and perceptions may be fundamental to identifying guest houses' contribution to economic growth and employment in a sustainable manner in the Eden district area. Thus, the first step was to define stakeholders. A stakeholder for this study is considered to be any individual, group, or organisation that is affected by or affects the economic growth and employment by guest houses in the Eden district area. After the definition, the next step was to identify all actors with a stake in the contribution of guest houses to economic growth and employment in the Eden district area in a sustainable matter to determine the appropriateness of their involvement in the study. To achieve this, a 'stakeholder map' was designed (Table 7.1). In total, three stakeholder groups were identified and namely, LED manager of the Eden District Municipality together with LED managers of the local municipalities within the Eden District Municipality, guest houses in the district area, specifically the owners, managers and locums and employees at the guest houses in the district area.

Table 7.1: Stakeholder groups

| | | |
|--------------|---|---------------------------|
| LED managers | Guest house owners, managers and locums | Employees at guest houses |
|--------------|---|---------------------------|

Two main constraints were faced to survey the LED managers both at district level and at local municipal level together with employees at the guest houses. Upon initial discussion with the district LED manager, the researcher found that the LED strategy of the district is informed by the (IDP) and therefore had a general look at the tourism industry rather than tourism sub-sectors. Further to this, the tourism industry is not treated as a standalone economic sector but it is rather combined with other economic sectors under the 'services sector'. The district LED strategy itself together with personal discussion with the district LED manager comes to a conclusion that the focus of the LED strategy and that of the LED unit of the district would not provide specific information regarding guest houses in the district. This would then provide a challenge as the researcher would neither receive the information pertaining to guest houses from the LED strategy of the district nor from the LED manager. The same scenario was found with LED managers of the local municipalities in the district area. Employees at guest houses in the district are a major stakeholder in this study, however not all employees have access to information required to make a significant input to the study, for example, a cleaner at the guest house would not have access to information regarding procurement and financial details of the guest house. On the basis of this, it was decided to only include employees who work directly with information that is useful to the study, in this case the managers/locums of the guest houses. This information that was deemed useful to the study included amongst other, human resources, procurement of services and goods by the guest houses, financial information, sustainable tourism practices by the guest house and government support incentives to the guest houses. Given the above, it was decided that only guest house owners, managers and locums will participate in this study. Therefore, it was seen as appropriate to exclude LED managers both at the district level and local level as well as employees at guest houses who do not work directly with the identified areas that make significant contributions to this research and only include those stakeholders (guest house owners, managers and locums). In other

words, the research adopted a stakeholder approach, by focusing on the investigation of one group: guest house owners, managers and locums.

The sample included *guest house owners, managers and locums* because they are directly involved in the day-to-day running of the business and have all access to information needed in the study, they make business decisions and can make significant inputs to the study.

7.2.2 The qualitative or quantitative debate

In the literature, several schools of thought have emerged supporting qualitative or quantitative research. Although both are concerned with the investigation of an individual's point of view, they present differences in the nature of data, the methods used for data collection and the analysis process (Punch, 1998).

Qualitative researchers argue that because of their elaborate methods of research (such as interviewing and observation); they manage to get closer to the individual's perspective. Conversely, quantitative investigators claim that without statistical significance qualitative research results are more unreliable and ambiguous (Denzin & Lincoln, 1998). In effect, quantitative investigators are drawn to quantify data by using closed or quantifiable types of questions and by applying mathematical models, graphs and statistical tables to achieve more reliable results.

In contrast, although qualitative researchers have adopted statistical tools (Walle, 1997), "they seldom report their findings in terms of the kinds of complex statistical measures or methods" (Denzin & Lincoln, 1998: 9). Other differences between the two approaches are that quantitative research can make comparisons easier, it is more appropriate and cheaper when large samples are used (for example postal questionnaires), while qualitative research uses smaller samples, it is more flexible and its sampling purposive. In qualitative research the interviewer has to be more qualified and skilful (Walle, 1997). The differential dimensions of each approach are summarised in Table 7.2

Table 7.2: Qualitative versus quantitative research

| Comparison dimension | Qualitative research | Quantitative research |
|----------------------------|---|--|
| Types of questions | Probing | Limited probing |
| Sample size | Small | Large |
| Information per respondent | Much | Varies |
| Administration | Requires interviewer with special skills | Fewer special skills required |
| Type of analysis | Subjective, interpretive | Statistical, summarisation |
| Hardware | Tape recorders, projection devices, video, pictures, discussion guides | Questionnaires, computers, printouts |
| Ability to replicate | Low | High |
| Training of the researcher | Psychology, sociology, Social psychology, consumer behaviour, marketing, marketing research | Statistics, decision models, decision support systems, computer programming, marketing, marketing research |
| Type of research | Exploratory | Descriptive or causal |

Source: McDaniel and Gates (1992)

From the above discussion the following dilemma emerged: Is it better to adopt a qualitative or quantitative approach? In practice, neither approach is superior or inferior. Both approaches are valid and contribute to social research, and over-reliance on any approach is inappropriate (Punch, 1998). In the field of tourism studies, the majority of studies are quantitative. For example, Pearce et al. (1996) reviewed the literature on community responses to tourism impacts, between 1978 and 1995, and identified 31 articles presenting quantitative data. Since quantitative methods are widely accepted for conducting tourism research, they were chosen for this study. Nevertheless, although qualitative-type questions were asked (open-ended questions), replies were not explored as in-depth as those of quantitative research, mostly because the sample size was too large for this type of analysis and the study was concerned with understanding respondents' opinions through statistics drawn from the total sample.

7.3 THE RESEARCH PROCESS

This section discussed in great detail the sequential steps for the planning of the adopted research process. In practice, there is no overall consensus about the stages to be followed during research (Robson, 1993). Different models have been proposed by many authors (for example, Oppenheim, 1992; Arber, 1993; Singleton et al., 1993; Ryan, 1995; Schutt, 1996; Veal, 1997; Aaker et al., 1998; Punch, 1998),

each containing similar steps. This thesis has adopted the seven steps process proposed by Pizam (1994):

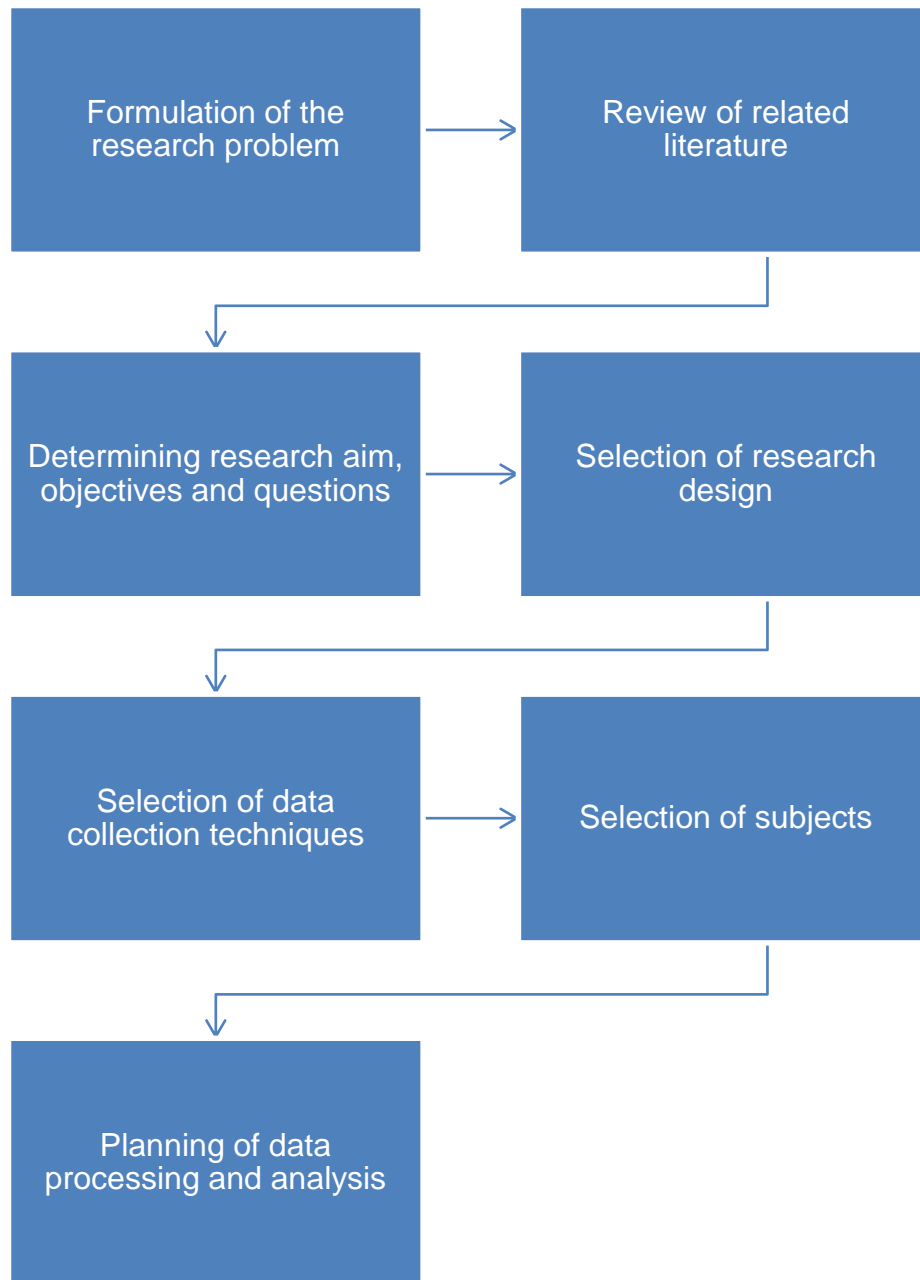


Figure 7.1: Seven adopted research steps

7.3.1 Formulation of research problem

All research begins with a clearly defined topic. According to Pizam (1994), a specific topic may be suggested by two types of concern: practical and scientific or intellectual. In terms of practical concerns, Pizam (1994: 1-92) identified the following types:

- Provision of information for decision-making on the need for some new or enlarged facilities or services (for example, impacts assessment for the construction of a casino);
- Provision of information concerning the probable consequences of various courses of action for deciding among proposed alternatives (for example, developers would like to know if the attraction of eco-tourists would be profitable); and
- Prediction of some future course of events in order to plan appropriate actions (for example, investigation of future trends in tourism demand).

The topics suggested by scientific or intellectual interests arise (Pizam, 1994: 93):

- From a concern over some social problem (for example, cultural change);
- From an interest in some general theme or area of behaviour (for example, expenditure patterns);
- From some body of theory (for example, social theory).

Bailey (1987) adds a major concern relating to problem selection: the researcher's values. In this survey, the choice of the research topic was affected by practical, scientific and personal concerns. First, from a practical point of view, this survey is amongst some of those to attempt to offer information on the contribution of guest houses to economic growth and employment in a sustainable manner as much research has focussed on the contribution of the tourism industry as a whole to economic growth and employment. This is considered essential since the guest houses are one of the main sub-sectors of the tourism industry. Secondly, from a scientific point of view, there was a need to investigate the business growth factors as perceived by those running the day-to-day business activities of the guest houses, as well as to examine the potential benefits and challenges for adopting sustainable tourism practices by these guest houses. In a personal respect, having worked as an LED official, the author has witnessed how tourism was used as an LED strategy in general, as well as a lack of consideration of examining the contribution of tourism sub-sectors to economic growth and employment. Consequently, an interest was expressed in the investigation of these issues and the recommendation of potential solutions.

7.3.2 Review of related research

Once a research topic is chosen and stated, the next step is to review the related studies, in order to identify relationships among the variables to be studied and to “translate the topic into one or more clearly defined, specific questions or problems that are amenable to research” (Singleton et al., 1993: 69). For this thesis, various sources were used to provide information on the components of LED, economic growth, employment, tourism, sustainable tourism, government support for tourism businesses and guest houses. In summary, the core of the material used included:

- Relevant publications, for example, books, conference papers, newspapers, reports amongst others, obtained from libraries of universities, research institutions, organisations and trade associations;
- Key journals, mainly the Annals of Tourism Research, the Journal of Travel Research, the Journal of Tourism Management and the Journal of Sustainable Tourism were searched in order to find articles related to LED, economic growth, employment and guest houses;
- Key words (for example, tourism employment, LED, sustainable tourism, role of government in tourism support, for example, .) were searched in a variety of databases;
- A review of the contents of all the above sources was carried out to identify additional relevant material;

The above sources helped the author to identify control variables and to develop a research framework. This was mainly achieved by viewing how other researchers have addressed similar topics, something that constituted the basis for the determination of the research aim, research questions and research objectives.

7.3.3 Determination of aim, objectives and questions

The introductory chapter and the literature review have addressed two major shortcomings of past research, namely the lack of surveys related to contribution of tourism sub-sectors to economic growth and employment in a sustainable manner. These shortcomings led to a focus on the contribution of guest houses to economic growth and employment in the Eden district area, and more specifically the adoption of the following research aim:

To gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner.

After the identification of the research aim the next step was to formulate the following research objectives:

- To explore the employment opportunities created by guest houses in the Eden district area.
- To explore government incentives available to tourism businesses and the rate of usage of such incentives.
- To explore the role that government should play at all levels in support of tourism businesses
- To explore the business growth factors that can help guest houses to grow and contribute to economic growth and employment
- To explore the contribution of guest houses to economic growth and employment through sourcing locally-produced products and services.
- To explore the effectiveness of adopting sustainable tourism practices by guest houses.
- To investigate some aspects under-surveyed or not clearly identified in past tourism-related research, four questions were developed:
- To what degree are guest houses in the Eden district area creating employment opportunities for local residents?
- What role should government at all levels play in support of tourism businesses?
- What financial incentives should be made available by government to support the development and success of tourism businesses?
- How crucial is sourcing locally-produced products and services for guest houses in Eden district area for their success and survival?
- What sustainable tourism practices are used currently by guest houses in the Eden district area?

After the above decisions, the next logical step is to consider the research design, adopted to address the above research questions.

7.3.4 Research design

The two types of research design considered for application in this study were exploratory and descriptive. Below are their description and the choice of which research design was used.

Exploratory research design is undertaken to explore previously under-researched and unclassified areas and provide input for further research (Singleton et al., 1993). The main difficulty of exploratory design is that the researcher has to begin with a general description of the phenomenon, where there are no clearly delineated independent and dependent variables, and as a result no categories to classify what one sees, no guidelines for the researcher to indicate what is important, whom to interview, or what leads to follow-up (Singleton et al., 1993). In exploratory designs the sample is usually small, non-representative and the process is unstructured and more open than in any other kind of design. In the literature, there are a lot of studies dealing with tourism's contribution to economic growth, employment and poverty reduction, having identified various independent and dependent variables and specified various groups that can provide insights into tourism contributions to economic growth and employment issues. Therefore, since the main topic of this study has already been researched by other authors, bar tourism's contributions in general, the exploratory design was not adopted, and it was decided to utilise the following type of research design.

