



UNIVERSITY OF KWAZULU-NATAL

**An evaluation of the impact of the Durban International Convention Centre
on the economy**

by

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**A dissertation submitted in partial fulfilment of the requirements for the
degree of
Master of Business Administration**

**Graduate School of Business & Leadership
College of Law and Management Studies**

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2018

ACKNOWLEDGEMENTS

I would like to sincerely thank and acknowledge every person that assisted me throughout this MBA programme. I wish to express my sincere appreciation and gratitude to the following individuals whose unwavering support and motivation made this submission possible:

- My pillar of strength, my anchor, my purpose, the almighty God for your wisdom, knowledge and understanding and for giving me the courage to continue with this qualification. I can do all things through Christ Jesus who strengthens me.
- My husband, Thasigan Govender, for your assistance and support throughout this experience.
- My two children, Simone and Simeon, for being the best children a parent could ask for. You initially inspired me to commence my MBA journey and your support, love and encouragement have left me speechless.
- My academic supervisor, Dr Mihalis Chasomeris, for making time to guide and assist me with ensuring that this research was focused and deliverable. Thanks for making economics an exciting subject which is now my future passion.
- My helpers and mum-in-law for being a pillar of strength and providing the assistance on the home front with support to my family at this time.
- My mum for your daily prayers and faith and to my dad for inspiring me to dream big from childhood and think outside the boundaries of convention.
- My amazing family for understanding the time constraints and family time sacrifices that I have faced during this period.
- Thank you to the Durban ICC team, with special thanks to Scott Langley, Vishali Mariemuthu and Prashiga Peter.
- Thank you to the Lindy Naidoo from the Protea Umhlanga and Tracy Brown from the Hilton Durban.

ABSTRACT

Business tourism is key to encouraging, cultivating and constructing enabling environments for job creation and skills development ecosystem. The Durban International Convention Centre (Durban ICC) was built as a stimulus in August 1997 to enhance these key enablers. The aim of this study revolved around two research objectives: first to compile from annual reports the data on the economic effect of the Durban ICC from 2006/7 to 2016/17, and second, to analyse the economic impact of the Durban ICC on the national and local economy over the 11-year period. A comprehensive literature review was conducted using various sources. The study provided a context for the Durban ICC within the business tourism landscape as well as insight into stakeholders involved and economic assessment methods used for economic assessment evaluations. From the literature review, approaches and indicators were identified to measure economic performance. The financial data compiled from the annual reports used the quantitative techniques and economic indicators like contribution to South Africa's GDP, KwaZulu-Natal's GGP, indirect household income, net foreign exchange earnings, tax revenue generated, total delegate and visitor days and jobs created (direct and indirect). The data was analysed using descriptive statistics and trend analysis to ascertain the impact on the economy and potential opportunities emerging. The results from this review indicate that whilst the Durban ICC has made a significant impact on the economy of KwaZulu-Natal (KZN) and South Africa, there is further opportunity for robust strategic planning and stakeholder collaboration to leverage opportunity. The existing instability, insecurity, intricacy and uncertainty of the international MICE environment requires that the Durban ICC concentrate on innovation with an entrepreneurial approach to acquiring different techniques with varying mind-sets in place regarding prices, behaviours and skillsets to enterprise outcomes, aggressive benefit and long-standing sustainability. Improvement stratagems should be co-created with the public and private sectors to realise maintainable all-encompassing economic advancement and growth for South Africans. These must be devised on grounded multi-sectoral facilitating strategies drawing on evidence-based strategies from prosperous nations to directly affect the business tourism ecosystem and benefit local communities, societies and economies.

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LIST OF TERMINOLOGY AND ABBREVIATIONS

CEO	chief executive officer
Congress	refers to conferences as per the event type classification of the ICC
CPI	consumer price index
CTICC	Cape Town International Convention Centre
Delegate day	number of delegates attending an event multiplied by the duration
DMCs	destination management companies
Durban ICC	Durban International Convention Centre
DWTC	Dubai World Trade Centre
EDTEA	Economic Department of Tourism, Economic
GCI	Global Competitiveness Index
GDP	gross domestic product
GGP	gross geographic product
ICCA	International Conference and Convention Association
IDI	Inclusive Development Index
KZN	KwaZulu-Natal
MICE	meetings, incentives, conventions, exhibitions
PCO	professional conference organiser
SA	South Africa
SAT	South African Tourism
STAT SA	Statistics South Africa
TIKZN	Tourism Investment KwaZulu-Natal
TKZN	Tourism KwaZulu-Natal
UNWTO	United Nations World Tourism Organisation
Visitor	day visitor who is not a local Durban resident attending an event at the ICC or an overnight tourist attending an event at the ICC
Visitor day	delegate days times additional days spent in Durban/KZN/SA as a result of an event, i.e. includes pre- and post-stays

CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION

Africa's economic performance held firm in 2015, amid global headwinds and regional shocks. Growth in real GDP is estimated at 3.6%, higher than the 3.1% for the global economy and 1.5% for the euro area. Africa remained the world's second fastest growing economy after East Asia. In 2015, sub-Saharan Africa excluding South Africa grew faster than the continental average. The decline in South Africa's mining and manufacturing production in the final quarter of 2016 has dropped South African economic growth into negative territory as the economy contracted by 0,3% quarter-on-quarter in the fourth quarter of 2016 (African Economic Outlook, 2016).

According to the recent Global Competitiveness Index 2017–2018 (GCI), South Africa (SA) dropped 14 positions in the global rankings to number 61 out of 138 economies. There is a steadfastly small global need for SA supplies, the joblessness proportion has risen over 25% and is still increasing which underlines that SA's progression has not transformed well into societal addition (World Economic Forum (WEF), 2017).

The tourism policy is identified as one of the major players in resolving the impasse that is experienced by the government. Giampiccoli and Mtapuri (2015) highlighted the significance of tourism as a leading economic sector incorporated by many countries as a growth and improvement policy. The work of Saeid, Arifin, Hasim (2012a) reflected tourism as one of the leading contributors to economic accomplishment in the world, as it represents a huge slice of the overall national revenue of many countries.

The business tourism industry is multifaceted mainly with a scope of diverse participants with a complicated connection concerning the tourism and hospitality businesses. This abodes within a background of the role of business tourism stakeholders, specifically the Durban International Convention Centre (Durban ICC) and its competence to deliver, specifically concerning government's policy. The purpose of the Durban ICC is to encourage economic growth and employment

creation by attracting and hosting international and national strategic events. The meetings, incentives, conventions and exhibitions (MICE) industry is a critical economic contributor to the KwaZulu-Natal economy and the South African National economy (Republic of South Africa (RSA), 2017).