Descriptive design aims to describe a phenomenon. It is characterised by a prior formulation of specific hypotheses, based on previous research (Malhotra, 1996). The information needed is clearly designed and pre-planned (Malhotra, 1996). Survey as type of descriptive design, was adopted as a compatible technique for this study. Surveys refer to the "collection of standardised information from a specific population, or some sample from one, usually but not necessarily, by means of questionnaire or interview" (Robson, 1993: 49). A survey is a technique commonly used in studies that have individuals as the units of analysis, because they describe respondent's attitudes and perceptions by identifying the proportion of a sample that possess a specific attribute or opinion, collect measurable variables and enable a degree of quantification, as well as the variables association in the analysis process. Through surveys this study could ask questions about attitudes and opinions

regarding guest houses procurement practices, employment patterns and sustainable tourism practices.

7.3.5 Data collection techniques

There are three common types of data collection: *observation, direct communication, (for example, questionnaires and interviews) and secondary data*. This research involved two of the three types of data collection which are; direct communication, (questionnaires) and secondary data.

Apart from questionnaires, secondary data were collected from public and private organisations and libraries in order to receive information in statistics, employment patterns and economic contribution of tourism. In addition, Internet reports from National Department of Tourism in South Africa were used for the collection of secondary data from International Organisations such as, WTO and WTTC.

However, the task of using official statistics in general, and in particular in tourism, is fraught with the following constraints and limitations:

- A lack of a solid, comprehensive and internationally uniform information based on the economic repercussions of tourism (Paci, 1998) and the lack of a universally-accepted definition of tourism (Smith, 1995) makes it a difficult task to identify who tourists are, their numbers and their expenditures;
- Purchases by visitors are made in many traditional industries, while tourism commodities are also purchased by non-visitors (Smith, 1995). This creates difficulties in the calculation of tourist expenditure and the number of people employed in the industry;
- Secondary data collected for other purposes may not be appropriate to the present situation (Czinkota & Ronkainen, 1994; Malhotra, 1996);
- Limited dependability of the data due to the fact that secondary data may contain relatively high margins of error and inaccuracy (Holmes, 1987; Malhotra, 1996; Malhotra et al., 1996; Luk, 1999);
- Secondary data may not be current, and the time lag between data collection and publication may be long (Czinkota & Ronkainen, 1994; Malhotra, 1996: 120);

- Some research may be consciously or unconsciously biased due to attempts made by researchers to please the project sponsor (Czinkota & Ronkainen, 1994);
- Often countries do not have sophisticated data collection systems and they tend to supply numbers that are estimates rather than precise readings (Czinkota & Ronkainen, 1994);
- In some countries there is a large black economy for which data are not available (Holmes, 1987).

7.3.6 Selection of subjects

Subsequent to the specification of the data collection techniques, the next step was to choose the subjects from whom the data would be collected. There are two ways to collect data. The ideal method is the study of all elements within the population (census), something that is not always possible. An alternative is to collect data from a proportion of the population by taking a sampling frame. This method was seen as appropriate for this study. In respect of sample size the focus of this survey was not to have a very large sample but to determine the sample size by time and costs constraints.

7.3.6.1 Guest houses sampling

A sample frame of tourism businesses was selected through a three-stage sampling method:

- **Stage One**. At this stage, establishments selected to form part of the survey were identified according to the main criteria of location. The Eden district area has a large number of guest houses spread over the main towns within the district. Therefore, a selection of locations had to be undertaken. In terms of location, seven areas were selected in the district and they are: George, Oudtshoorn, Hessequa, Mossel Bay, Knysna, Plettenberg Bay and Kannaland. These areas were selected because they serve as the areas of main activity (towns) of the district and for easy access during the primary data collection, they were ideal.

- **Stage Two.** After location was determined, the next step was to make a list of guest houses in each area. There were various sources for the sampling lists of the guest houses. The main source of the list of guest houses in each town was the local tourism offices (LTO's) who have a database. The second source was the district database which combines all the guest house lists of all the towns in the district. To enrich these lists, additional sources were used, including Yellow Pages, Travel magazines and the Internet. All these sources were the best possible for the designing of a comprehensive sampling list for the guest houses, which contained location of establishments, address, and contact details. The main weakness of using so many sources was the tendency towards repetition, necessitating cross-checking to ensure lack of duplication. This exercise yielded a total of 250 guest houses in the Eden district area.
- **Stage Three.** The next step was to select guest houses from the compiled lists. In consultation with the NMMU resident statistician, it was agreed that due to the number of guest houses in the list, it was necessary to include all of them as a targeted population.

7.3.7 Questionnaires design

To develop the questionnaire, the research questions from the literature review were used. These questions were then expanded to cover other relevant issues. The following issues were considered before writing the questionnaire, as proposed by Oppenheim (1992: 101):

- Instrument of data collection (for example, interviews, questionnaires, observation).
- Method of approach to respondents (for example, length, duration and purpose of the research).
- Build-up of question sequences (for example scales involved in the questions).
- Order of questions (for example, sequence based on logical flow process).
- Type of questions (for example, closed, open).

The instrument of data collection was a questionnaire, which allows the use of open-ended and closed questions. Open-ended questions (without fixed categories for responses) were used to allow greater flexibility of answers, to encourage interviewees to give more spontaneous opinions and to avoid the potential bias arising from restricting responses to the researcher's own fixed categories (Ryan, 1995). However, one deficiency of open-ended questions is the difficulty of categorising and interpreting responses. It is for this reason that only one question in the questionnaire was an open-ended question and the rest of the questions were closed questions.

The survey instrument (questionnaire) was divided into six sections:

Section A: required general information about the respondent, the type of business ownership, and size of the business, how long the respondent had been in business and how the business was originally started. Since this section required both mutually exclusive and some single choices from multiple-option questions, a combination of simple category scale and multiple choice single-response scales was used.

Section B: addressed the issue of the number of jobs created. The responses sought were mutually-exclusive, judgmental and quantifiable in nature, so use was made of a combination of simple category and fixed-sum scales for measurement purposes.

Section C: tested the awareness of available government incentives to the tourism industry as well as the extent to which use had been made of them. Responses sought were mutually-exclusive and single-choice from multiple options. To achieve this, a combination of single-category scales and multiple-choice single-response measurement scales was used.

Section D: represented the opinion of respondents as to what they considered to be important factors contributing to the future growth of their business and what role local government should play in encouraging this growth. Responses sought required mutually-exclusive answers, the selection of one or more alternatives from multiple options, or the expression of favourable or unfavourable attitudes towards the object of interest. As a result, measurement scales used were a combination of single-

category scales, multiple-choice multiple-response scales and a five-point Likert scale.

Section E: represented opinions of respondents as to what they consider to be sustainable practices in their businesses and what roles/practices they are implementing in their business to achieve sustainability.

Section F: represented open-ended questions to capture any other information that the respondents feel they needed to raise around the topic.

7.3.8 Pilot survey

In an attempt to validate the data collection techniques, and check comprehensibility and whether the answers received would provide the information sought, a pilot survey took place in George which is the main business service town of the Eden district area. The sampling procedure used to pre-test the questionnaires was judgmental or purposive sampling. According to Cooper & Schindler (2003) a pilot test is conducted to detect weakness in design and implementation. It should draw subjects from the target population and simulate the procedures and protocols that have been designated for data collection. Considering the principles mentioned in the above section, the researcher asked a panel of experts, composed of five guest house owners who are members of the Outeniqua Tourism Association (OTA) including a regional tourism-coordinator of tourism in the Eden district municipality and two retired Professors in the tourism industry who reside in George to respond to a survey response instrument and the proposed questionnaire. Each panellist was first asked, "What do you see as the contribution of guest houses in the Eden district region?" The panellists were then asked to review the survey questionnaire and to complete the survey response instrument. Responses to the instrument were grouped as follows: (1) clarity of directions; (2) clarity of questions; (3) relevancy of the question as an important aspect of a major issue; and (4) narrowness or constraint of response. Finally, the panellists were asked, "Are there any other issues that you think should be included in the survey?" Results of the responses and questions were collected and analysed. After the pilot survey, several amendments were made to the questionnaire, including altering question wording, shortening the length of the questionnaire by omitting some questions, changing questions and altering the order of questions to provide a more logical flow. The questionnaire was

also reviewed and approved by the NMMU resident statistician and the supervisor of the study. These procedures resulted in the questionnaire used in this study.

7.3.9 Data analysis

After data have been collected, the next step is to analyse them. When questionnaires were returned to the researcher, they were captured on an electronic spread sheet, Excel, in order to ensure that the information was:

- accurate;
- consistent with the intent of the question and other information in the survey;
- uniformly entered;
- complete; and
- arranged to simplify coding and tabulation (Cooper & Schindler, 2003: 45).

Once the data were captured, it was processed by the Statistical Support Unit of the Department of Mathematical Science at the Nelson Mandela Metropolitan University (NMMU), using the software package Statistica. One challenge experienced during this process was the missing responses in the questionnaire from some of the respondents. The main cause of the missing responses was that respondents were given options to choose their response and in other sections, they could choose more than one answer. This scenario of missing responses could have been caused by some respondents not choosing an option as it may not be applicable to their guest houses. This concern was discussed with the NMMU resident statistician who indicated that regardless of the missing responses in certain questions, the data were credible enough to be analysed.

7.4 LIMITATIONS AND ISSUES OF VALIDITY AND RELIABILITY

For quantitative studies, there are two major issues to be considered to ensure that the measures developed are reasonably good. These issues are validity and reliability.

Validity- means the extent to which the collected data actually reflect the phenomenon under investigation. According to Veal (1997), tourism research presents a lot of difficulties in ensuring validity for the reason that it deals with

people's attitudes and behaviour. The researcher is reliant on individual responses, mainly through the use of questionnaires, and there is no control over responses (for example, misunderstandings). Since these instruments have many deficiencies and attitudinal surveys can be an unstable reflection of attitudes (for example, changes over a short time or by exogenous variables), the data obtained can never be as certain as the data obtained by the natural sciences (Pizam, 1994; Veal, 1997: 35). Many approaches have been proposed for assessing validity (Nachmias & Nachmias, 1976; Moser & Kalton, 1979; Bailey, 1987; de Vaus, 1991; Ryan, 1995; Aaker et al., 1998; Punch, 1998; McQueen & Knussen, 1999), although none is perfect.

- **Criterion validity**

A comparison is made with how respondents reply to questions measuring a concept and existing, well-accepted measures of the concept. In this study, no other measure was used because it was not available. However, in criterion validity the interpretation of the findings is based upon the ability of the variables to predict another variable (Ryan, 1995).

- **Subjective validity**

There are two methods of subjective validation: the face validity and the content validity. Face validity refers to the judgement that an operational definition appears, on the face of it, to measure the concept it is intended to measure (Singleton et al., 1993:). However, face validity is not widely acceptable because it is based on personal judgement rather than objective evidence (Singleton et al., 1993). On the other hand, content validity refers to the degree to which a measure covers the full range of behaviour being measured (Clark-Carter, 1997). To ensure face and content validity experts were asked to judge if the instrument covered the range that they would expect and a review of the literature was undertaken to identify different aspects of the concept. An additional method was a pre-test, in other words, the pilot survey, to check a proper and broad flow of questioning.

- **Construct validity**

This method evaluates how well a measure conforms to theoretical expectations. From the research findings it is evident that the adopted instruments assessed the theoretical construct of the literature review satisfactorily and therefore we can assume that the research has achieved construct validity. For example, the results of the Cramer's value test done on employment growth and business profit can ascertain construct validity, since by the use of these two techniques many aspects of the theory became apparent, such as the influence of profit in employment creation by the guest houses.

To sum up, there is no ideal way of determining validity. As de Vaus (1991: 57) states:

The method chosen will depend on the situation. If a good criterion exists use it; if the definition of the concept is well defined or well accepted use this approach; if there are well-established theories which use the concept which we use to validate, use this approach. If all else fails, we have to say this is how the concept is defined and these measures, on the face of it, seem to cover the concept, and to give the measure to other people (referred to as a panel of judges) to see what they think.

Reliability - means the degree to which the results we obtain will be the same from one occasion to another (de Vaus, 1991; Clark-Carter, 1997; Sapsford, 1999). It can be distinguished from validity, because validity is concerned with whether the research instrument measures what it is supposed to measure. Reliability interferes with the consistency of the results. If a measure is valid, then it is also reliable, although if a measure is reliable it does not imply that it is valid also, because somebody can measure reliably something other than that he/she intends to measure (Singleton et al., 1993). Although in the natural sciences, reliability is easy to control, in the social sciences, most of the times this is not possible, because they deal with human beings in ever-changing social situations (Veal, 1997: 36). Therefore, Veal (1997: 36) suggests that social scientists, including those in tourism, should be very careful when they make general statements based on empirical research for the reason that any findings are related only to the subject involved, and at the time and place that the research was undertaken.

Certainly, timing for this study was a critical issue. It was decided that the questionnaire distribution to the guest houses will be done during the off-peak season (June and July) when business activity was lower. Nevertheless, refusals to participate in the survey were evident as from the targeted 250 guest houses, only 128 participated in the study after two data collection strategies were used. Firstly the questionnaire was e-mailed and very few guest houses returned the questionnaires and secondly, students were employed to hand-deliver the questionnaires to the guest house and this yielded much better results.

De Vaus (1991) considers three aspects of reliability: sources of reliability, testing reliability and increasing reliability. As sources of reliability, de Vaus (1991) identified bad wording of questions, and that different interviewers elicit different answers from respondents. He gave as examples the influence of gender, ethnic origin and appearance of the interviewer, problems with the coding of questions since different codes can be used for the same response, and he identified that even well-developed questions can have unreliability problems.

In this survey, the best way to increase reliability, applicable for the questionnaire, was to use questions well tested by other experts in the field of tourism accommodation, paying attention to the wording of the questions (the pilot survey and experts judgements were utilised to ensure good wording) and correct coding.

However, the limitations of this study may have influenced the research outcome. Some of the target respondents refused to participate in the study which may create problems of representation, as the results may have been biased by either favourable or unfavourable responses, since the non-respondents may differ in their characteristics from the respondents. Nevertheless, data is not available for the non-respondents profile and therefore it is not possible to proceed to a test of non-response bias. The non-response or lack of interest to participate in the study could have been due to lack of interest and fear of opening their door to a stranger.

7.5 SUMMARY

This chapter has presented the sequential steps followed to complete this thesis. The entire research process used in this survey has been analysed from beginning to end, in order to understand each step followed. The quality of research and planning activities is no better than the quality of information on which these activities are based. In turn, the quality of this information depends upon the use of methods of data collection, which provide appropriate and reliable inputs, which can be analysed and interpreted so as to provide meaningful insights and conclusions. The next chapter focuses on results presentation and discussion.

CHAPTER 8: PRESENTATION AND EXPLANATION OF RESULTS

8.1 INTRODUCTION

The purpose of this chapter is to present and discuss the results obtained from the empirical study, the research process of which was discussed in Chapter Seven. This will be enhanced by the results obtained from the secondary data search. The empirical study results will be subdivided according to the four sub-problems documented, and linked to the applicable research objective.

The research aim of the study is:

The aim of this study is to gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner.

The objectives of the study are set out in Chapter 1 and they are:

- To explore the role that government should play at all levels and financial incentives available to support the development of guest houses.
- To explore the employment opportunities created by guest houses.
- To know the contribution of guest houses to economic growth through sourcing locally produced products and services.
- To explain the effectiveness of adopting sustainable tourism practices by guest houses.

The questions contained in the questionnaire were grouped into the following sections which are linked to the study objectives outlined above and they were designed to provide answers to these specific objective. Below is a brief description of the layout of the questionnaire and which objectives were to be achieved by which section:

Section A required general information about the guest houses; the type of business ownership, the size of the business, how long the respondent had been in business and how the business was originally started. Since this section required both mutually-exclusive and some single choices from multiple-option questions, a

combination of simple category scale and multiple choice single-response scales was used.

Section B addressed the issue of the number of jobs created by the guest houses both full-time and part-time.

Section C tested the awareness of available government incentives to the tourism industry as well as the extent to which use had been made of them by the guest houses.

Section D represented the opinion of respondents as to what they considered to be important factors contributing to the future growth of their business and what role local government should play in encouraging this growth.

Section E represented opinions of respondents as to what they consider to be sustainable practices in their businesses and what roles/practices they are implementing in their business to achieve sustainability.

Section F represented open-ended questions to capture any other information that the respondents felt they needed to raise around the topic.

8.2 DESCRIPTION OF RESEARCH METHODOLOGY FOR ANALYSIS

The data were captured and analysed by making use of the Statistica, version 12. Descriptive statistics were used to compile the demographic profile of the guest houses. Further analyses included independent samples t-test, and cross-tabulations.

An independent sample t-test is conducted to compare independent groups' mean scores. For a significant difference to exist between groups, the p-value of $p = \leq 0.05$ is a requisite (Pallant, 2010; Coolican, 2013).

Cross-tabulations are often used by scholars in the social sciences to analyse categorical data and record the frequency of respondents that have the same specific characteristics. The Chi-Square statistic is used for testing the statistical significance of the categorical data between groups (Qualtrics.com, 2013: 3). To interpret the

effect sizes in the cross-tabulations, Cramer's V guidelines have been used: small practical significant effect (0.1); medium practical significant effect (0.3); and large practical significant effect (0.5) (Ellis & Steyn, 2003: 51).

8.3 RESULTS – SECONDARY SEARCH DATA

The secondary data search involved the determination of the relationship between LED and tourism and the role that the tourism industry plays and in this specific case, the role of the accommodation sector in tourism.

Notwithstanding an intense search of the number of available guest houses in the Eden district sources, a single source of information that could supply all the information sought could not be found. Consequently it became necessary to consult various sources and to aggregate their findings in order to make valid assumptions about the number of guest houses in the Eden district. The following sources were consulted; Eden district municipality database, databases of all the LTOs and the internet.

8.4 RESULTS – THE EMPIRICAL SURVEY

This section provides an in-depth analysis of the results from the primary data collection. It starts with the overall response from the respondents and then deals with specific sections as contained in the questionnaire.

8.4.1 Overall response

The results of the search of the number of guest houses in the Eden district region from the various sources outlined in the section above resulted in a total of 250 guest houses identified in the area. The questionnaire was e-mailed to all guest houses and there was a very low response rate and as a result of this, the researcher appointed five students to conduct a door to door visit to these guest houses in a second attempt to increase the response rate. Each student was assigned to a specific area and a list of all guest houses in the area with contact details and location were given to the students, together with the questionnaire. This data collection method yielded a better response rate as 128 questionnaires were returned. The NMMU statistician then indicated that the number is sufficient to

proceed with the analysis as it proved too difficult to have all the 250 questionnaires returned. This response rate represents 51.2% and the challenges experienced were that many guest houses were not interested in participating in the study regardless of clear information on the purpose of the study. The results show that in certain areas, the guest house owners were not interested at all as this will be revealed in the next section where certain local municipalities will have very low response rate whereas those municipal areas are known for being very active in tourism.

8.4.2 Section A – Biographical Information

This section of the questionnaire gathered general/biographical information about the guest houses. Questions 1 through 11 provided the following overview of the guest houses.

8.4.2.1 Geographical location of your business/enterprise

The location of the accommodation provider for tourists is central to the success of the business enterprise. This was confirmed by Roubi & Littlejohn (2006: 380) who state that the location of the accommodation will invariably be the first consideration when the tourist is selecting a place to stay during the holiday. Table 8.1 below reflects the geographical location of the guest houses in the Eden district region. The majority of the guest houses are located in George. According to the Eden District Municipality Spatial Development Plan of 2011, George is the main business town of the Eden district region and the most developed town with an airport. It is therefore not surprising that the majority of the guest houses are located in this area as they are easily accessible for tourists who arrive and depart from the George Airport.

Table 8.1: Geographical location of the business/enterprise

| | Frequency | Percent |
|-----------------|-----------|---------|
| George | 49 | 38.3 |
| Oudtshoorn | 21 | 16.4 |
| Hessequa | 8 | 6.3 |
| Mossel Bay | 43 | 33.6 |
| Knysna | 1 | 0.8 |
| Plettenberg Bay | 3 | 2.3 |
| Kannaland | 3 | 2.3 |
| Total | 128 | 100 |

8.4.2.2 Respondents completing the questionnaire

Question 2 asked about the description of the respondents in the guest house who completed the questionnaire. The position of the respondent completing the questionnaire is reflected in Table 8.2.

Table 8.2: Position of the person completing the questionnaire

| | Frequency | Percent |
|---------|-----------|---------|
| Owner | 85 | 66.4 |
| Manager | 39 | 30.5 |
| Locum | 4 | 3.1 |
| Total | 128 | 100 |

The majority of the questionnaires were completed by the guest house owners with 66.4%, followed by managers accounting for 30.5% with only 3.1% being the locums. Since many guest houses fall under the definition of SME's, it is not unusual to find small businesses being run by the owner. Owner involvement is typical of entrepreneurial organisations found in SME's. This is supported by the Global Entrepreneurship Monitor (GEM) (2012: 40) which states that many SME's are either managed by the owner or by the appointed manager.

8.4.2.3 Structure of where the business/enterprise is situated

Question 3 asked about the guest houses' location. The structure of where the business is located is reflected in Table 8.3.

Table 8.3: Structure of where the business/enterprise is situated

| | Frequency | Percent |
|-------------|-----------|---------|
| Residential | 98 | 76.6 |
| Commercial | 17 | 13.4 |
| Other | 13 | 10 |
| Total | 128 | 100 |

Majority of the guest houses, more than three quarters (76.6%) are located in a residential area with less than a third located in commercial areas. These results infer that many guest houses are located in residential areas and in many respects this is true for the tourism industry as many guest houses are provided as a separate portion of the house where the owner resides. This is supported by George (2012: 255) who defines a guest house as an existing home, a renovated home or a building that has been specifically designed as a residential dwelling to provide overnight accommodation, together with public areas for the exclusive use of its guests. In many instances the manager is the owner and hence he/she resides in the same property and this can be supported by the 66.4% of owners who completed the questionnaires.

8.4.2.4 Type of enterprise ownership

Question 4 asked for the category of business in which the guest houses are registered and the results are shown in table 8.4.

Table 8.4: Type of enterprise ownership

| | Frequency | Percent |
|-------------------|-----------|---------|
| Sole proprietor | 83 | 64.8 |
| Partnerships | 20 | 15.7 |
| Close corporation | 20 | 15.7 |
| Company | 5 | 3.8 |
| Total | 128 | 100 |

The results in table 8.4 show that sole proprietors, with more than two quarters (64.8%) made up the majority of the guest houses respectively and partnerships as well as close corporation were jointly represented with 15.7% and companies were last at 3.8%. This was expected since it is known that the industry is comprised mainly of SMEs who normally trade as sole proprietors or close corporations (GEM, 2012: 43). The relationship between the numbers shown in Table 8.4 also reflects why ease of entry and exit is considered as a characteristic of the industry. Formal forms of enterprise establishment, such as companies and trusts, make entry and exit to the industry more difficult than those of sole proprietors and close corporations.

8.4.2.5 Owners' involvement in the running of the business

Question 5 asked about the degree of involvement of the guest house owners in running the business. The degree of involvement by owners is reflected in table 8.5.

Table 8.5: Owners' involvement in the running of the business

| | Frequency | Percent |
|-----------|-----------|---------|
| Full-time | 100 | 78.1 |
| Part-time | 28 | 21.9 |
| Total | 128 | 100 |

The results shows that of the owners, more than three quarters were involved full-time in the business whilst less than a quarter were involved on a part-time basis. Once again, since the industry is characterised by SMEs, it is not unusual to find small businesses being run by the owner because they are survivalists as well (GEM, 2012: 43). Owner involvement is typical of entrepreneurial organisations found in SMEs.

8.4.2.6 Business experience before starting enterprise

Question 6 asked for the previous business experience of the guest house owners prior to them starting with their businesses. The number of respondents having prior business experience is shown in Table 8.6.

Table 8.6: Business experience before starting the business

| | Frequency | Percent |
|--------|-----------|---------|
| None | 25 | 19.5 |
| Little | 61 | 47.7 |
| A lot | 42 | 32.8 |
| Total | 128 | 100 |

The majority of respondents had business experience before embarking on their tourism business ventures. Very few respondents have entered the industry without prior business experience and this may be an indicative of the industry's characteristic of ease of entry. The combination of those with a lot and little experience (81%) in business before starting could contribute to a balanced viewpoint being exhibited during the remainder of the data analysis.

8.4.2.7 Business annual turnover

Question 7 asked for the annual turnover of the guest houses and the results are shown in table 8.7.

Table 8.7: Business annual turnover

| | Frequency | Percent |
|--------------------------|-----------|---------|
| < R500 000 a year | 54 | 42.2 |
| Between R500 000 and R1m | 53 | 41.4 |
| Between R1m and R2m | 10 | 7.8 |
| More than R2m | 11 | 8.6 |
| Total | 128 | 100 |

Table 8.7 showed that 43.9% earn less than R500 000 per annum whilst 43.1% earn between R500 000 and R1 000 000 per annum. Only 8.1% of the guest houses earn between R1 000 000 and R2 000 000 whereas 4.9% earn more than R2 000 000. According to the National Business Act, 1996 (Act No 102 of 1996), all of the guest houses can, in terms of turnover, be classified as SMEs. This relationship is in line with international findings by (Morrison & Thomas, 2004).

8.4.2.8 Number of employees

Question 8 asked for the number of employees employed by the guest houses.

Table 8.8: Total number of employees

| | Frequency | Percent |
|-------------|-----------|---------|
| Less than 5 | 75 | 58.6 |
| 5 to 50 | 53 | 41.4 |
| Total | 128 | 100 |

Table 8.8 reflects the classification according to the number of employees in service. More than two quarters of the guest houses (58.6) have less than five employees and closely followed by those who have between five and 50 employees (41.4%). These results are in line with the National Business Act 1996 (Act No 102 of 1996) which states that the majority of the guest houses fall under the category of SMEs and are characterised by few employees who work either part-time or full-time.

8.4.2.9 Number of years of business's existence

Question 9 asked for the duration of the existence of the guest houses. The length of time that businesses have been in existence is shown in table 8.9.

Table 8.9: Number of years of business's existence

| | Frequency | Percent |
|--------------------|-----------|---------|
| More than 10 years | 61 | 47.7 |
| 6 - <10 years | 41 | 32.0 |
| 4 - <6 years | 14 | 10.9 |
| 1 - <4 years | 12 | 9.4 |
| Total | 128 | 100 |

Majority of the guest houses have been in business for more than 10 years followed by those who have been in existence for between six and 10 years. The least number of years of existence in business is for guest houses that have been in existence one and four years. The length of time in business is important for local economic development of the region as reported by the GEM (2012: 45) with regard to failures of start-up SMEs. GEM reported that South Africa has a relatively high rate

of start-up failures. Failure rates are obtained by determining the ratio of start-up firms to new firms, which in South Africa amounts to 2.4 to 1 compared to an average of 1.6 to 1 in developing countries (GEM, 2012: 45). A high failure rate among start-up firms would result in a low number of businesses being younger than four years old. The results of this study show that most of the guest houses in the Eden district region have passed the stage where many SMEs fail (four years) as many of them have existed for ten years and more as shown in table 8.9.

8.4.2.10 Correlation between number of years in business and number of employees

The test to check whether the number of years in business influences the number of employees was done. The tests were done to establish whether there is any significant relationship between the number of employees in the guest house and the number of the guest houses' existence as shown in table 8.10.

Table 8.10: Correlation between number of employees and number of existence of the business

| Number of employees | Number of years in business | | | | Row |
|---------------------|-----------------------------|---------------|--------------|--------------|------------|
| | More than 10 years | 6 - <10 years | 4 - <6 years | 1 - <4 years | |
| Less than 5 | 34 | 19 | 12 | 8 | 73 |
| Row % | 46.58% | 26.03% | 16.44% | 10.96% | |
| Between 5 and 50 | 27 | 22 | 2 | 4 | 55 |
| Row % | 49.09% | 40.00% | 3.64% | 7.27% | |
| Totals | 61 | 41 | 14 | 12 | 128 |
| Chi-square | 7.11 | df=3 | p=.06852 | | |

The results in table 8.10 results showed no significant relationship with a Chi-square value of 7.11 with a degree of freedom of three whilst the P value was 0.06852. It means therefore that there is no evidence to suggest that if the guest houses have been operating for many years, it will have more employees as compared to those guest houses that have been in operation for fewer years.

8.4.2.11 Nature of the business

Question 10 required guest houses to state whether they are independent businesses or part of a group. The independence of firms operating in the sample is reflected in table 8.11.

Table 8.11: Nature of business

| | Frequency | Percent |
|-----------------|-----------|---------|
| Independent | 123 | 96.1 |
| Part of a group | 5 | 3.9 |
| Total | 128 | 100 |

Majority of the guest houses are operating independently whilst less than a quarter are operating as part of the group. This finding of the study might impact on the answers to questions relating to original financing of the business, training and access to financing further on in the study.

8.4.2.12 Original financing of businesses

Question 11 asked for the financing of the guest houses when they were established. The source of finance originally used to fund the establishment of the enterprise is analysed in Table 8.12.

Table 8.12: Original financing of businesses

| | Frequency | Percent |
|-------------------------|-----------|---------|
| Own contribution | 90 | 70.3 |
| Bank loan | 33 | 25.8 |
| Loan from friend/family | 3 | 3.1 |
| Other | 2 | 0.8 |
| Total | 128 | 100 |

The majority of respondents financed their businesses by means of own contributions. Possible explanations for this phenomenon include the following

according to National Tourism Sector Strategy (2013: 33): The amount of finance originally required to start the business was not very high.

Most establishments were started by well-off entrepreneurs. Original entrepreneurs did not know of the existence of government financial support. Support from government was not available prior to identification of tourism as a growth industry by the government's White Paper (1996).

According to the National Tourism Sector Strategy (2013: 33) "Many South Africans want to start, or try to start, small tourism businesses, providing either accommodation (such as guest houses) or tourism services (such as tour operators and tour guides). However, there are various issues involved in starting and growing a tourism business, and, in many instances, a lack of access to finance is blamed as the sole reason for businesses not succeeding in this industry". This is not always the case, as the following issues also play a role according to National Tourism Sector Strategy (2013: 33):

- The quality of business concepts, which often lack proper planning and market analysis.
- Insufficient business experience of the entrepreneur, as well as a lack of support structures to assist him/her to succeed.
- Insufficient personal equity to fund the business, which becomes problematic, as many tourism businesses' revenues do not support large proportions of debt funding.