1.2. MOTIVATION FOR THE STUDY

Three out of every four Africans still live under poor human conditions, compared to one in five globally. To achieve the development objectives set by African institutions and the international community, African countries must deepen structural and regulatory reforms, foster macroeconomic stability, and tackle power supply bottlenecks in order to address the obstacles to the transformation of their economies. Africa's ongoing, multi-faceted urban transition and the densification it produces offer new opportunities for improving economic and social development while protecting the environment. These can be better harnessed to achieve the Sustainable Development Goals (SDGs) – especially SDG 11 on sustainable cities and communities – and the objectives of the African Union's Agenda 2063 (African Outlook, 2016).

The National Development Plan 2030 of South Africa (SA) identifies job creation as part of the priorities in the alleviation of abject poverty and reduction of income inequality. It is within this common goal that we the Government of KwaZulu-Natal (KZN) have reviewed and adopted the Provincial Growth and Development Plan (PGDP). In line with the PGDP, the Medium Term Strategic Framework (MTSF) for the period 2014 to 2019 sets out a roadmap to tackle urgent challenges as part of long term development. As KZN Provincial Treasury we strive to provide a direct response to the renewed priorities (KZN Strategy 2010-2016).

Over the last two decades, the Durban ICC has witnessed the emergence of several competitors provincially, in South Africa, Africa, and internationally. This study has considered the economic contribution of the Durban ICC and here provides consolidated information on the economic contribution over the last 11 years. It also provides more knowledge on business tourism trends and opportunities that are emerging as key drivers to boost economic growth and development opportunities for the South African business tourism ecosystem. The MICE tourism industry in

SA, KZN and Durban are involved with a diverse range of stakeholders in the business tourism ecosystem including government, public, universities, associations, private sector suppliers from the travel industry, accommodation, tour operators, décor providers, technical and other primary resources.

Another aim of the research also is to connect tourism policy to public sector institutions at national, provincial and local stakeholders in the business tourism ecosystem in a way that addresses the quadruple challenges facing SA and plans to set the tone regarding the direction that business tourism should consider strategically. This paper attempts to enhance the potential economic impact of the of the local and national MICE industry with the expressed intention of augmenting competitiveness while improving long-term growth and sustainability cost effectively and strategically. The above can improve our image and strengthen our market position nationally and internationally at no additional cost to the government. It will also influence academic institutions in SA to consider MICE management as an area of study as part of economic growth and development. Due to the limited MICE industry skills in South Africa and Africa, there is a calamitous need to create a pipeline of graduates that can be prepared to use the MICE industry strategically and be future leaders whilst sustaining the industry.

1.3. FOCUS OF THE STUDY

The 2015 -2020 strategic plans for KZN Provincial Treasury provides a roadmap to deal with the triple challenges of unemployment, poverty and inequality (KZN Treasury 2015-2020). According to the KZN Tourism Annual report 2017, it is recognised that there are issues which had serious negative effects on the tourism sector from approximately mid-2014 to date. Such issues some being global and others national which extend well beyond the influence of Tourism KwaZulu-Natal.

In their study on venues for global development, Moss, Pettersson and Van de Walle (2006) noted that democracy has resulted in limited economic development in SA which is vital to the nation's development. The ratio of foreign direct investments needed to finance economic growth rate and create employment has seen slow growth.

A core focus of this study was to evaluate the economic impact of the Durban ICC over an 11-year period to measure the MICE sector's economic value resulting from all visitor spending. The Durban ICC functions within the business tourism industry which is a sub-sector of tourism and is a significant tool that can be used to stimulate regional development as well as encourage foreign investment and legacy building for the province and country. This study used secondary data from Durban ICC published annual reports using a quantitative method approach to focus on economic impact specifically.

1.4. PROBLEM STATEMENT

Taking our lead from the National Government, which has identified tourism as a key sector for spurring inclusive economic growth and employment creation, KwaZulu-Natal's vibrant and growing tourism sector has emerged as a driving force in the quest to bring an ever-evolving sense of distinction to our province. This is a sector which has massive untapped potential for growth as a sector which has the capacity to contribute significantly towards the realisation of the National Development Plan, whose clearly stated ambition it is to eliminate poverty and reduce inequality in this country by the year 2030 - a little more than a decade hence.

South Africa is plagued with several challenges like the growing cavity between the wealthy and poor, increase in poverty, unemployment, skills shortage, HIV/AIDS, crime, corruption and exploitation which are growing concerns for all South Africans (Maharaj & Balkaran, 2014). The slow growth prospects for the global economy paired with South Africa's quadruple challenges of unemployment, poverty, inequality and limited skills encourage an urgent call for business tourism government entities and private business to play a more inclusive role in economic development to improve the quality of lives for all South Africans so as to ensure a better future for the next generations.

Ms CM Cronjé, Chairperson of Tourism Investment KZN stipulates that cognisance must be taken of the fact that we operate within the context of Africa and other emerging markets which are also rising to become drivers of global

economic growth. Critical to KwaZulu-Natal's own growth trajectory is the manufacturing sector as it has the highest economic and employment multipliers-building linkages with the resources sector will convert this comparative advantage into a competitive advantage.

According to the International Convention and Conference Association (ICCA) global rankings in 2016, South Africa as a MICE destination ranked number 34 in the world regarding the number of international events hosted in 2016 in each country. Durban ranked number 160 in this category, and Cape Town listed number 39. Anecdotal evidence suggests that the South African business tourism industry lacks synergy, and a comprehensively integrated business tourism strategy and implementation plans for the business tourism value chain resulting in reduced destination leveraging and market share.

The Durban International Convention Centre (Durban ICC) was built in 1997 as part of government's strategy to encourage economic development and employment formation (Durban ICC, 2017). Initially established as a catalyst for economic development, the additional mandate of profitability was added to the venue's core purpose. The venue competes on an international level to achieve this twin mandate of profitability and economic impact. The global macro challenges have negatively impacted conference delegate numbers especially with long-haul destinations like South Africa and Durban specifically. This paired with an increase in local, national and international competition has shaped a volatile, uncertain, complex and ambiguous environment for the future of the business tourism ecosystem as it impacts the affordability of the destination. Seasoned and experienced industry leaders have left the country without transferring this knowledge onto new people.. There is also a shortage of skills in the industry for the long term sustainability of this lucrative economic development tool. However, business tourism is not given sufficient exposure and consideration at academic level as the focus is more leisure tourism. There is a lack of synergy and strategy between all stakeholders in the business tourism value chain which has a negative impact in packaging and pricing the destination to make it more attractive. Clients are price sensitive and want more for less. This poses a challenge for the Durban ICC to find a winning strategy to

achieve this two-pronged objective of achieving economic impact whilst achieving profits at the same time with a price sensitive market.

1.5. PURPOSE AND OBJECTIVES

The rationale for undertaking this economic assessment evaluation is that South Africans pay taxes and the city uses a portion of these taxes to fund the development of a venue like the Durban ICC as opposed to other critical needs like housing, education, sanitation and so forth. The venue plays a catalytic role of attracting foreign delegates to conferences hosted in the city and these delegates spend foreign currency on local supplies in the form of accommodation, food, entertainment, gifting, tours and so on. The delegate spending creates more opportunity for local suppliers to create or grow their businesses which is a return for the tax payers in the form of job creation and economic improvement.

A fundamental determination of the economic evaluation report is to measure the 11-year fiscal impact of the Durban ICC on the economy. The following objectives were identified:

1. To compile from annual reports the data on the impact of the Durban ICC on the local and national economy from 2007 to 2017.
2. To analyse and estimate the economic impact of the Durban ICC on the national and local economy from 2007 to 2017 as well as trends and opportunities emerging from future focus.

1.6. METHODOLOGY

A comprehensive literature review was conducted using books, industry publications, journals and electronic sources. The study provided a context for the Durban ICC within the business tourism landscape as well as insight into stakeholders involved and economic assessment methods used for economic assessment evaluations. From the literature review, approaches and indicators were identified to measure economic performance. The financial data compiled from the annual reports used the quantitative techniques and economic indicators like contribution to South Africa's GDP, KwaZulu-Natal's GGP, indirect household income, net foreign exchange earnings, tax revenue generated, total delegate and

visitor days and jobs created (direct and indirect). The data was analysed using descriptive statistics and trend analysis to ascertain the overall impact of the Durban ICC on the economy and potential opportunities emerging.

1.7. LIMITATION OF THE STUDY

- The researcher only looked at annual integrated financial statements and sustainability reports (where available and disclosed separately) for purposes of this study. Such reports contain a summary of company information suitable to draw conclusions based on these findings.
- The researcher analysed an 11-year period from 2007–2017 which was available. The outcomes are therefore only relevant for the applicable time, and further analysis would have to be performed to monitor continued profitability, and the business model followed. The researcher is, however, of the opinion that an 11-year period encompasses a sufficient stage from which to be able to conclude any long-term trend identified over a period of five or more years (Financialdictionary.net, 2015).
- For the business tourism industry and academic sector in South Africa and Africa, limited theoretical knowledge is available and the available information is fragmented and does not link the critical relationship between various stakeholders in the business tourism value chain.
- The Durban ICC has used two independent assessment agencies to survey impact per annum with each using different assumptions based on the current economic and regulatory conditions at the time. Subsequent developments could affect their conclusions.
- Calculations are based on different South African Tourism multiplier formulas with the most recent one being for 2011.

1.8. STRUCTURE OF THE REPORT

Chapter 1 shapes the background to the problem statement and need for the study and the creation of new understanding from which all stakeholders would benefit.

Chapter 2 positions the Durban ICC within the context of the business tourism industry and explores the history of the business tourism and MICE industry, the

various stakeholders involved, an overview of the Durban ICC, case studies of other venues and destinations as well as economic assessment approaches. The literature also reviews contemporary information available on success factors for competing on a global business tourism platform that culminates the end goal of long-term sustainability and competitive advantage.

Chapter 3 focuses on the research method used for the study. Details on the economic assessment evaluation methods used by the Durban ICC are discussed here as well as assumptions. The chapter defines the quantitative approach of research which this study adopted to evaluate secondary data of the Durban ICC over an 11-year period from 2006/7 to 2016/17. The data is analysed using descriptive and trend analysis.

Chapter 4 presents the results, analysis and discussion of the evaluation in the form of tables, figures, and descriptive statistics using economic indicators discussed in Chapter 3. The contribution to South Africa's GDP, KwaZulu-Natal's GGP, indirect household income, net foreign exchange earnings, tax revenue generated, total delegate and visitor days and jobs created (direct and indirect) is presented. Trend analysis is also used to identify opportunities and patterns emerging from events hosted at the Durban ICC.

Chapter 5 presents recommendations and conclusions that can be practically applied by the stakeholders that this study is intended to benefit. This chapter concludes the research study.

CHAPTER 2

LITERATURE REVIEW

2.1. INTRODUCTION

The purpose of this chapter is to create a platform and context by providing a literature review and more informed understanding of the Durban ICC and other stakeholders by positioning them within the context of the global and South African business tourism industry. Business tourism is also known as the MICE (meetings, incentives, conventions and exhibitions) industry and will be used interchangeably in this research report. A chronological synopsis is provided of the evolution of business tourism worldwide prior to focusing on distinct characteristics, specifically paybacks, consequences, responsibilities, destination accountability, event tourism, improvement stratagems and the impending latent of the industry. Elements that are of vital importance to economic assessment analyses for business tourism and the 20-year history of the Durban ICC being the first purpose-built convention centre in South Africa are discussed.

2.2. BUSINESS TRAVEL AND TOURISM CONTEMPORARY AND HISTORICAL OVERVIEW

Smagina, Magomedov and Buklanov's (2017) study indicates that the global tourism market is visible to internationalisation processes resulting in a need for business to apply modern strategies with consumer competitive and innovative tourism offerings. A growing interest in the globalisation of business tourism services stems from the increase in the flow of business travellers and ongoing business activities universally. Competitive advantage creates sustainability and performance by critical elements factor and demand conditions, structure, strategy and rivalry within industry (Porter, 1985). The features make the region more attractive to tourists, and economic and social growth, consequently contributing to the economy of the destination by job creation, infrastructure development, upgrading of venues and tourist attractions. Business tourism is understood as a tactical tourism sector and is a vital stimulus that can aid local improvement by drawing MICE events, adding to visitor days at the destination, motivating yield of business tourism delegates and the elevation of the destination's image (Marques & Santos, 2016).

According to Hovhannisyan and Keller (2015), business tourism revolves around people travelling for work purposes. Davidson (1994) alluded that business tourism represents one of the oldest forms of travel as people moved to trade goods and services. Business travel and tourism comprise an ancient occurrence which gained momentum over the last 50 years advancing into an international industry with new multifaceted avenues of business tourism developing and evolving. The Silk Route and the European medieval trade fairs are examples of where business tourism started. These events were channels for the passage of a mixture of goods between Asian and European countries. Since the primary days of pastoral trade amongst villages and the period of strong empires, individuals voyaged for work to take their harvest to markets to trade (Swarbrooke & Horner, 2007).

According to Swarbrooke and Horner's (2007) study, business travel is the world's second-leading segment and has grown faster than leisure tourism. In the modern commercial landscape, business tourism is the fundamental element of the tourism market and employs millions of people globally. Business tourism embodies all features of the familiarity of the business traveller and is rated very highly as business tourists pay a premium to use the same tourist facilities as the leisure tourist. The business tourism delegates' requirements are more sophisticated than those of the leisure tourist, as they require advanced technology, enhanced quality of service and special facilities. In contemporary times, business travel for spiritual, military and employ motives including clergymen, militaries or refugee workers are still prevalent. The industrialised uprising saw an upsurge in needs for raw materials emanating from the rise in production volumes and combined with upgraded transport infrastructure; these influences stimulated the development of the MICE industry.