Further to the above mentioned issues, National Tourism Sector Strategy (2013: 33) indicates that the commercial banks regard the tourism sector as risky and unattractive due to the relatively small scale of business loans in this sector. The tourism industry also has no access to venture capital with an appetite for risk and that could be utilised to fund projects that are unattractive to banks. Incentives that have been put in place to encourage tourism investment are difficult to access, and have very complex application procedures.

8.4.3 Summary -Section A

The guest houses surveyed were dominated by either being a sole proprietorship or a close corporation and the majority of owners being active full-time in their enterprise and having had business experience prior to start-up. The majority of the guest houses could be classified as small according to their turnover and the number of employees in service and they have used their own funds in starting their businesses.

8.5 SECTION B – JOB CREATION

This section of the questionnaire addressed the issue of the number of jobs created by guest houses.

Question 12 tested the perceptions of respondents as to their expectations of business growth for the following year in terms of employment, turnover and profit. The expected growth of the guest house from these three perspectives is analysed separately.

8.5.1 Expectation of growth in employment

This section provides an overview of the guest houses' expectations of growth in employment in the year 2015 as shown in table 8.13.

Table 8.13: Expectation of growth in employment

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 60 | 46.9 |
| No | 68 | 53.1 |
| Total | 128 | 100 |

The results in table 8.13 show that just above half of the guest houses (68) are not expecting any growth in employment in the year 2015 with just less than half (60) expecting to grow in employment in the year 2015. These results of many guest houses not expecting growth in employment may be as a result of economic meltdown in the years 2008 and 2010 around the world. This shows that there is little demand for the use of guest houses as tourists may not have disposable income.

8.5.2 Expectation of growth in turnover

This section provides an overview of the guest houses expectations of growth in turnover in the next year. The expected growth in turnover is reflected in Table 8.14.

Table 8.14: Expectation of growth in turnover

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 100 | 78.1 |
| No | 28 | 21.9 |
| Total | 128 | 100 |

The majority of guest houses (100) expect growth in annual turnover in the year 2015 whilst less than a quarter (28) not expecting growth in annual turnover in the year 2015. This finding is relevant as it links with the 53.1% of guest houses that are not expecting growth in employment in 2015.

8.5.3 Expectation of growth in profit

This section provides an overview of the guest houses' expectations of growth in profit in the next year. The expected growth in profit is reflected in Table 8.15.

Table 8.15: Expectation of growth in profit

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 101 | 79 |
| No | 27 | 21 |
| Total | 128 | 100 |

These results show that the majority of the guest houses (79%) expect growth in profit in the year 2015 whilst less than a quarter (21%) not expecting growth in profit in the same year. These results support the finding of the annual turnover where there was an expected increase in annual turnover by the majority of the guest houses in the region. However it is clear that the expected growth in profit and annual turnover does not necessarily result in growth of employment.

8.5.4 Correlation between expected growth in employment and expected growth in profit

The following section provides an analysis of the relationship between expected business growth factors, namely expected growth in employment and the expected growth in profit as shown in table 8.16 below.

Table 8.16: Correlation between expectation of growth in employment and expected growth in profit for the year 2015

| Expected growth in employment | Expected growth in profit | Expected growth in profit | Row |
|-------------------------------|---------------------------|---------------------------|----------|
| | Yes | No | Totals |
| Yes | 21 | 26 | 47 |
| Row % | 44.68% | 55.32% | |
| No | 17 | 49 | 66 |
| Row % | 25.76% | 74.24% | |
| Totals | 38 | 75 | 113 |
| Chi-square | 4.40 | df=1 | p=.03585 |
| Cramer's V | 0.2 | | |

Table 8.16 showed the results of the test that was done which yielded a Cramer's value of 0.2 with a degree of freedom of one as well as P value of 0.03585 which is lower than 0.5 and therefore it shows a small practical significance. What it means is that it is safe to say that those guest houses who expect growth in employment and those who do not expect growth in employment are most likely to have similar profit margins in the year 2015.

8.5.5 Number of employees employed from year 2012 until 2014 and prospects for 2015

Question 13 asked for the number of employees both full-time and part-time employed by the guest houses in the current year (2014), the previous two years (2012 and 2013) and how many employees do guest houses feel they will employ the following year (2015) and the results are shown in table 8.17 below.

Table 8.17 Number of employees both full-time and part-time

| | | Full-time 2014 | Part-time 2014 | Full-time 2013 | Part-time 2013 | Full-time 2012 | Part-time 2012 | Full-time 2015 | Part-time 2015 |
|---|---------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| N | Valid | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 5.04 | 1.00 | 4.92 | .88 | 4.47 | .75 | 4.41 | 1.09 |
| Median | | 4.00 | 0.00 | 4.00 | 0.00 | 3.00 | 0.00 | 4.00 | 0.00 |
| Mode | | 2 | 0 | 2 | 0 | 2 ^a | 0 | 2 | 0 |
| Std. Deviation | | 4.227 | 1.133 | 4.141 | 1.723 | 4.921 | 1.660 | 4.339 | 1.16 4 |
| Minimum | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maximum | | 10 | 5 | 10 | 5 | 10 | 5 | 10 | 5 |
| <i>a. Multiple modes exist. The smallest value is shown</i> | | | | | | | | | |

Table 8.17 show a mean value of five for full-time employees and one employee for part-time employee. This finding indicates that on average the guest houses employ five (5) full-time employees and one (1) part-time employee. The mean value shows a slight decline in the number of projected full-time employment (4.41) in the year 2015 as compared to the mean value of 5.04 in the year 2014. This is a concern as the decrease in the number of employment is not a good sign of guest houses in contributing to LED where employment creation is a key component. However, the results show that there is an expectation of a slight increase in part-time employment for the year 2015, with the mean value of 1.09 compared with 2014 which had a mean value of 1.00. This is a good sign even though the expected growth is not very high, but it will certainly contribute to LED and employment opportunities. The median shows that guest house employ four or less and four or more full-time employees on average and will continue to do so even in the year 2015. The mode shows the most common occurrence and the results show that guest houses employ at least two full-time employees.

8.5.6 Obtaining staff with qualifications

The last question of section B in the questionnaire asked guest houses about the difficulty in finding qualified staff to employ and the results are shown in figure 8.1 below.

Figure 8.1: Obtaining staff with qualifications

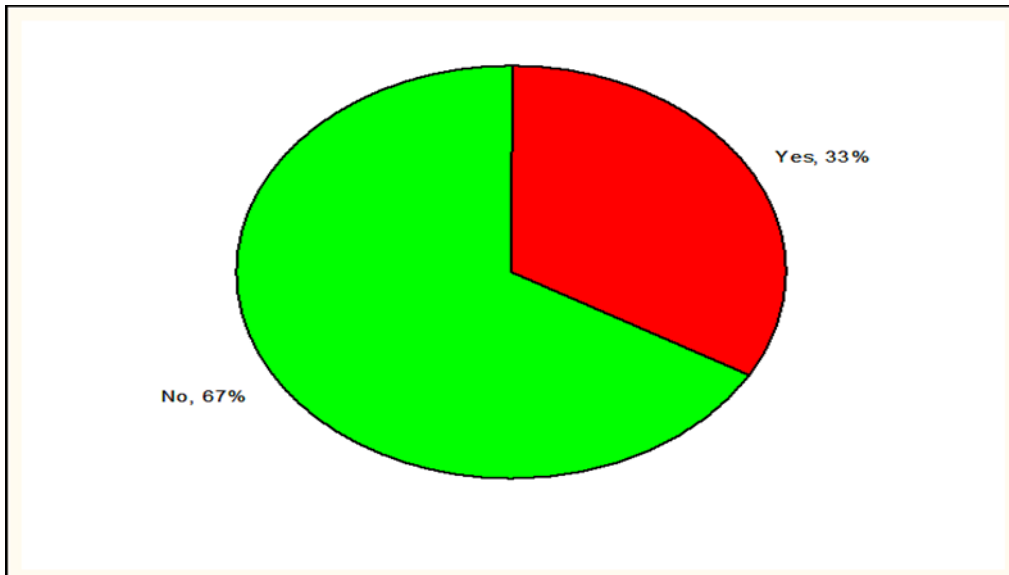


Figure 8.1 above shows results of difficulty in obtaining qualified staff by the guest houses in Eden district region. The results show that the majority of the guest houses do not have difficulty in obtaining qualified staff while a few of them have difficulty in obtaining qualified staff. The high percentage of less difficulty in obtaining qualified staff could be attributed to the presence on two higher learning institutions in the area who offer qualifications in tourism and hospitality management. These institutions are Nelson Mandela Metropolitan University (NMMU) and South Cape College. It can therefore be assumed that those 33% currently experiencing problems in obtaining qualified staff will have limited challenges going forward because of the presence of these higher education institutions in the area who train students in tourism and hospitality management.

8.5.7 Summary- Section B

The vast majority of respondents exhibited an optimistic viewpoint of the future growth in terms of turnover and profit while they were less optimistic about the future

employment opportunities. This is further supported by the less optimism in future employment where the mean value of 2014 is higher than the mean value for 2015.

8.6 SECTION C – GOVERNMENT INCENTIVES

This section of the questionnaire tested the awareness of guest houses of available government incentives to the tourism industry as well as the extent to which use had been made of such incentives.

8.6.1 Awareness of government incentives

Question 19 asked guest houses about their awareness of government incentives available to them. Table 8.18 shows that many guest houses were not aware of government incentives, accounting for 66.4% with 33.6% of them being aware of these government incentives. These results may be attributed to two factors, firstly, that government is not doing enough to create awareness of these incentive programs, and secondly, that guest house owners are not doing enough research to seek information to help them grow their businesses. This conclusion is supported by the GEM (2012: 45) who report that both awareness and use of government support is extremely low in South Africa. The lack of awareness of government incentives for SME's was also highlighted in the study done by Finscope Small Business Report in 2010 which showed that 75% of the small businesses in the survey were not aware of any support programmes.

Table 8.18: Awareness of government incentives

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 43 | 33.6 |
| No | 85 | 66.4 |
| Total | 128 | 100 |

8.6.2 Source of information about government incentives

Question 20 asked those who indicated that they are aware of government incentives to indicate their source of awareness of the government incentives as shown in table 8.19 below.

Table 8.19: Source of information about government incentives

| | Frequency | Percent |
|----------------------|-----------|---------|
| Auditors | 1 | 0.8 |
| Banks | 2 | 1.6 |
| Financial advisor | 47 | 36.7 |
| Press | 6 | 4.7 |
| Government officials | 52 | 40.6 |
| Other | 20 | 15.6 |
| Total | 128 | 100 |

The source of information about government incentives for the guest houses varied with majority being other sources other than what seem to be the obvious sources. The obvious sources of information should be auditors, banks, financial advisors and government officials. These findings seem strange since one would expect that this kind of knowledge would come from auditors, and banks who are normally regarded as experts in the fields of finances concerning the industry. Although it is possible to interpret this as that the industry had no need of incentives, it seems rather to reflect the fact that guest houses are not aware that such incentives exist.

8.6.3 Usage of government incentives / subsidies by guest houses

Question 21 asked guest houses whether they had made use of government incentive programs. The results about the use of government incentives by guest house are showed in Table 8.20.

Table 8.20 Usage of government incentives / subsidies by guest houses

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 7 | 5.5 |
| No | 121 | 94.5 |
| Total | 128 | 100 |

These results above show that the majority of guest houses (95%) in the Eden district region have not used these government incentives. These results can be interpreted as a direct result of the lack of awareness of these government incentives by the guest houses in the area. This statement is supported by only 33.6% of the

guest houses who indicated that they are aware of the government incentives available for businesses in the tourism sector. Only a few guest houses have used these government incentives and again this is supported by the low number of those that are aware of these incentives provided by government. This finding is supported by a survey done in the Free State Province in 2012, which showed that 40% of young entrepreneurs had not made use of a support programme because they were not aware of any (Turton et. al, 2012).

8.6.4 Correlation between awareness and usage of government incentives by guest houses

A test was done to determine the relationship between awareness of the government incentives schemes and their usage by the guest houses. This test was conducted to test whether those that were aware of the government incentive schemes have made use of them.

Table 8.21: Correlation between awareness and usage of government incentives by guest houses

| Awareness of the incentives schemes | Usage of the incentive schemes | | Row |
|-------------------------------------|--------------------------------|---------|----------|
| | Yes | No | Totals |
| Yes | 6 | 36 | 42 |
| Row % | 14.29% | 85.71% | |
| No | 0 | 85 | 85 |
| Row % | 0.00% | 100.00% | |
| Totals | 6 | 121 | 127 |
| Chi-square | 12.74 | df=1 | p=.00036 |
| Cramer's V | 0.32 | | |

The results in table 8.21 show that the results yielded a Chi-square value of 12.74 with degree of freedom of 1 as well as P- value of 0.00036 and this is less than the norm at 0.05. These results show a statistically significant relationship between the two variables concerned. The Cramer's V was at 0.32 which also shows a medium practical significant relationship between the variables. This finding suggests that once a guest house becomes aware of the government incentive schemes, such a guest house is most likely to make use of the incentive.

8.6.5 Summary – Section C

Many of the guest houses are not aware of the government incentives programs and hence they have not made use of them. Sources of information for those who are aware of these incentives programs are not from what many people would perceive to be the most common source of information about these incentives. There is a small significant relationship between those who are aware of the incentive programs and those who have used the incentive schemes. This suggests that there are higher chances that once a guest house becomes aware of the incentives scheme, chances are that such a guest house will make use of such an incentive scheme.

8.7 SECTION D — REQUIREMENT FOR GROWTH

This section of the questionnaire analysed the business growths factors of the guest houses in relation to the roles of different stakeholders in the tourism industry.

8.7.1 Usage of locally-produced products by guest houses

Question 23 asked guest houses about their usage of locally-produced products and the results are shown in table 8.22 below.

Table 8.22: Usage of locally produced products by guest houses

| | Frequency | Percent |
|--------------------|-----------|---------|
| No | 4 | 3.1 |
| To a little extent | 43 | 33.6 |
| To a large extent | 81 | 63.3 |
| Total | 128 | 100 |

The results in table 8.22 indicate that the majority of the guest houses are making use of locally-produced products. These results are a good indication of strengthening the local economy as money circulates within the various sectors of the economy locally. This is also serves as a source of creating employment opportunities as money is not leaving the country through imports and the stronger the economy, the better the chances of employment creation opportunities. This finding is supported by George (2012: 332) who stated that “to further strengthen the local economy through usage of locally produced products; there should be an

increase in local linkages”. The same author went further to suggest the following options to increase local linkages: procurement from the local enterprises, local employment and wages, and building local partnerships.

8.7.2 Input cost in sourcing locally-produced products by guest houses

Question 24 asked guest houses how much they spend per month on locally-produced products and the results are shown in table 8.23 below.

Table 8.23: Input cost in sourcing locally-produced products by guest houses

| | Frequency | Percent |
|-------------------|-----------|---------|
| R5 000 - R10 000 | 86 | 67.2 |
| R10 001 - R20 000 | 35 | 27.3 |
| R20 001 - R30 000 | 4 | 3.1 |
| R30 001 - R50 000 | 3 | 2.4 |
| Total | 128 | 100 |

The results in table 8.23 show that the majority of the guest houses spend between R5 000 and R10 000 per month on locally-produced products whilst only a small number of guest houses spend R20 001 - R30 000 and between R30 001 - R50 000 respectively. These results show that there is good support between the different sectors of the economy in the Eden district region. This relationship results in the creation of both direct and indirect employment in the tourism industry. This signifies the multiplier effect with the tourism industry and money circulates within the local economy which results in strengthening the possibilities of employment creation.

8.7.3 Correlation between input cost per month and rate of usage of locally-produced products

This section provides an analysis of a test that was done to establish the relationship between input cost per month and the rate of usage of locally produced products and the results are shown in table 8.24 below.

Table 8.24: Correlation between usage and input cost for locally-produced products

| Usage rate | Input cost in sourcing local products | | | Row |
|--------------------|---------------------------------------|-------------------|-------------------|-----------|
| | R5 000 - R10 000 | R10 001 - R20 000 | R20 001 - R50 000 | Totals |
| No | 3 | 1 | 0 | 4 |
| Row % | 75.00% | 25.00% | 0.00% | |
| To a little extent | 34 | 4 | 1 | 39 |
| Row % | 87.18% | 10.26% | 2.56% | |
| To a large extent | 49 | 24 | 6 | 79 |
| Row % | 62.03% | 30.38% | 7.59% | |
| Totals | 86 | 29 | 7 | 122 |
| Chi-square | 8.20 | df=4 | p=.08468 | |

The results yielded a Chi-square of 8.20 with a degree of freedom at four and a P value of .08468 which is above the conventionally accepted level of .05 and therefore these results indicated a no significant relationship between the two variables. It therefore means that it is difficult to tell whether those who used locally-produced products to a large extent spend more money per month on locally-produced products as compared to those who use the locally produced products to a little extent.

8.7.4 Business referrals

Question 24 in the questionnaire required guest houses to state how often they receive business through referrals and the results are shown in table 8.25 below.

Table 8.25: Business referrals

| | Frequency | Percent |
|---------------|-----------|---------|
| Always | 5 | 3.9 |
| Nearly always | 12 | 9.4 |
| Sometimes | 56 | 43.8 |
| Seldom | 42 | 32.8 |
| Never | 13 | 10.2 |
| Total | 128 | 100 |

The majority of respondents felt that they sometimes receive referrals with less than a quarter who feel that they seldom receive referrals. This phenomenon reflects the lack of linkages, regarded as international best practice in the tourism industry and recommendations will be provided in the final chapter of this study to address this concern or short coming.

8.7.5 Role of local government

Question 25 asked guest houses whether they feel local government should play an active role in tourism development that relates to small businesses development and the results are shown in table 8.26.

Table 8.26: Role of local government

| | Frequency | Percent |
|-------|-----------|---------|
| Yes | 112 | 87.5 |
| No | 16 | 12.5 |
| Total | 128 | 100 |

Table 8.26 reflects the attitude of respondents to the role that local government should play in the tourism industry. The overwhelming majority of respondents were of the opinion that local government should play a more active role in the development of tourism-related small businesses whilst only a few were of the opinion that government does not have to play an active role. This finding is further supported by Elliott (1997) who stated that it is generally accepted that some degree of state/government intervention in tourism development is essential. This was further supported by Jenkins (1991) who said that in less-developed economies it is likely that the state/government will play a more active managerial and entrepreneurial role in tourism development.

8.7.6 Factors to ensure guest house growth

Question 26 asked guest houses about how important certain identified factors were to ensure growth of respondents' businesses. Respondents were asked to rate each factor on a five-point scale ranging from extremely important to not important and the results are shown below in table 8.27.

Table 8.27: The rating of growth factors

| | Extremely important | Very important | Reasonably important | Some importance | Not important |
|--|---------------------|----------------|----------------------|-----------------|---------------|
| Access to cheap finance | 16.8% | 27.2% | 26.4% | 20% | 9.6% |
| Networking support | 31% | 35.7% | 26.2% | 5.6% | 1.6% |
| Tax breaks | 32% | 36.8% | 20% | 6.4% | 4.8% |
| Opportunities identification by local government | 36% | 33.6% | 18.4% | 8.8% | 3.2% |
| Management training | 27.6% | 30.1% | 22.8% | 12.2% | 7.3% |
| Employee training | 43.5% | 26.6% | 19.4% | 3.2% | 7.3% |
| Cooperation with other tourism businesses | 33.1% | 35.4% | 23.6% | 5.5% | 2.4% |
| Joint marketing strategies | 25.2% | 33.9% | 25.2% | 11.8% | 3.9% |

The results in table 8.27 reflect the opinions of respondents regarding business growth factors as applicable to their business. More than half of the respondents rated each of the above factors as being very important to extremely important except for the access to cheap finance factor which was rated as the least important factor from all identified growth factors. Employee training was rated by respondents as the most important factor to contribute to guest houses growth. A possible explanation for the choice of employee training as the most important business growth factor could be that it is seen by respondents as a factor which could ensure customer satisfaction which could lead to good word of mouth recommendation and customer loyalty. This is crucial as it is the cheapest way of marketing and promoting a business.

Possible reasons for the low ranking of access to cheap finance as a growth factor could be that:

- The development of guest houses (SMEs) is seen as coupled to increasing the physical capacity of the enterprise and not being necessary for the better utilisation of existing capacity.

- Alternatively, to those entrepreneurs in need of finance for expansion, the access to finance is more important than the cost associated with it (cheap finance).

8.7.7 Spheres of responsibility for the implementation of growth factors

The final question in this section, question 27 required guest houses to indicate which stakeholder should accept responsibility for the implementation of certain identified growth factors. These growth factors are seen as either being prerequisite to successful business development (developing tourism policy, planning for tourism as an industry, and developing a joint vision) or, as being interventions which were not contrary to free market principles, but could contribute greatly to the development of tourism-related SME's. Table 8.28 reflects the opinions of respondents as to the allocation of responsibility for the implementation of business growth factors. Respondents were allowed to choose more than one alternative.

Table 8.28: Spheres of responsibility for the implementation of growth factors

| | Local municipality | District municipality | Provincial government | National government | Business chamber/tourism associations |
|--|--------------------|-----------------------|-----------------------|---------------------|---------------------------------------|
| Develop tourism policy | 31.4% | 15.7% | 11.6% | 24.8% | 16.5% |
| Tourism incentives for small business | 33.1% | 18.2% | 16.5% | 23.1% | 9.1% |
| Tourism related statistics | 28.9% | 17.4% | 14.9% | 24% | 14.9% |
| Opportunities for tourism-related small businesses | 40.5% | 27.3% | 8.3% | 11.6% | 12.4% |
| Management and employee training | 36.1% | 24.4% | 11.8% | 3.4% | 24.4% |
| Set-up networks and linkages | 39% | 21.2% | 15.3% | 3.4% | 21.2% |
| Help desk for small businesses | 53.8% | 15.4% | 6.8% | 5.1% | 18.8% |

For all the factors, respondents displayed an overwhelming opinion that these factors should fall within the realms of local municipality responsibility with the establishment of a help desk for guest houses the highest ranked. . The second rated sphere of responsibility was the district municipality for all the factors with identification of opportunities for small tourism businesses (guest houses) and this was followed by management and employee training.

8.7.8 Summary- Section D

Respondents in majority agreed that they use locally-produced products and respondents sometimes received business referrals. The vast majority of respondents felt that local government should play a more active role in developing tourism related small businesses with district municipality the second sphere of responsibility for developing tourism related small businesses. Rating the importance of various factors that influence the growth of tourism-related small businesses; respondents were almost equally in agreement that access to cheap finance was not extremely or very important. The following factors were rated to be very important or extremely important:

- networking support from major players;
- tax breaks as an incentive;
- identification of opportunities by local government;
- management training;
- employee training;
- co-operation with other tourism businesses; and
- having joint marketing strategies.

Respondents felt that the development of tourism policy should not be confined to one sphere of government but, rather, that national, provincial, district and local governments should all be involved even though the highest percentage indicated that the local municipality should take the leading role.

The majority of respondents felt that local government should play a leading role in providing incentives to small businesses. This is possibly in reaction to what was perceived to be a large communications gap between grass-roots entrepreneurs and

national government. It is accepted that planning for tourism as an industry is the responsibility of national government. However, it is interesting to note that respondents felt that provincial and local government should also play a part. The provision of tourism-related statistics should be the responsibility of all spheres of government. Respondents were of the opinion that local government should involve themselves more in identifying opportunities for tourism-related small businesses. Local government should become more involved in developing a joint tourism business vision and in providing small businesses with a small business help desk.

8.8 SECTION E – SUSTAINABILITY IN GUEST HOUSES

This section of the questionnaire provides the analysis on respondent’s opinions on sustainability of guest houses within the accommodation sub-sector of the tourism industry. Question 28 required guest houses to indicate their agreement or disagreement with the statement that said the environment is a key resource base for the tourism industry with the results shown in table 8.29 below.

Table 8.29: Environment as a key resource base for the tourism industry

| | Frequency | Percent |
|-------------------|-----------|---------|
| Strongly agree | 92 | 71.9 |
| Agree | 28 | 21.9 |
| Neutral | 7 | 5.5 |
| Strongly disagree | 1 | 0.8 |
| Total | 128 | 100 |

The results in table 8.29 indicate that there was a general agreement that the environment is a key resource base for the tourism industry with the majority of respondents in strong agreement with the statement. If the strongly agreed and agreed are combined, it makes the total of those in agreement with the statement, it makes more than a third of respondents in support of the statement that the environment is a key resource base for the tourism industry. Interestingly, no respondents disagreed with the statement. This outcome is similar to that of Stabler & Goodall’s (1997) who indicated that the environment is a key resource base for tourism and that there is a general awareness of the role it plays in the accommodation sector. This was further supported by Page (2009: 287) who stated

that “Many accommodation providers have also had to respond to global concerns associated with environmental issues. Some hotels have embraced the principles of sustainable development to mirror customer concerns with the energy consumed by their stay”. For example, recycling, and re-using linen and towels, are minor measures that hotels have introduced. Increasing environmental awareness among travellers is a positive contribution towards accommodation sustainability.

8.8.1 Most commonly used or adopted sustainable practices by the accommodation sector

Question 29 required respondents to choose between various sustainable practices commonly used or adopted by businesses in the accommodation sector which they are currently using. Respondents were allowed to choose more than one practice as they may be using more than one practice at a time and the results are shown in table 8.30.

Table 8.30: Sustainable practices by the accommodation sector

| | | Responses | | Percent of cases |
|--|--|-----------|---------|------------------|
| | | N | Percent | |
| E2 | Reducing energy consumption | 115 | 13.2% | 89.8% |
| 9 ^a | Buying from local suppliers | 122 | 14.0% | 95.3% |
| | Alternative supplies to electricity, e.g. gas or solar | 104 | 12.0% | 81.3% |
| | Using low energy light bulbs | 116 | 13.3% | 90.6% |
| | Encouraging the use of public transport | 57 | 6.6% | 44.5% |
| | Buying recycled products | 56 | 6.4% | 43.8% |
| | Buying recycled glass | 49 | 5.6% | 38.3% |
| | Buying organic produce | 70 | 8.1% | 54.7% |
| | Monitoring waste production | 96 | 11.0% | 75.0% |
| | Eliminating the use of disposable packaging | 84 | 9.7% | 65.6% |
| Total | | 869 | 100.0% | 678.9% |
| a. Dichotomy group tabulated at value 1. | | | | |

The results in table 8.30 show that the present level of adoption of sustainable practices within the sample population was relatively modest. Buying from local suppliers was the most widely integrated activity. Other popular 'sustainable' practices adopted by the businesses included in the sample were reduction of energy consumption (89%; 115 guest houses), using low energy light bulbs (90.6%; 116 guest houses), alternative supplies to electricity (81%; 104 guest houses), monitoring waste production (75%; 96 guest houses), eliminating the use of disposable packaging (65.6%; 84 guest houses) and buying organic produce (54.7%; 70 guest houses). The least popular activities were encouraging the use of public transport (44.5%; 57 guest houses), buying recycled products (43.8%; 56 guest houses) and recycling glass (38.3%; 49 guest houses). Many of these activities would appear to be established priorities and practices that do not necessarily involve owners in active and innovative environmental work. Indeed, purchasing from local suppliers does not necessarily mean that the goods are derived from the local area. These findings are supported by Webster (2000), Mackie (1994), (Stipanuk, 2002) and Baker (2005) who all agreed that energy saving initiatives is important for the future sustainability of guest houses and accommodation providers in general. Baker (2005) went on to state that the majority of waste will be created throughout the operational life of the accommodation provider. As such, waste management systems should be implemented at a very early stage of accommodation establishment development.

8.8.2 Perceived benefits of adopting sustainable tourism practices

Question 30 required respondents to indicate their agreement or disagreement with statements about benefits they were seeking for when they adopted these sustainable tourism practices and results are shown in table 8.31 below.

Table 8.31: Benefits of adopting sustainable tourism practices

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|------------------------------------|----------------|-------|---------|----------|-------------------|
| Improved business prospects | 41% | 45% | 13% | 0.8% | |
| Savings on expenditure | 39.3% | 45.1% | 12.3% | 1.6% | 1.6% |
| Improved image | 43.4% | 43.3% | 11.5% | 0.8% | |
| New clientele | 43.3% | 38.5% | 14.8% | 1.6% | 0.8% |
| Improved customer perception | 43.4% | 45.1% | 10.7% | 0.8% | |
| Increased environmental protection | 56.3% | 35.3% | 8.4% | | |

Rather surprisingly, the benefits of ‘sustainable tourism’ as perceived by the guest house owners and managers in the sample were related to non-economic factors (see table 8.31). More than half of respondents (56.3%) recognised the contribution to environmental protection, while 43.4% pointed to the potential improvements in customer perceptions and improved image with 43.3% pointed to the benefits of new clientele. The benefit of expenditure savings (39.3%) was perceived to be much less important. Indeed, 56.3% of guest houses thought that sustainable practices would offer no financial reward. Therefore, it appeared that the majority of businesses recognised the potential contribution of sustainable management practices to the protection of the resource base, but on the other hand, did not feel that the approach would benefit their business in a way that would be worthwhile commercially. These results are in line with Cooper et al. (2008: 363) who stated that “In some countries tourism organisations, for instance, in Scotland, the Green Tourism Business Scheme encourages to introduce environmental impact measures which are designed to lower their impact of their business on the environment. Reducing energy use clearly has environmental as well as financial advantages. However, on the contrary, these results are opposite from the findings of Brown’s (1994) survey of 106 managers from large and medium-sized hotel groups in the UK, which indicated that the main reason for introducing environmental initiatives was on the basis of cost-savings rather than the benefits for the environment (Brown, 1994). Indeed, care

of the environment was not as important as health and safety, quality, cost or customer care in the decision to introduce such changes. The introduction of environmental initiatives was often hindered by controls and procedures operated by head office. Other research has indicated that many large hotel groups believe some 'sustainable' practices, such as water and energy conservation, to be in conflict with the principle of luxury accommodation and might adversely affect the enjoyment of a guest's stay (Forsyth, 1995).