2.2.1. The role of convention bureaus

The business tourism industry started in the United States of America (USA) around the twentieth century and with the creation of convention bureaus tracked for over a century and saw the swiftest progress of the sector taking place in contemporary period. The airline, incentive travel, spread of professional venues and formal meeting models erupted as business tourism advanced throughout the last few decades in the modern commercial environment (Swarbrooke & Horner, 2001).

A study conducted by Iwamoto, Matsuo, Fukushima and Komoda (2016) on the Convention Bureau and its regional characteristics noted that the convention industry creates abundant commercial impact as a result of conferences held. The convention industry brings about great lucrative influence because representatives who participate in the convention stay longer than pleasure travellers who have different purposes (Kim, Chon & Chung, 2003). Various stakeholders are involved in the convention industry as it is a fundamental aspect in stimulating inbound tourism (Iwamoto et al., 2016).

The convention sector is growing as a significant segment in tourism, and it does not only benefit the local economy, but also acts as a lucrative nucleus for surrounding areas producing a vital economic influence which is rapidly differentiating (Lau, Milne & Johnston, 2005). This awareness prompts convention destinations into the competitive space to attract more rewarding trade shows and exhibitions. The increased competition from international convention destinations between competing cities, marketing approaches to promote international conferences in the global market has become rapidly sophisticated and diversified. In South Africa, each of the provinces and towns, as well as conference venues, compete in this space. Convention and visitor bureaus are viewed as a significant drawcard in the tourism industry (Ha & Love, 2005). Their significance is due to the support role and responsibility of encouraging and assisting meeting planners by acting as the liaison between future visitors to the destination as well as to the businesses who will interact with visitors (Koutoulas, 2005).

As for the provision of the premier level of service excellence, convention bureaus can be a significant influencing factor in a situation where competition among destinations for conventions strengthens (Weber & Roehl, 2001). Convention and visitor bureaus provide correct destination and support information to the potential visitors (Lehto, Kim & Morrison, 2006). They act as an extension to the meeting planners by assisting in collecting pertinent information related to the destination, venue and other requirements of the conference. The city image and reputation can be damaged if delegates are not comfortable to venture out of the centre because of the unattractive surrounding, which may result in a damaging perception of the city as a whole (Oppermann, 1996).

Iwamoto et al. (2016) piloted a survey with convention bureaus to simplify the benefits and pitfalls of cities that have a convention bureau present. The results highlighted positives as proper city safety and security, history, and an authentic, distinctive culture. Pitfalls include language with English preferred as a means of communication for verbal, electronic, print, web pages, and multilingual display in local areas. The evaluation among knowledgeable and learning convention bureaus with regards to the regional factor reflected that the enlightened were more inclined to provide local information, while the learning bureaus focused on delivering the best hospitality service in order to differentiate themselves. The knowledge and skills of the convention bureaus hold one of the significant factors of success in the convention industry.

2.2.2. Importance of region characteristics and convention facilities

Some critical factors regarding the regional characteristics and convention facilities bear reference in the previous studies. Chen (2006) categorised five items in the influence of conference destination selection: conference and accommodation venues, rates, location, ecosystem, local help, new conference prospects and found conference venue, accommodation facilities and environmental sustainability as essential items. Crouch and Ritchie (1998) considered convenience, local support, extra-conference possibilities, lodging amenities, conference facilities, communication and location environmental sustainability as vital elements. Go and Govers (1999) piloted an analysis to investigate critical success choice elements of organisers in the choice of Asian countries as their destinations. The results showed that clients considered the capability of venues, service excellence, user-friendliness and customer value as most important. Lee (2009) discovered that the meeting planners esteemed infrastructures and user-friendliness. Main language fluency was also one of the essential elements. Qu, Li and Chu's (2006) study revealed that modern-audio-visual equipment, modern hotel accommodation, and accessibility are classified as the top three regarding the choice of Hong Kong as a preferred venue choice. The study by Kim, Guo and Agrusa (2005) highlighted affordable travel cost, steady economic improvement, attractive scenery, security, shopping, cultural and historical strength, inclement weather, proper relaxation and leisure amenities, travel arrangement assistance, and up to date sight-seeing avenues as essential factors. Accessibility, the capability of accommodation

services, local support, multi-language, and location environment as crucial factors are remarkably featured in the earlier studies, thus substantiating the significance to consider these essential elements to entice the standard convention.

Though the previous studies point out that the convention bureau plays a pivotal role throughout the convention, there are limited studies on the topic (Iwamoto et al., 2016).

The analysis suggests that the security of the destination and venue reflected as a high priority. Sufficient hotel information on the website, local provision of services for example expertise of regional professional congress organiser (PCO), local area variety of multilingual signage, meeting facilities and complimentary Wi-Fi in each main destination were also classified salient in the mind of business travellers. Tourist maps or guidelines must be communicated in multiple languages for the tourists. Some aspects such as: 'reasonable local transportation fares,' 'level of local catering service' and 'universal design for people with disability' seem to be modern requirements for millennial business travellers. The findings showed that the seasoned staff with years of experience were more recognisable and influential concerning choice regions and convention centres. Therefore, it is central for the convention bureaus to share the communication amongst each other and have an opportunity to re-evaluate the most extraordinary things in their regions and convention centres.

2.3. TOURISM

Tourism is considered to be the most developed industry at the European level with a robust economic assessment and the highest annual growth rate. Tourism is a primary motivation for all tourist traffic because of the scale and various elements as well as the value and originality of these factors (Sharpley & Telfer, 2014). Landmarks are a drawcard to travel provided they have possible tourist activities available. All components that make up the tourist sight including facilities to welcome and entertain tourists create the tourism potential for the area (Morrison, 2013).

The term "tourism" comes from the English "to tour" which signifies the trip. Professor Hunzinger defines tourism as actions resulting from the travel of people

who stay away from their normal home, without permanent establishment or monetary gain (Ghețe, 2016).

According to Holloway and Taylor (2006), the following are essential elements of tourist activity:

- Move people on the journey performed;
- The stay must be out of the place of normal permanent residence;
- The stay should have a limited time;
- The visit cannot be the permanent residence.

Goeldner and Ritchie (2006) defined tourists as all those persons who satisfy at least two conditions, namely that they are away from home for periods not exceeding one year and spend money in places without them there would have won. Murphy (2013) believed that tourists are people who enter a foreign country with any purpose other than to settle and that they earn their money elsewhere. Tourism can be classified as the distance, length of stay, geographic origin of tourists, type of transport used, how to plan a site visit, the conducting of the tour, peculiarities about the destination, interaction travellers can have with the destination, the price paid, the tourist's age, the number of tourists (Lohman, 2006).

International tourism is made up of inbound tourism and outbound tourism. Any travel between these two forms is particular between which there is no definite boundary but some interdependence that helps promote tourism activities (Holden, 2016). Murphy (2013) defined tourism as the degree of mobility of tourists, tourism classified in tourism accommodation and tourism traffic.