8.8.3 Perceived difficulties of adopting sustainable tourism practices

Question 31 required respondents to agree or disagree with statements regarding perceived difficulties in adopting sustainable tourism practices in their guest houses and results are shown in table 8.32. Respondents were allowed to choose more than one factor.

Table 8.32: Perceived difficulties in adopting sustainable tourism practices

| | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|---|----------------|-------|---------|----------|-------------------|
| Initial financial cost | 37.8% | 26.1% | 33.6% | 2.5% | |
| Time and energy | 25.4% | 33.9% | 37.3% | 3.4% | |
| Customer opposition | 12.8% | 28.2% | 39.3% | 17.1% | 2.6% |
| Staff opposition | 12.8% | 27.4% | 35.9% | 21.4% | 2.6% |
| External restrictions on business operations | 22.2% | 19.2% | 38.3% | 17.5% | .8% |
| Lack of information and support | 23.9% | 28.2% | 28.2% | 18.8% | .9% |
| Lack of interest in the concept of sustainability | 24.3% | 20% | 34.8% | 16.5% | 4.3% |

The results in table 8.32 show that the views of the respondents in as far as the difficulties of adopting sustainable tourism practices by guest houses were evenly spread from neutral, agree and strongly disagree in all the factors listed. Guest houses were also asked to consider potential problems and barriers to the introduction of sustainable management practices in their business. The most common responses highlighted the importance of interest, time and cost as barriers to implementation (see table 8.32). The initial financial cost as a difficulty accumulated 37.8% of those who strongly agreed whilst 26.1% agreed that initial

financial cost is a difficulty in adopting sustainable tourism practices. For the rest of the factors percentages are evenly spread throughout from 28.2% to 39.3% with respondents who were neutral with all the perceived difficulties. Very few respondents neither disagreed nor strongly disagreed with the perceived difficulties with the highest percentage recorded for those who disagree with staff opposition as a perceived difficulty accounting for 21.4%. The highest percentage overall for the perceived difficulty in adopting sustainable tourism practices was recorded at 39.3% for those respondents who are neutral about customer opposition as a perceived difficulty in adopting sustainable tourism practice. These findings are in line with difficulties/challenges identified by UNEP (2005:16) where it was stated that “accommodation providers as members of the tourism industry will be faced with various challenges in implementing sustainable tourism practices ranging from lack of understanding of the concept to financial costs”.

8.9 SUMMARY OF SECTION E

Guest houses generally agree that the environment is a key resource for the tourism industry. These guest houses have adopted some sustainable practices in their operation whilst they appreciate the challenges they face in such adoption of sustainable practices. Guest houses also recognise the benefits of adopting such sustainable practice and the results showed that those benefits were more non-economic.

8.10 SECTION F – OPEN ENDED QUESTIONS

The last part of the questionnaire required respondents to provide any further information they believe could contribute positively to the study.

- The first issue that came up was the role that government at all levels and tourism organisations need to play in supporting guest houses. The concerns raised included lack of support from these organisations to guest houses with reference to staff training initiatives.
- The second issue that was raised focused on rates that guest houses are paying to the local municipality. Guest houses feel that the rates are too high and this results in the guest houses not being profitable and this directly results in their inability to employ more people.

- The third issue raised relates to labour laws and bureaucracy which limits the guest houses in employing many employees. This directly relates to the number of hours that accommodation employees are supposed to work per shift and the payment rates of overtime and working on holidays.

In relation to the sustainability of the guest houses, the following issues were raised in this regard.

- Firstly, guest houses feel that Eskom and the local municipalities should provide support and subsidies to help guest houses in saving energy.
- Secondly, guest houses feel that it is necessary that they need to operate in an environmentally-friendly manner.
- Finally, guest houses feel that it is necessary for them to participate in awards competitions about sustainable tourism practices as those that can win, may reap the benefits in the long run.

8.11 SUMMARY

This chapter has reported on, and discussed, the findings of the empirical study. It identified certain issues which specifically apply to guest houses in terms of the growth and the role players in their growth. The chapter also discussed the sustainability of guest houses with a focus on adopted sustainable practices. Considering the preceding findings, recommendations will be provided in the next chapter and will incorporate the following aspects which could lead to the enhancement of contribution of guest houses to local economic development:

- Information about the availability of incentives for guest houses and SME's that operate in the tourism industry is not getting through to businesses, and only a small number of guest houses make use of these incentives.
- Local government should play a more active role in developing tourism-related small businesses.
- Networking, tax breaks, identification by local government of opportunities, training, co-operation with other tourism businesses and having joint marketing strategies are all regarded as being very important factors affecting the growth of guest houses and as such should be incorporated in any support provided to guest houses.

- The development and implementation of growth factors should become the responsibility of local and regional spheres of government.

Recommendations on how guest houses can effectively contribute to economic growth and employment as key components of LED will take place in the next chapter. These recommendations will include how guest houses can adopt sustainable business practices so they can be sustainable both from an economic, social and environmental perspective. The long-term success and survival of these guest houses have implications for the region's economic growth and employment opportunities.

CHAPTER 9: CONCLUSIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

Tourism has come to be seen as a key driver for LED in South Africa, as it provides opportunities for pro-poor and community-based initiatives. On a global scale, the challenges of confronting poverty and unemployment continue to dominate the development agenda. The ability of LED to empower local people has earned favour with national governments and development theorists.

The study therefore aimed to examine the contribution of guest houses to economic growth and employment as key components of LED in a sustainable manner in the Eden district area. Hence, in order to examine the contribution of guest houses to economic growth and employment as key components of LED in a sustainable manner in the Eden district area , literature on theoretical overview on LED and the relationship between tourism and LED was reviewed.

In addition, the role of the accommodation sector in the tourism industry was reviewed with particular attention to the supply and demand side of the tourism industry. Finally, the sustainability of the tourism industry was analysed with reference sustainable tourism business practices inclusive of the costs and benefits of adopting sustainable tourism business practices.

The objective of this chapter is to review some of the conclusions drawn from previous chapters on the role of the accommodation sector to the tourism industry and LED. Firstly, an overview of the chapters will be discussed. This will be followed by concluding remarks with respect to the contribution of tourism to economic growth and employment as key components of LED. The second part of the chapter will draw some conclusions on the empirical results, followed by recommendations.

9.2 OVERVIEW OF THE CHAPTERS

Chapter One provided an outline and the focus of the research study, which was about the contribution of guest houses to LED in the Eden district region. A brief description and definition of concepts used in the study were provided. The research problems together with research objectives and research questions were identified. A

brief description of the research methodology used in the study was provided. Finally, the research demarcation and study area were briefly described.

Chapter Two dealt with an array of theories and approaches useful for developing a reliable and systematic understanding of LED with specific reference to its relationship with tourism. The aim was to summarise the main theories applicable to LED as an important developmental strategy in tourism development.

Chapter Three focused on the relationship between tourism demand and supply, specifically the external factors that influences tourism demand. An explanation of the nature of demand for tourism accommodation was provided. This chapter also reviewed the tourism policy and initiatives that have an influence on tourism demand and concluded by analysing the different market segments from a destination supply side.

Chapter Four explained the classification of accommodation facilities and its diversity together with the role played by the accommodation in tourism development. Special attention was given to guest houses as they are the main accommodation type that this study evaluated in terms of their contribution to LED

Chapter Five explained the legislative framework of tourism in South Africa with special focus on the following policies: the South African Constitution Act 108 of 1996, Batho Pele principles, the White Paper on the promotion and development of tourism in South Africa of 1996, the SAT, and the roles played by the national, provincial and local governments in the promotion and development of tourism in South Africa. The chapter provided a summary of the Eden district region as a case study in as far as its tourism activities was concerned.

Chapter Six focused on sustainable tourism development in relation to the accommodation sector. The analytical framework for sustainable tourism was analysed as well. The triple bottom line of sustainable tourism was explained with reference to environmental, social and economic dimensions. A review on the special relationship between tourism and sustainable development was highlighted together with key challenges for sustainable tourism development. Finally, the chapter

explained the sustainable development and management implications for guest houses in the Eden district region from a global perspective as well as the management practice options available to guest houses to practice sustainable tourism.

Chapter Seven explained in detail the research methodology that was followed in this study. For better understanding of the chosen research methodology, this chapter provided an overview of various research methodology options and included a review of quantitative and qualitative approaches. The study followed a quantitative research method using a questionnaire as a data collection instrument. The questions in the questionnaire included both closed- and open-ended questions. Finally, the chapter explained the organisation and presentation of the data.

Chapter Eight presented and analysed the results. The results were analysed based on the various sections as contained in the questionnaire. The data were captured and analysed by making use of the Statistica, version 12. Descriptive statistics were used to compile the demographic profile of the guest houses. Further analyses included independent samples t-test, Chi-Square statistic and cross-tabulations.

9.3 RECOMMENDATIONS

In this sub-section, recommendations are made based on the findings and conclusions of the study. These recommendations are based on findings within the key objectives of the study which were identified in Chapter One.

9.3.1 Recommendations on job creation by guest houses

Based on the findings of the study, the following recommendations are made to enhance the employment possibilities by guest houses in the Eden district region:

- Guest houses should increase their marketing and promotional efforts to ensure that tourists that visit the Eden district region are aware of their existence.
- These guest houses should have websites with updated information at all times and they should endeavour to create links with other tourism websites.

- One way to increase their visibility is to become a member of the Short Left domestic tourism marketing program.
- In this way guest houses get included as part of the package that promotes affordable domestic tourism packages. This will ensure an increase in the occupancy rate of the guest house.
- Another recommendation for the guest houses is that of the use of social networking sites which includes LinkedIn, Twitter, Facebook, and MySpace. These sites each offer options for guest houses to create profiles and pages, wherein they are able to advertise their products and services. Offering new applications which quantify the likes and dislikes of individuals, users of Facebook can now join 'groups' which support guest houses or can become fans of these guest houses, adding to their advertising. This becomes advertising thanks to the ever-evolving applications which these social networking sites have added. The recent activity of individuals, including joining small business groups or adding support to small business (guest houses) advertisements, used to be listed on the individual's profile, but this has evolved into the newsfeed. This newsfeed offers multiple updates on the recent activity of friends for users on their home page.

9.3.2 Recommendations on government incentives in the tourism industry

The study found that there was a general lack of awareness and usage of the government incentive schemes and the following recommendations are made to increase awareness and usage thereof:

- Road shows should be employed as a strategy to inform guest houses of the support programmes that are available from the EDM as well as from government and other stakeholders. The road shows should be performed at the beginning of each financial year, and can be conducted in conjunction with the local municipalities, LTOs, knowledge partners and role players.
- Information should also be available on the official website of the municipality and a simplified booklet or brochure can be distributed which outlines available programmes, skills development or training initiatives, who the target audience is, and relevant dates.

- During the course of the year, guest houses should be informed of programmes primarily through emails, but also through the local municipalities, LTOs and through partnerships with local radio stations. This is an area where attention should be directed inclusive of future strategies, given the fact that the research indicates a gap in this regard.
- Eden District Municipality should organise a workshop with the guest houses in all the local municipalities in the region to ascertain the areas in which they require support. This will ensure that programme interventions accurately address the specific needs of the guest houses in that local municipality. It can also be concluded as part of the tourism strategy review process of the local municipality.

9.3.3 Recommendations on business growth factors for guest houses

The results of the study showed that guest houses in the Eden district region are making extensive use of locally-produced products. The following recommendations are made to further enhance and strengthen this practice in the region. These recommendations are based on the work of George (2012: 332) who states “that to strengthen the local economy through usage of locally produced products, there should be an increase in local linkages and this can be achieved by the following main types of local linkages”:

- *Procurement from the local enterprises* – Procurement is often a missed opportunity to stimulate the local economy, as most tourism companies tend to deal with large – possibly distant – well-established suppliers. While changing procurement practices is neither quick nor easy, in the right circumstances it can be an effective way to gain local social licence, diversify the product, increase customer satisfaction, decrease operating costs, and/or perform better on the BEE Scorecard. Development of small and micro businesses can transform the local economy. Many such enterprises are ‘survivalists’ – operating under such constraints that the entrepreneurs do not earn a decent living from them. But if they can secure new contracts and invest in expansion, the businesses can thrive, which in turn creates further local linkages and growth. The potential for job creation is considerable.

- *Linkages* - A prominent feature of tourism is its potential to create backward and forward linkages that are strong and diverse. Indeed, a study of the tourism sectors in India, Brazil and Indonesia by Geloso et al. (2007) found that linkages (both backward and forward) were particularly strong for the tourism sector relative to linkage strengths for most other sectors, confirming tourism as a sector capable of stimulating broad-based economic activity. In effect, strong linkages catalyse a multiplier effect that can generate broad-based economic benefits at the national level as well as in local employment opportunities and poverty reduction at the local level. Therefore it is recommended that guest house create both backward and forward linkages so they can create the much needed employment opportunities. The forward linkages could be created with sectors supplying services consumed by tourists. These include financial, telecommunications, retail, recreational, cultural, personal, hospitality, security and health services. Tourism businesses would benefit greatly from better linkages to other sectors. In particular, better linkages between accommodation providers (such as hotels and guesthouses) and neighbouring communities could increase benefits to poor people. The researcher recommends the following linkages:
 - Employment: this is the most obvious way to benefit the local community, especially if it includes training.
 - Sourcing and purchasing local products: this will boost agricultural growth if local farmers can supply guest houses with the quantity and quality of produce required.
 - Outsourcing to local businesses: small- and medium-sized local enterprises can provide cleaning, catering and laundry services.
- Local employment and wages – Employment generation is key to poverty reduction. As a highly labour-intensive activity, the tourism economy tends to create a high proportion of employment and career opportunities for low-skilled and semi-skilled workers, particularly for poor, female and younger workers. It can be a major source of employment for many workers who have become unemployed during the financial crisis or are joining the workforce. This is very true for guest houses that would normally employ women and low skilled staff. Remuneration in the tourism industry has a reputation for being

very low. Income from direct employment in the tourism industry is one of the main sources of economic benefit for the local community. Guest houses should therefore ensure that they pay their staff a competitive living wage. This income will, in turn, most likely be spent directly in the community, leading to a significant multiplier effect, overall upliftment and growth. Moreover, it is vital that guest houses should commit to training and up-skilling of staff. If skills levels are increased, new business opportunities and the expansion of the local economy can be realised.

- *Building local partnerships* – local partnerships differ from stakeholder participation in that partners usually share the risks and benefits. Such partnerships ensure that there is personal incentive to see the business grow and prosper. Another option is for the EDM to embark on the development of a comprehensive database of suppliers and buyers of tourism goods with whom guest houses can form partnerships. This database should be developed with the input of various stakeholders and knowledge partners.
- Organisations like the business chamber, tourism information centres, LTO's and other accommodation providers should form partnerships where they can refer business opportunities to the guest houses if they receive enquiries from customers.