Tourism residence has three forms, namely long-stay tourism, travel stays, average stay, lasting tourism and stays for a brief visit (Ghețe, 2016). According to Swarbrooke and Horner (2016), seasonality is another factor that affects tourist flows. This tourism is classified into three types: winter tourism, summer tourism, and circumstance tourism. The means of transport is also used to distinguish the forms of tourism like hiking, rail, road, sea, and air (Goeldner & Ritchie, 2006). Chen, Liu and Chang (2013) noted that tourism is divided into the following types: leisure tourism, leisure, and recreation, spa treatments or cures, sports, shopping, technical

or scientific or religious. A particular type of social tourism is tourism for youth which addresses students or young people, usually with an educational purpose (Horak & Weber, 2000). Tourism forms are holidays for young people, educational tourism, international camps, work and travel, volunteer camps, or tourism practised to learn a foreign language. Regarding age, there is tourism for the youth, for the active and the elderly (Moisa, 2010).

Specific forms of tourism based on the socioeconomic characteristics of the application are tourism, particularly social tourism and business tourism or congresses (Mbaiwa, 2005). Business and congress tourism comprise the entire business travel companies that are organised by either economic and government sectors for their staff, corporate travel or business participation in specific meetings or conferences (Buhalis, 2000).

2.3.1. Business tourism and MICE

Over the centuries there have been numerous classifications of tourism. Hunziker and Krapf (1942) described it as activities performed during the journey and stopover at the terminus, creating well-defined allusion as work or expert reasons. The United National World Tourism Organisation (UNWTO, 1991) recognised a critical differentiator between business travellers. Business tourism is defined as a set of activities taken by people (visitors) during their trip away from their regular place of stay for an unbroken period of under a year for any purpose which is not associated with being employed at the destination (Marques & Santos, 2016). The classification of "business and professional" is accepted to categorise tourism vacations corresponding to the reason of travel; expounding that the underlying drive of the trip must omit the activity of a remunerated relevance in the destination (Swartbrooke & Horner, 2015).

According to Weber and Chon (2002), the concept business tourism has been referred to as various acronyms including Conventions, Exhibitions, Meetings and Incentives (CEMI); Meetings, Conventions and Incentive Travel (MC & IT) or Meetings, Incentives, Conventions and Exhibitions (MICE) or Meetings Industry (MI). The most recent concept was declared in 2006, in agreement with International Congress and Convention Association (ICCA) as well as the Meeting Professionals

International (MPI), Reed Travel Exhibitions and the United Nations World Tourism Organisation (UNWTO) in order to standardise the perceptions and spawn an extra translucent personality of the sector (Swarbrooke & Horner, 2001; Weber and Chon, 2002; Davidson & Cope, 2003; UNWTO, 2006; Rogers, 2008).

Some studies considered business tourism, even concluding compensation, consumption of the comparable amenities and services, it must embrace the universal conception of travel, assumed that business travel is frequently converted into leisure tourism when there is allowance to extend stay outside of the conference programme (Lage & Milone, 2000; Boniface & Cooper, 2005).

Beni (2001) described business tourism as travelling delegates moving into large commercial, sophisticated areas to secure business transactions or improve functional business accomplishments, using their spare time in native leisureliness undertakings and amusement, which includes presence at restaurants. Metropolitan tourism terminuses are the central drawcards of business tourism, because of venues and chief multi-attraction offers which are proficient to efficiently meet a wider range of incentives required by business tourism visitors (Hunt & Crompton, 2008).

The more extensively used term, 'business tourism', captures the crux of what meetings signify and represents a unique kind of tourism in that the MICE element operates as the main determination for travelling with a set time and programme which comprises presenters, conferences, seminars, trade-exhibitions, dinner events, meetings and group events (Rogers & Davidson, 2015). A correlation exists between both segments of tourism as the conference delegate essentially becomes a leisure tourist after the conference as most conference programmes include tours and social programmes in between the sessions; some delegates travel with family or accompanying people (Rogers, 2013). Incentive travel, although it has its characteristics, is a reward issued by a business to staff for work performance. (Swarbrooke & Horner, 2001).

Marques and Santos (2016) emphasised that currently, business tourism has enormous potential for growth due to its significant economic influence in local and regional economies. The special seasonality, invaluable economic impact,

significant revenue from accommodation and meeting venues, huge demand for meals and drinks, enhancement in relaxation undertakings and the virtual strength towards the current economic catastrophe are principal influences that make business tourism so attractive. The influence of business tourism economic development is highlighted, and hence it is critical to deliver and exceed visitor expectations.

2.3.1.1. Impacts of tourism

Fennel (2014) referred to the leading influences of tourism which are economic, social and environmental and that they have both progressive and destructive magnitudes, which should direct the actions of a tourism business to make a positive impression on the tourists as hosts. During preparation for events, cognisance must be given to decreasing destructive effects of tourism (Cloete, 2003).

2.3.1.2. Economic impact

Tourism, in particular business tourism, could have substantial economic benefits (George & Frey, 2010). More and more countries and regions have been endeavouring to magnetise the events due to the economic advantages which must be efficiently coordinated to leverage the most significant benefit which could have an extraordinary impact on a country's economy (Lee & Josiam, 2004). Figure 2.1 illustrates progressive and destructive effects that can result through business tourism.



Figure 2.1: The positive and negative economic influences of tourism

Source: Adapted from Cloete & Kulati, 2003:18-19, Bennet, 2007:358-363, Saayman & Saayman, 2000:129, Swarbrooke & Horner, 2001:352.

Figure 2.1 presents the leading progressive and destructive impacts of tourism on a local level. The significant benefits include catering for seasonality during the high and low season, and job creation spin-off for many local businesses and their suppliers, for example services of technical needs, venue, restaurants, tours, floral arrangements and décor. The improvement of the domestic logistics and infrastructure has benefits to the community as well. The stipend of the business traveller is higher than that of the leisure traveller as they prefer to pay for convenience (Law, 1996; Getz, 2000). Business tourists are considered economically appealing and several nations, provinces and locations are vying to lock their palisade in the lucrative marketplace (Reynolds, 2008). During a comparison on the yield of business tourism, it was noted that business delegates from countries like New Zealand and South Korea spend an enormous three times

more than the normal delegate, and Australian delegates spend five times more (Lee & Josiam, 2004).

An investigation into the impacts of tourism on the environment found that although travelling is a widespread global activity, it can have a destructive effect on the destination if not managed correctly like soil erosion, overcrowding, and depletion of essential resources to cater for large volumes of people (Asadzadeh & Mousavi, 2017). The positive elements of tourism are job creation, economic growth, net forex earning, and indirect household income.

However, impact on the environmental reserves should take precedence. Three famous islands were shut down in Phuket by the government in 2016 due to the harmful effects of tourism. Negative impacts include climate change, the rise in air pollution, land dilapidation and scarcity of water supplies – proving that the human element of overcrowding has massive negative impacts (Olivar, 2016).

2.3.2. Destination product components

With interconnected activities in big cities, several components become part of the business tourism dynamics. Law's (1996) classification of municipalities discovered that tourism is not easily visible in some towns as it is used both by locals and tourists. The improvement of facilities, infrastructure and service allows for both locals and tourists to benefit. Law (1996) found that innovative projects and convention centres are a stimulus to the rejuvenation of dilapidated zones on the downtown parts and can be strategically expended to fund improvement of the society, as in the case of the development of the National Exhibition Venue in Birmingham, England, which was founded upon the USA prototypical (Rogerson, 2005).

Marques and Santos (2016) noted that as much as an urban area is high in positioning, there has been marketing activity from lower metropolitan areas with smaller supplier services to rustic positioned hotels, resorts or even updraft areas as a unique selling point away from the busyness of the city. Figure 2.2 below presents the diverse mechanisms that integrate to shape the business tourism terminus offer.

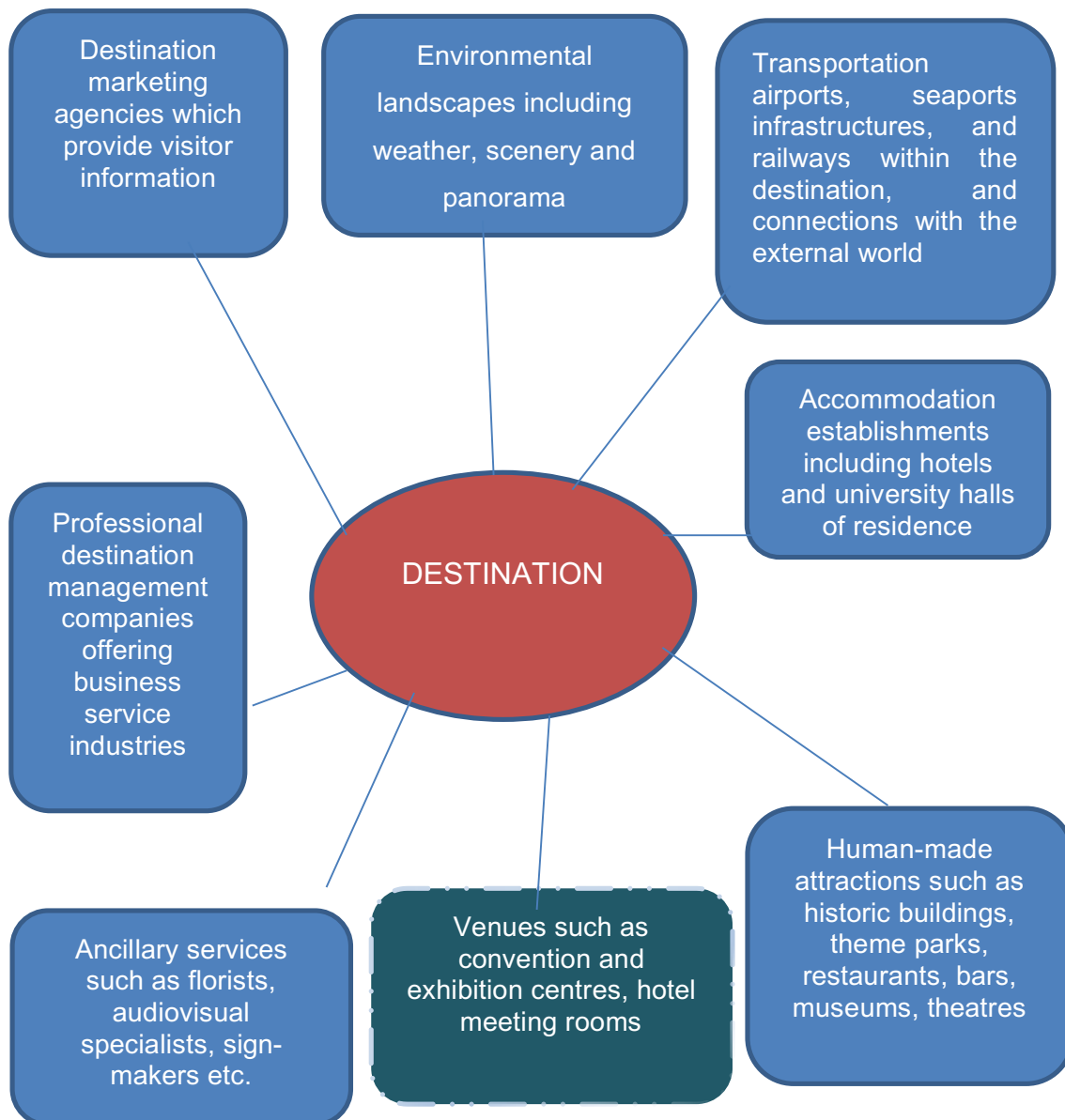


Figure 2.2: Diverse mechanisms of the destination offer

Source: Adapted from Swarbrooke and Horner, 2001:59.

Figure 2.2 depicts the essential value chain components of the destination which is available to the business traveller or meeting planner which includes accommodation, transportation, tours, cultural experiences, conference and meeting venue, audiovisual and technical facilities, décor, translation services and suppliers of goods and services. These suppliers are vital in influencing the destination product (Rogerson, 2005). Hosting of significant high-profile events necessitates leading technology advanced with state of the art audio visual and meeting facilities to cater and accommodate for these large number of delegates at

comparatively late notice (International Congress and Convention Association (ICCA), 2017).

A vital factor to consider when organising a conference is the location and accessibility flights, transportation, hotels, shopping and tours and other tourist amenities with safety and security as a given (Craven & Golabowski, 2001). According to Rogers (2013), the business tourism sector has potential to improve the economic climate of a destination through job creation, foreign earnings, word-of-mouth marketing as it caters for a high cost, quality and yield market. The business tourist higher stipends yield superior spending power and increased economic benefits for the host destination with higher impact for infrastructure development and marketing. Destinations have the opportunity for inward investment by creating unique, compelling delegate experiences to encourage the return of these visitors with families. Convention delegates spend three times more than leisure tourists (Chalip & Costa, 2005).

Oppermann's (1996) analysis of convention tourism reflects the critical role of a convention venue and its facility, price, appearance, position, and amenities which are all part of dynamics that influence a destination choice. Conventionally, a convention venue budgets a loss as the city expects that spending from these events on accommodation, transport, and food establishments will result in more foreign investment and increase in tax revenue (Oppermann, 1996).

In contemporary times, business tourism has taken on greater significance with the emergence of subvention and strategic commercial tourism projects appearing (Law, 1996). These decisive events include festivals, cultural events and other catalytic events that can lead to regeneration. These events are proliferating due to the uniqueness of each event which differentiates it from built brick and mortar buildings (Getz, 2000).