9.3.4 Recommendations on the role of government to ensure growth

The results of the study indicated that guest houses acknowledged that there are a variety of factors that can contribute to the growth of their guest houses. The following specific interventions with regard to identified growth factors may therefore be warranted to address these factors:

- *Lack of access to opportunities*: A small business might have the capability to produce the goods and services required by large businesses, the public sector and export customers, but lack information about these opportunities or lack the knowledge and resources to access these opportunities. In this case marketing, networking and linkage programmes could unlock significant growth potential in small businesses.
- *Lack of awareness by large businesses of small businesses capable of supplying their needs*: Large businesses (and government and export

customers) may not be aware of small businesses capable of supplying their needs. This suggests a need to market small businesses or proven quality to large businesses (government and export customers).

- *Weaknesses in operational capacity:* Operational weaknesses may result in a guest houses not being able to fulfil customers' needs in specific areas. Where these can be overcome, significant growth could be realised.
- *Weaknesses in business management capacity:* Small businesses might have the operational capacity and have access to business opportunities, but lack the business management expertise, especially the financial management expertise, to manage growth. Targeted interventions to address these business management deficits could therefore unlock significant growth potential within small businesses.
- *Financial support:* Financial support may be necessary to ensure that the guest houses are able to realise their potential growth opportunities.
- One of the recommendations for government especially at provincial level is to developing a network of small business information access points. The provincial government needs to develop a network of local information access points through which it is able to disseminate information and advice to small businesses. These should take a format of walk-in advice and referral centres. The provincial government should develop a strategy for using a multiplicity of information access points. These should include local government, library business corners, non-government organisations, private service providers like banks and accounting firms, and chambers and other industry associations.
- Another recommendation is that of developing networks of business development service providers. It is acknowledged that private business development service providers have a key role that lay in supporting the small business sector. To support this, the provincial government should ensure that its approach to supporting small businesses is aimed at catalysing these service providers and increasing their relevance to small businesses rather than duplicating or competing with these services. One of the key ways in which the provincial government could support small businesses is by facilitating a process of developing clusters of small business service providers. These could be geographically based or they could be based within

a specific industry. In this case it should be industry-specific focusing on the accommodation sub-sector of the tourism industry.

- The provincial government should support industry and business associations that are capable of playing a role in developing an appropriate network of business development service providers. Such initiatives should be aimed at: identifying the use of business development services in specific geographical areas and or industries; build awareness and share information about business development services; facilitate interventions to assist business development services providers to improve their product offerings and improve their marketing to small businesses; and to facilitate the provision of services where there appear to be gaps in the provision of business development services.

Specific recommendations to deal with the role of government in support of guest houses growth are:

- *Channelling information from national government to local service providers.*

This is aimed at building awareness amongst service providers and amongst businesses of the full range of services provided by the national government.

Supporting and leveraging private sector support delivery. Public programmes need to recognise that private service providers are playing a major role in providing business development services and should look at supporting and leverage this rather than replacing or duplicating this.

- *Building public private partnerships.* Public private partnerships can play a key role in addressing some of the gaps in private business development service provision and at the same time can avoid the traditional failings associated with public service delivery.

At provincial level, it is recommended that there should be provincial SME help desks. These should be aimed to link national and sectoral programmes with local or regional implementation bodies and to establish a comprehensive SMME database to inform national policy. These programmes should be implemented through public private partnerships. The suggested programmes are:

- Business information, advice and support

- Business planning and consulting
- Training
- Financial support and mentoring
- Linking businesses to opportunities with bigger businesses
- Procurement (information tender opportunities via tender advice centres)
- Specialised business support
- Industry specific support: (Tourism sector programmes)

Local networks and networking should be encouraged as far as possible in order to ensure that the requirements of the tourism industry are maximised for local suppliers, reducing leakages from the local economy.

Build and support local supply chains to tourism establishments especially accommodation establishments.

Another recommendation on the role that government at all levels should play to support guest houses, is the need for a better-informed small business market. One of the most important and widely recognised failures in market based economies is 'imperfect' information. This is a particular problem in the small business sector. Given the many demands experienced by small business owners (guest house owners), searching for information about how to improve their business can be very costly. Furthermore, uncertainty about the quality of support is likely to increase business owners' willingness to search for and use business development services even when these exist. The provincial government can play a key role in ensuring that small businesses are well-informed of opportunities, regulations and support available to them. Key areas about which small businesses need information include:

- *Financial support:* Who provides financial support to small businesses and how can this support be accessed?
- *Public procurement opportunities:* What public procurement opportunities are there and how can these be accessed by small businesses?
- *Business development services (BDS):* How can BDS add value to a small business, what BDS are available and how can they be accessed by small businesses?

- *Industry support for small business:* What industry support in the form of industry associations, and small business forums amongst others exists to help small businesses and how can these be accessed?
- *Public support for small businesses:* What government programmes (national, provincial and local) exist and how can these be accessed by small businesses?
- *Regulatory compliance:* What are the regulatory requirements (labour, tax, environment, local government) that small businesses must comply with and what support is available for complying with them?

Finally; awareness and reputation is built on having the right people. Government support structures and services suffer from a crisis of credibility. Most businesses are not aware of their services and those that are, are often not satisfied with the quality of the service they offer. The key to building effective small business support lies in creating focused programmes which are delivered by professional and experienced people who understand the needs of businesses. Attracting these people into the delivery of small business support services is very important since most of the success or failure of the programmes rests on the people who deal directly with small business owners. The government's (national and provincial) programmes have not paid sufficient attention to attracting the right people into the delivery of support to business owners. In contrast, some very successful private-public partnerships have been able to attract the right people and consequently generate high levels of brand recognition and support.

Overall, government's role in supporting the growth of guest houses in the Eden district region should demonstrate the following:

Leadership of government - Demonstrated senior level support for the tourism industry as a priority related to, for example, economic development, job creation, and infrastructure development. Government should develop a robust strategy which includes a commitment to strong measurement and partnership with industry. Government should make an effort to ensure that within the provincial government and across all levels of government there is coordination and clarity in roles and responsibilities.

Making it easier to do business - Significant effort to identify a complex regulatory environment and assess the balance between supporting and enabling industry growth and public interest.

Strong partnerships and clarity in roles – The tourism sector is enhanced through strong public / private partnerships with clarity in role and responsibilities as well as enabling coordination mechanisms (for example, national/provincial councils).

Strong coordination within and across government - There is no best practice as to whether a public tourism body should be a crown corporation agency, standalone ministry or embedded in broader ministry (for example, culture, arts, heritage and economic development); rather success is dependent on strong government coordination and organisation both internally and across levels of government. Equally important is simplification in access to government – one point of entry.

Strategy plan - Success follows strong strategic planning that includes government, industry and associations focused on best prospects – products and markets – and viewing tourism as a critical pillar in economic development; success is measured by more than simply volume metrics.

Sustainable funding - Whether for events, product development or key infrastructure, predictable and sustained funding is critical.

Supporting the industry's workforce - Provision of training for skills enhancement strengthens the tourism workforce and promoting tourism as a career of choice.

Boosting procurement from local enterprise - Procurement is often a missed opportunity to engage with the local economy. Shifting to small local suppliers can entail initial disruption and administration at first, but it can result in more loyal suppliers, more distinctive or cheaper products, and make a huge difference to local enterprise. There are many practical ways for guest houses to help local suppliers to enter the supply chain: advertise procurement needs through new local networks (via local staff, church groups, and small business networks); break contracts into smaller chunks that are manageable for small businesses with less working capital and

different tools; change payment terms (pay cash on delivery or within 15 days); provide advice on product requirements, standards and safety issues.

Increasing recruitment, training and progression of local staff - Wages earned by local staff usually represent the largest single cash flow from tourism into the local economy. Employment of local staff is usually cheaper for the guest houses than bringing in outsiders, which is why tourism has an inherent pro-poor impact. While tourism jobs are often dismissed as menial and seasonal, the significance of this cash flow in poor economies should not be under-estimated. Further increasing the local benefits from employment in tourism can take one of several forms:

- Adapting recruitment and induction to open up more jobs to local residents; adding on labour-intensive services.
- Enhancing conditions of employment for unskilled and semi-skilled staff: wage rates, contract security, sickness and pension cover, hours and leave, bonuses, health and safety at work. This should include a policy for HIV/Aids that include staff training, counselling, and action to counter sexual intimidation or harassment by guests.

Enhancing training, promotion and career progression for staff who start in unskilled or semi-skilled jobs, enabling them to move up the management chain.

9.3.5 Recommendations on sustainable tourism practices by guest houses in the Eden district

Promoting sustainable tourism is far-reaching and involves broad actions, ranging from the adaptation of new technologies and practices to obtain efficiency improvements in energy, water and waste systems, to the implementation of policies to restore biodiversity. This can lead, among others, to energy-efficiency gains in transport and accommodation, fewer health risks or the upgrading of the attractiveness of a destination. Accommodation comprises one of the most highly visible sectors in the travel and tourism industry. With increased public attention on environmental impact of businesses, this sector's management is tasked with finding innovative ways to accommodate that concern while watching the bottom line. The following recommendations are made in promoting sustainable tourism practices by guest houses:

One of the recommendations to achieve this is for guest houses to have an environmental policy. The environmental policy should focus on the 3Rs of reduce, reuse and recycle. This requires close cooperation of staff as well as communication with guests. Guest houses can engage with employees in many different ways (trainings and activities) and through the use of visuals (stickers, posters and reminders). Communicating environmental concerns to staff is crucial because: they are the ones operating the equipment, using water, chemicals and electricity and if staff understands the reasons for and the benefits of the guest house's environmental commitment, they will be proactive.

The following section provides specific recommendations in relation to the most commonly used or adopted sustainable practices by the guest houses.

General recommendations for guest houses in saving energy are:

- Lighting modifications – Lighting retrofits are perhaps the most attainable of all conservation methods. Another recommended method to use is natural lighting.
- Carbon off-setting – Similar to other sectors of the tourism industry, many accommodations offer carbon offset programs allowing visitors to offset the environmental impact of their travel. Guest houses in the Eden District are encouraged to adopt this strategy as well.
- Energy-efficient appliances – Energy star-rated appliances are providing quick returns on investment for many of the lodging companies. The most commonly utilized appliances are refrigerators, freezers, dishwashers, and front-loading washing machines. Guest houses in the Eden District are encouraged to purchase these energy-efficient appliances as well.

It was also important to provide general recommendations and advice to guest houses in the Eden district region so they can operate in a sustainable manner. The following recommendations/advice is recommended:

- Development of awareness programmes to raise the level of understanding of tourism environment interactions on the part of the individual business.

- Formulation of codes of conduct for members relating to responsibility for environmental impacts.
- Diffusion of information on good environmental practice, not only in technical product and process innovation, but also in management practices to improve measurement and management of environmental performance within a business.
- Production of environmental manuals to demonstrate how principles translate into practice, along with the running of advisory services or 'help lines' and including the organisation of training sessions.
- Encouragement of regular monitoring and open, public reporting of business' environmental performance.
- Introduction of accreditation schemes, including eco-labelling which confer a seal of approval on the environmental practices adopted and the products supplied by a business.
- Introduction of environmental award schemes which recognise innovative environmental action and/or businesses making the most striking improvements in environmental performance over the past year.

9.4 ARGUMENTS AND STUDY CONTRIBUTIONS

Over the past decade the accommodation sector has been a growing focus for research both in South Africa as well as in other parts of sub-Saharan Africa. However, detailed analysis of the state of the art of African research on accommodation reveals that most existing work is conducted from a hospitality management perspective which provides useful insights on a range of important management related topics including hospitality service management, human resources or training (Rogerson, 2013a). Beyond such perspectives from hospitality studies, however, the research take upon accommodation has been much less stronger in Africa, an observation confirming international trends in scholarship on the lodging sector (Timothy & Teye, 2009). In Africa, research investigations focus on interrogating the evolution and contemporary structural issues surrounding a range of different forms of accommodation including hotels (Rogerson, 2010; 2011a; 2011b; 2012a; 2012b; Rogerson & Sims, 2012; Rogerson, 2013b; 2013c; 2013d; 2014a; 2014b; 2014c), guest houses (Visser & Van Huyssteen, 1997, 1999), second homes (Hoogendoorn et al., 2005; Hoogendoorn & Visser, 2010a; 2010b; 2011), timeshare

(Pandy & Rogerson, 2013a; 2013b; 2014), and bed and breakfasts, including in townships (Rogerson, 2004; Hoogendoorn et al., 2015). The broader situation and contribution of the accommodation sector as critical assets in local and national tourism economies is so far an under-represented theme in African tourism research (Rogerson & Visser, 2011; Adiyia et al., 2014). Existing work on the accommodation sector in the South African tourism economy is mainly urban-focused and indicates that its local development impacts can be positive albeit not always maximised through local linkages.

This research focussed on understanding the contribution of guest houses to economic growth and employment as key components of LED in Eden district area in a sustainable manner. Its contribution must be viewed, as argued in Chapter One, in relation to the relatively limited body of literature in the contribution of tourism sub-sectors to economic growth and employment and in this case guest houses as one type of accommodation sub-sector. In Chapter One, it was acknowledged that there is a large volume of academic research on the contribution of tourism in general to economic growth and employment which has been contributed to from what is termed the economic contribution of tourism. This economic contribution of tourism literature has largely focused on tourism and economic growth and tourism and employment opportunities that lead to poverty reduction.

Notwithstanding the fact that the Industrial Policy Action Plan 2 (IPAP2) has identified the tourism sector as one of the areas expected to contribute to the development of rural areas and the culture industries, among others. Significantly, the tourism sector is regarded as a key driver with regards to economic growth and employment creation and thus an integral part of South African LED strategies (Viljoen & Tlabela, 2007), however, only a limited amount of academic investigations examines the contribution of tourism sub-sectors to economic growth and employment. Across the international literature that was reviewed in Chapters Two and Six a consistent theme was that the majority of scholarship focused on tourism as a strategy for LED and tourism and sustainability as well as the emergence of tourism-led development.

Mitchell (2010) states that there is mounting empirical evidence showing that tourism can transfer significant benefits to local economies and communities around tourist

destinations, making a case for identifying tourism as a mechanism for poverty reduction in some low-income countries. Nevertheless, whilst in many areas of the developing world tourism is expanding rapidly and often the principal source of income, its local economic impact is disappointing. The impact of tourism on local economies is tempered by the frequent occurrence of high levels of external leakage which relates to the failure of tourist expenditure to remain in destinations (Sandbrook, 2010a). Actual levels of leakage are inseparable from the presence/absence of local capacity to furnish necessary skills, food and other supplies which are demanded by tourism enterprises. Often the inability to link local economic activities to tourism is a consequence of the fact that destinations usually are unable to supply the tourism industry with the goods it needs to sustain itself at a competitive price (Lacher & Nepal, 2010).

In the absence of the growth of local linkages, economic leakages are persistent as revenue leaves the destination as profit to non-local businesses or for the purchase of external goods and services (Sandbrook, 2010b). Commonly, the existence of economic leakages is cited as a core reason for tourism's failure to generate the desired or expected level of LED in peripheral regions (Rogerson & Rogerson 2010; Goodwin & Bah, 2013). Mitchell & Ashley (2006) direct attention to local linkages as shorthand for a multitude of ways in which well-established businesses (corporates and medium-sized businesses) can build economic links with micro-entrepreneurs, small enterprises and residents in their local economy. Several observers contend this creates a win-win situation through harnessing the power of private businesses (guest houses) for catalysing local development. Arguably, where tourism has been demonstrated to have strong pro-poor impacts, it is because the impact is the result of strong linkages.

The nurturing of greater linkages between tourism establishments and local economies is one key intervention point of the pro-poor tourism agenda (Goodwin, 2006, Meyer, 2007). The building of local business linkages is a critical pathway by which the tourism sector can transfer benefits to local communities in and around destinations (Mitchell, 2010; Mitchell & Ashley, 2010). Among others Scheyvens (2011: 153) asserts that "reducing leakages and maximizing multiplier effects should

perhaps be a major goal of governments in developing countries with a significant tourism sector”.

A critical influence for LED in destinations can be the potentially catalytic role of the accommodation sector as axis for linkage development. This theme is beginning to attract interest in terms of scholarship on pro-poor tourism which highlights the significant role that can be played by accommodation establishments especially through their networks of food sourcing (Meyer, 2006; 2007).

As a reflection of tourism scholarship as a whole, it was noted that there was minimal writing and research taking place on the specific contribution of the tourism sub-sectors to economic growth and employment in a sustainable manner. With the rise of the economic contribution of tourism globally, there is a clear need to address this lacuna regarding specific contributions of tourism sub-sectors to economic growth and employment in a sustainable manner. In particular, the challenge is to undertake research beyond the contribution of tourism to the economy and instead to suit tourism sub-sectors as a central part of shaping tourism competitive economies. The empirical research undertaken in this investigation must be understood as offering one contribution to the several gaps in the scholarship which were noted above. More specifically, the contribution of this study must be acknowledged in relation to the limited academic literature on specific contribution of tourism sub-sectors to the economy globally, and specifically the role that guest houses play in economic growth and employment where the focus is on tourism as a strategy to drive local economic development in a sustainable manner.

9.5 FUTURE RESEARCH AVENUES

The research presented here suggest a number of new issues that can be undertaken further in terms of extended enquires into the contribution of tourism sub-sectors to economic growth and employment. By a way of conclusion, the following areas of research can be highlighted.

The first theme for research is extended empirical monitoring of the ongoing contribution of the tourism accommodation sector to economic growth and employment. As this study specifically examined the contribution of guest houses to

economic growth and employment as key components of local economic development in a sustainable manner, future research should explore contributions of hotels and non-hotel accommodation establishments to economic growth and employment.

The second research area is that of economic benefits of sourcing and using locally-produced products and services by tourism accommodation providers and how that impacts on the local economy. Such research should include the importance of tourism value chain and procurement policies and how beneficial local sourcing of products and services are to the strengthening of the local economy.

The third research theme that demands further work surrounds further investigations of government support incentives for businesses in the tourism industry and whether awareness of these incentives are communicated correctly to the tourism businesses. This investigation should also include the usage rate of such incentives.

The fourth and final theme relates to the sustainable business practices by tourism businesses. Much work has been done in this theme and the majority of such work focused on hotel accommodation. The research focus here should now be focussed on non-hotel accommodation (SMEs) as they operate on a smaller scale. This research should include the benefits and challenges of tourism SME's in adopting sustainable business practices.

9.6 CONCLUSION

The purpose of this study was to gain insight into the contribution of guest houses to economic growth and employment as key components of LED in the Eden district area in a sustainable manner. The purpose of LED is to create an enabling environment in which local people and institutions can make realistic and practical decisions to strengthen the local economy, create more jobs, promote new enterprises, including self-employment, and to improve the quality and prospects of life for all. LED offers local government, the private, non-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. To this end the thesis looked at the contribution of guest houses to economic growth and employment creation, promotion of enterprise

development (through buying locally-produced products), and the role of government at all levels and government support as well as guest houses' sustainability.

The study found that there is a general lack of awareness of government incentives programs available for guest houses and very few guest houses have made use of these government incentives. The study also revealed that guest houses are contributing to LED through employment with guest houses having on average four employees on full-time basis and two on part-time basis. The findings of the study showed that guest houses could make even a greater contribution to the local economy if government at all levels play a key role from policy perspective, information sharing and infrastructure development. The results also showed that guest houses value the environment in which they operate from and see that as a key resource for the tourism industry. To this end, guest houses have put measures in place to ensure that their operations are in an environmentally-friendly manner. Overall, guest houses contribute immensely to LED as a sub-sector of the tourism industry. The tourism industry in general is of importance to local destinations around the world in terms of their economic development as it contributes to tourism revenues and gross domestic product. The accommodation sector provides accommodation for many tourist arrivals in this regard; hence guest houses play a significant role in growing the local economy through revenues generated from tourist stays.

Guest houses provide three main pathways of contributing to LED and ultimately address the poverty-reduction challenge. Firstly, guest houses have direct effects which are the wages and earnings for the owners who are entrepreneurs and workers who work in these guest houses. Based on the evidence of the tourism industry being labour-intensive, guest houses have the ability to have a relatively high proportion of unskilled and semi-skilled labour force. This is of particular importance as these guest houses provide employment opportunities for those who will find employment placement difficult due to limited skills. In this way guest houses reduce the levels of unemployment and improve the standard of living of those employed.

Secondly, guest houses have indirect effects that occur through the value chain of tourism. Tourism draws on inputs from food and beverage, construction, transportation, furniture and many other sectors. In this case guest houses source many of the products and services rendered by these sectors. When guest houses source products and services from these sectors, they further contribute to the growth of the local economy.

Finally, guest houses have dynamic effects that affect the livelihoods of local households, the business climate for small enterprise development, and patterns of growth of the local economy. Guest houses tend to employ a relatively high proportion of women and purchase products such as food and crafts produced by women in the informal sectors. In this way guest houses may be able to enhance women's economic positions and help overcome gender barriers. Tourism has the potential to contribute to economic growth and poverty reduction, in particular in low-income developing countries. The sector's capacity to generate employment and income owing to its backward and forward linkages makes it important for economic diversification and economic growth. At the same time, however, the negative impact it can inflict on the environment and culture cannot be overlooked. To ensure that tourism provides employment and income opportunities in the long run and contributes to sustainable development, its operations, including the activities that are linked with it, must be sustainable.

To conclude, the broader situation and the contribution of the accommodation sector as critical assets in local and national tourism economies has been thoroughly researched in tourism research around the world. Existing work on the accommodation sector in the South African tourism economy is mainly urban-focused and indicates that its local development impacts can be positive albeit not always maximised through local linkages, however, only a limited amount of academic investigations examines the contribution of tourism sub-sectors to economic growth and employment. The authenticity of this study is based on its contribution which must be viewed in relation to the relatively limited body of literature in the contribution of tourism sub-sectors to economic growth and employment and in this case guest houses as one type of accommodation sub-sector.

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Annexure 1
QUESTIONNAIRE COVER LETTER

A SURVEY TO DETERMINE THE CONTRIBUTION OF GUEST HOUSES TO LOCAL ECONOMIC DEVELOPMENT IN THE EDEN DISTRICT

I am a Lecturer and a student in the Tourism Department at Nelson Mandela Metropolitan University (George campus) and I am currently conducting a study towards my PhD and the topic of my study is “to determine the contribution of guest houses to Local Economic Development in the Eden District region.

Your accommodation establishment has been selected on a random basis to take part in this very important survey and, as a respected business man / woman of the Eden District your contribution and input to this study will be highly appreciated. Your input may help businesses and management of the Eden District Municipality to improve and support tourism in future.

The information you provide will be treated strictly confidential and the survey results will be presented in a way that prevents individuals from being identified. The survey takes about 10 minutes to fill out.

Your valuable contribution will be greatly appreciated.

Thank you for your assistance.

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Annexure 1

RESEARCH QUESTIONNAIRE

GUEST HOUSE SURVEY

A SURVEY TO DETERMINE THE CONTRIBUTION OF GUEST HOUSES TO LOCAL ECONOMIC DEVELOPMENT IN THE EDEN DISTRICT REGION

Section A: Biographical/General information

1. Name of the geographical location of your business/enterprise

2. Position of the person completing the questionnaire

| | | | | | |
|-------|--|---------|--|-------|--|
| Owner | | Manager | | Locum | |
|-------|--|---------|--|-------|--|

3. Your business/enterprise is situated in structure of?

| | | | | | |
|-------------|--|------------|--|-------|--|
| Residential | | Commercial | | Other | |
|-------------|--|------------|--|-------|--|

4. What is your type of enterprise ownership?

Make a cross

| | |
|-------------------|---|
| Sole proprietor | 1 |
| Partnership | 2 |
| Close corporation | 3 |
| Company | 4 |

5. Is the owner(s) engaged full or part-time in the running of the business?

Mark one

| | |
|------|---|
| Full | 1 |
| Part | 2 |

6. Did you have any business experience before you started this business?

Mark one

| | | | | | |
|------|--|--------|--|-------|--|
| None | | Little | | A lot | |
|------|--|--------|--|-------|--|

7. How big is your business in terms of annual turnover?

Make a cross

| | |
|---------------------------------|---|
| Less than R500 000 per year | 1 |
| Between R5001 000 and R1000 000 | 2 |
| Between R1.1m and R2m | 3 |
| R2.1m and above | |

8. What is the size of your business in terms of employees?

Make a cross

| | |
|-----------------------|---|
| Less than 5 employees | 1 |
| 5 to 50 employees | 2 |
| 51 and above | 3 |

9. For how long has your business been in existence?

Make a cross

| | |
|--------------------|---|
| More than 10 years | 1 |
| 6 - < 10 years | 2 |
| 4 - < 6 years | 3 |
| 1 - < 4 years | 4 |

10. Is your business independent or part of a group?

Mark one

| | |
|-----------------|---|
| Independent | 1 |
| Part of a group | 2 |

11. How your business was originally financed?

Make a cross

| | |
|-------------------------|---|
| Own contribution | 1 |
| Bank loan | 2 |
| Government incentive | 3 |
| Loan from friend/family | 4 |
| Other | 5 |

Section B: Job creation

12. Do you expect any growth in your business in the next year?

| | | |
|------------|-----|----|
| Employment | Yes | No |
| Turnover | Yes | No |
| Profit | Yes | No |

12.1 If yes, why?.....

12.2 If no, why?.....

13 How many workers are currently employed in your business?

| | | |
|----------------|-----------|-----------|
| Time | Full-time | Part-time |
| Currently 2014 | | |

15. How many workers were employed in your business last year?

| Time | Full-time | Part-time |
|------|-----------|-----------|
| 2013 | | |

16. How many workers were employed in your business during the year before last?

| Time | Full-time | Part-time |
|------|-----------|-----------|
| 2012 | | |

17. How many workers will you employ in your business next year? (Please give an estimate)

| Time | Full-time | Part-time |
|------|-----------|-----------|
| 2015 | | |

18. Do you experience any problems in obtaining qualified staff?

Mark one

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

Section C: Government incentives

19. Are you aware of government incentives that are available to your industry?

Mark one

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

20. If yes, what was the source of this knowledge?

Make a cross

| | |
|----------------------|---|
| Auditors | 1 |
| Banks | 2 |
| Financial advisor | 3 |
| Press | 4 |
| Government officials | 5 |
| Other | 6 |

21. Has your business ever made use of government incentives / subsidies?

Mark one

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

22. If yes, what incentives or subsidies were made use of?

| |
|--|
| |
|--|

Section D: Business growth factors

23. In your opinion, are guest houses making use of locally produced products / inputs? For example: buying local eggs & vegetables

Mark one

| | | | | | |
|----|--|--------------------|--|-------------------|--|
| No | | To a little extent | | To a large extent | |
|----|--|--------------------|--|-------------------|--|

24. Estimate the input cost spent in sourcing locally supplied goods and services to operate your business monthly.

| | |
|-------------------|--|
| R5 000 – R10 000 | |
| R10 001 – R20 000 | |
| R20 001 – R30 000 | |
| R30 001 – R50 000 | |

24. To what extent does your business get help or referral business from tourism enterprises? For example tourism bureau's, local tourism association, business chamber and word of mouth.

Make a cross

| | |
|---------------|---|
| Always | 1 |
| Nearly always | 2 |
| Sometimes | 3 |
| Seldom | 4 |
| Never | 5 |

25. Do you think that local government should play a more active role in developing tourism related small businesses?

Mark one

| | |
|-----|---|
| Yes | 1 |
| No | 2 |

26. How important is each of the following factors to ensure growth of your guesthouse?

Mark each factor with a cross

| Factors | Extremely Important | Very Important | Reasonably Important | Some Importance | Not Important |
|--|---------------------|----------------|----------------------|-----------------|---------------|
| Access to cheap finance. | 1 | 2 | 3 | 4 | 5 |
| Networking support from major players. | 1 | 2 | 3 | 4 | 5 |
| Tax breaks. | 1 | 2 | 3 | 4 | 5 |
| Identification by local government of opportunities. | 1 | 2 | 3 | 4 | 5 |
| Management training. | 1 | 2 | 3 | 4 | 5 |
| Employee training. | 1 | 2 | 3 | 4 | 5 |
| Cooperation with other tourism businesses. | 1 | 2 | 3 | 4 | 5 |
| Joint marketing strategies. | 1 | 2 | 3 | 4 | 5 |

27. Consider the following factors which are important for the development of guest houses. What sphere of government should take responsibility for each of these factors? (Choose one sphere of government for each factor).

Make a cross

| Factor | Local Municipality | District Municipality | Provincial Government | National Government | Business chamber/Tourism Associations |
|--|--------------------|-----------------------|-----------------------|---------------------|---------------------------------------|
| Develop tourism policy. | 1 | 2 | 3 | 4 | 5 |
| Provide tourism incentives to small businesses. | 1 | 2 | 3 | 4 | 5 |
| Provide tourism related statistics. | 1 | 2 | 3 | 4 | 5 |
| Identify opportunities for tourism related small businesses. | 1 | 2 | 3 | 4 | 5 |
| Organise management and employee training. | 1 | 2 | 3 | 4 | 5 |
| Set up Networks and Linkages with larger enterprises. | 1 | 2 | 3 | 4 | 5 |
| Provide a small business help desk. | 1 | 2 | 3 | 4 | 5 |

Section E: Sustainable practices by the establishment

28. Please indicate your views on the following statement:
 “The environment is a key resource base for the tourism industry”.

| | | | | | | | | | |
|----------------|--|-------|--|---------|--|----------|--|-------------------|--|
| Strongly agree | | Agree | | Neutral | | Disagree | | Strongly disagree | |
|----------------|--|-------|--|---------|--|----------|--|-------------------|--|

29. Below is a list of the most commonly used or adopted sustainable practices by the accommodation sector. Please select the ones that your business is currently using:

| | |
|---|--|
| Reducing energy consumption | |
| Buying from local suppliers | |
| Alternative supplies to electricity , e.g. Gas, Solar | |
| Using low energy light bulbs | |
| Encouraging the use of public transport | |
| Buying recycled products | |
| Buying recycling glass | |
| Buying organic produce | |
| Monitoring waste production | |
| Eliminating the use of disposable packaging | |