2.4. THE DURBAN INTERNATIONAL CONVENTION VENUE

2.4.1. History behind the Durban ICC

A decision was taken in the 1990s by the City of Durban to finance the Durban ICC which was part of South Africa's local economic development strategy. The primary

agenda behind the Durban ICC was attracting international business tourism events to stimulate new investment and inbound foreign delegate spending in the city's economy over time. The Durban ICC would be managed by the management company ICC Durban (Pty) Ltd which is entirely owned by EThekweni Municipality.

The year 1990 introduced an amplified prominence on local economic development approaches as South Africa focused on municipal renovation and improvement to try to decrease the disparities related to apartheid. A study was conducted by Maharaj and Ramballi (1998) on the landscape of local economic growth in Durban, with a particular focus on the Point Redevelopment and the International Convention Venue which were expected to drive economic impact and job creation. The commercial and local government initially pushed these projects but with pressure from public groups they resulted in a reorganising of the development procedure. The invention of the Durban Infrastructural Development Trust (DIDT) was intended to get the broader society involved in the process. The DIDT discharged a decorum which specified that the project's preparation and development procedure would entail extensive discussion on the regulatory principles and strategies for job creation and affirmative action (Maharaj & Ramballi, 1998).

According to Mposula's (2002) study, Durban's infrastructure and positioning, its hotels, visitor facilities, and services made it an ideal destination for an ICC in South Africa. Durban was centrally located to the airport, rail and road networks and had the most substantial hotel accommodation for a city with any centre in Southern Africa at that time. The mode of an international convention venue for Durban, which had been proposed for many years, only gained momentum and support by November 1991 through separate initiatives emanating from within the City Council and also from Operation Jumpstart which was a combination of stakeholders created to drive the project. Through sound financial planning, Durban was in the fortunate position to be able to fund the project. The City Council approved in principle the establishment of a convention centre of international standards on 6 December 1991, and a consultant team consisting of 16 different disciplines was appointed, headed by Rod Andrew, of Andrew & Boule, to assist the city's officials in this investigation (Mposula, 2002).

Maharaj and Ramballi (1998) noted that there was still uncertainty around the deprived populations advancing from these local economic growth projects. An analysis of the financing of the projects and businesses granted to private contractors by the local state disclosed that the taxpayers would finance most of these projects. The study argued that disparities would not benefit the community and would only take place by the trickle-down effect. The Durban Metropolitan Council dealt with local economic growth concerning the International Convention Venue. Different initiatives, strategies, programmes, and approaches adopted with international benchmarking with other cities' domestic economic growth resulted in recommendations with suggested mechanisms. The study highlighted that local economic growth should be a long learning process applied at its early stages with long-term benefit for the current generation and future generations (Maharaj & Ramballi, 1998).

2.4.2. History before establishment of the Durban ICC (1992–1997)

Mposula's (2002) study referenced that the Durban City Council officially launched the Durban ICC project at a media event in December 1992. A team of six core consultants carried out a comprehensive viability study over nine months, supported by additional specialist consultants. The research entailed one of the most in-depth and exhaustive research studies and included a scoping visit of several European centres to explore pros and cons resulting from the Durban ICC. The Durban ICC was the single, most considerable investment ever undertaken through the Durban City Council and epitomised a declaration of assurance by Durban people in their future. The establishment and development of the International Convention Venue (ICC) in Durban resulted from the excellent collaboration between architects, engineers, quantity surveyors' contractors and specialists in everything from air flow and acoustic to seating and sound systems (Mposula, 2002).

The study was based on the standard that a convention facility had to be market focused and not an under-utilised liability on the taxpayer. It envisioned that it could path at an operating advantage between three to five years if the operations were based on all-encompassing business ethics. Furthermore, it was anticipated that the centre would create jobs, earn foreign revenue, boost local entrepreneurs and

stimulate tourism. Regular consultation and communication with primary representative community groupings ensued to ensure total acceptability.

The construction of the Durban ICC was formerly announced on the 4th November by the Premier of KwaZulu-Natal at that time, Dr Frank Mdlalose. The building contract which began on 14 November of that year was given to the Convention Venue Joint Venture (CCN), a combined effort by Murray & Roberts (Natal) in association with Kwazumba African Builders, and Grinaker Building Natal, in partnership with Phambili Construction. So began the establishment of Durban as the meeting destination of Southern Africa, if not Africa as a whole (Durban ICC, 2017).

2.4.3. Opening of the Durban ICC

The late, former president Nelson Mandela was esteemed to declare the Durban ICC formally open on 8 August 1997. In his opening speech, he commended the Durban people for combining audaciousness and distinctiveness in building the massive new International Convention Venue. He emphasised that the vision of the ICC had required fantastic insight and foresight to overcome unrelenting struggles of the apartheid era. The investment of R270 million of taxpayer's money on the Durban ICC would generate a steady flow of international visitors and investment in the economic development of Durban, KwaZulu-Natal and South Africa. He advised that while the people of Durban, specifically tourism suppliers, may not see instant benefits, the economic benefit would be widely spread opening South Africa as a destination for international opportunities. Induced tourism effects would bring significant new opportunities for South Africa, emphasising tourism as the priority sector in job creation and economic well-being as the Durban ICC would add *métier* to the tourism industry infrastructure (SA History, 2017).

2.4.4. The growth of the Durban ICC

The venue has held many local and international conferences which include the XII Non-Aligned Summit which tested both the ICC and the city capability to host a significant global political event successfully. Durban coped splendidly with the logistical challenge of receiving, accommodating, feeding and protecting thousands of delegates, including heads of state and government and hundreds of foreign

journalists who arrived for the Summit of the Non-Aligned Movement (Mposula, 2002).

"The ICC showed itself to be world class as a venue for such gatherings, and Durban showed itself at its sparkling best when it is climatically at its kindest. The city is now on the international map, both as a convention centre and as a tourist destination, in a way it was not before. Durban's potential to become a global player is a step closer to reality" (Sanibonani, 1998 cited in Mposula, 2002). The venue had indirectly contributed R420 million to the local economy since its opening and was hoping to attract R300 million economic impact for Durban by June 2000 (Sanibonani, 1998 cited in Mposula, 2002).

The centre had improved the profile of the region by hosting major national and international events attracting the world's decision-makers and potential investors. The 1999 to 2000 budget plan presented by the Durban ICC chief executive officer (CEO) and Board Chairman to Durban Metro Council, recommended funding by the council of at least R2 367 404. Although the projected budget showed a loss for the centre, a direct financial benefit of R323 million would be achieved during the Commonwealth Heads of Government Summit in November alone. This event was attended by Britain's Queen Elizabeth II, and up to 56 Heads of Commonwealth countries and at least 1000 members of the world media covered the event, directly or indirectly positioning a positive image for the destination internationally (The Mercury, 12 May 1999 cited in Mposula, 2002).

2.5. FINANCING PROJECT DEVELOPMENTS

Despite problems with the establishment of the ICC, the economy of Durban had gained much momentum as it was in 1994 and there were many development projects set to take place. The driving force behind these projects was the Economic Growth Department. Most of the development projects in Durban were financed by the Durban Metropolitan Council (Eric Watkinson interview, 29 June 1999 cited in Mposula, 2002), but to be specific, the ICC's funding was envisaged to be a joint public and private sector contribution. The taxpayer was to provide the initial financing and later this ICC would be funded by a loan from the Durban Chamber of Commerce (DCC) to the Trust. Furthermore, the DCC set aside R1.78 million to

market the convention centre in its 1994/5 budget. One of the initiatives by the local government was the establishment of the ICC, in which the local government played a vital role in so far as development of Durban is concerned (Maharaj & Rambali, 1998).

2.5.1. City funding to Durban ICC

Figure 2.3 reflects the total investment made by the municipality into the Durban ICC to date.

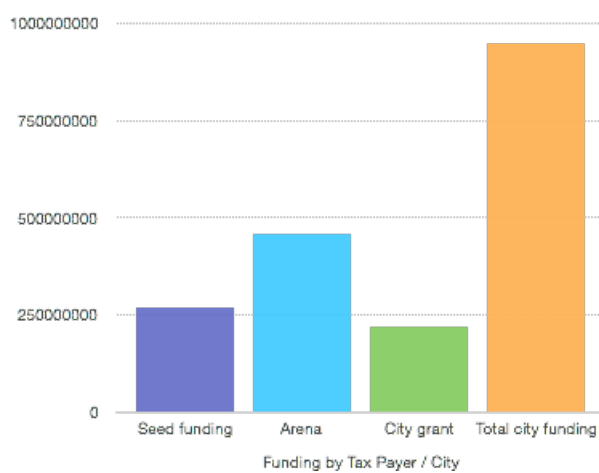


Figure 2.3: City investment

Source: Author compiled using data from Durban ICC Annual Reports (2007–2017).

Figure 2.3 reflects a total investment of R950 million that was invested by the city into the Durban ICC, which comprised the initial seed funding of R279 million to build the centre. In 2007 the Durban ICC Arena was created with an additional R460 million. The Durban ICC relied on a city grant of R20 million per annum since opening in 1997. In 2007, the Durban ICC stopped taking a grant from the city as the centre became self-sustainable from a financial perspective and has been self-funded for the 11-year period under review.

2.6. THE GROWTH OF THE DURBAN ICC

The Durban ICC is centrally positioned half an hour from the main local King Shaka International Airport. It has over 3 600 three, four and five-star hotel accommodation rooms within a five to 10-minute walking distance. The complex offers the full

technical capability for live broadcasts and lighting suitable for television production and filming. There are four back-up generators on site which can ultimately provide backup lighting in the case of load shedding. Other important amenities available at the centre are a business centre, travel agency and travel doctor. The centre provides other conveniences for the physically challenged like the Braille Trail for the vision compromised and blue strobe lights to guide persons with compromised hearing (Durban ICC, 2017).

2.6.1. Durban ICC – 1997 to 2002

Mr Peter Brokenshire, a foreigner, was appointed the initial CEO at the Durban International Convention Centre in 1997. Several prestigious events incorporating XII Non-Aligned Movement Summit in the year 1998 followed by 9th Global Anti-Corruption Congress and Commonwealth Heads of Government Meeting (CHOGM) hosted in 1999. The XIII International AIDS Conference was held in the year 2000 followed by International Conference against Racism, Xenophobia and Interrelated Intolerances Conference, followed by the World Parks Conference and the World Economic Forum in the following year. The number of global events started to increase with the hosting of the International Bar Association Congress followed by the African Union Summit in 2002. The management of the Durban Exhibition Centre was taken over by the Durban ICC in the year 2000 making the venue the most extensive international venue in Africa and capable to secure and host the Indaba Travel Trade Exhibition. The venue won World Travel Awards "Leading Conference Venue in Africa" award for the first time in 2001 (Durban ICC, 2017).

2.6.2. Durban ICC – 2002 to 2007

Several significant international events were hosted during this period, including the Global Society on Chemotherapy Conference followed by the Global Weed Science Society Congress. Securing the International School Library Association Conference, General Assembly World Lottery Association Congress and the SKAL International Congress added to the accolades of the centre. Mr Alec Gilbert who was the Director of Sales and Marketing and one of the pioneers who was part of the opening team was appointed the CEO during this period.

Due to the high demand for venue space, the venue was formally extended into the ICC Durban Arena which was launched in March 2007 re-enforcing Durban ICC's reputation as biggest, one level, pillar-free spaces and conference space in the continent. The Durban Exhibition Venue, the Durban ICC and the Durban ICC Arena comprise 112 000m² of conference and exhibition area as a canvas for creativity. The ICC Arena construction started in 2004 which was a R395 million investment. In 2007, the multidimensional, multifaceted venue was retitled the Inkosi Albert Luthuli ICC Venue in commemoration of Mr Albert Luthuli who was the previous African National Congress President and Nobel Peace Prize Laureate. The venue hosted some of the most prestigious events in the world incorporating the Global Ecological Sanitation Congress and International Chambers of Commerce Conference followed by the International Conference on Physics, Sustainable Development Congress and Global Conference of Surgery held in 2005. Subsequently in 2006, the World Conference on Injury Prevention and Safety Promotion as well as the World Sociological Association Congress were hosted. By this time, the Indaba travel show had magnified its dimensions as it overextended into the ICC Arena now taking over the full complex (Durban ICC, 2017).

2.6.3. Durban ICC – 2007 to 2010

Under the leadership of CEO, Mr Miller Matola, the venue continued to soar by hosting several extraordinary high-profile conferences and events. The 2007 to 2010 period saw the hosting of several significant conferences including the World Conference of Entomology, International Federation of Anaesthesiologists Congress, the 21st Conference of the World Association for Child, Adolescent Psychiatry and Allied Professions and the Disabled People World Conference, amongst other pertinent international and national MICE events (Durban ICC, 2017).

2.6.4. Durban ICC – 2011 to 2015

Ms Julie-May Ellingson was assigned CEO in November 2011. Two significant events, namely the 123rd International Olympic Committee Session and (COP17/CMP7) 17th Conference of Parties of the United Nations Framework Convention on Climate Change were hosted over this period. COP17/CMP7 was one of the most important events hosted in the entire complex and attracted around

15 000 foreigners into Durban throughout the last two months of 2011. The successful hosting of these events emphasised the qualifications of the Durban ICC as a leading contender in global convention space. The Durban Exhibition Venue was renovated at this time with painting, modern taps fitted, rooftop restorations, modernisation ablution amenities, electrical reticulation organisation, and the light and fire systems. With the aid of the Department of International Relations and Co-operation (DIRCO) through management of COP17/CMP7, CCTV security cameras and the Wi-Fi system were upgraded to keep abreast of technology. The Durban ICC received International Standards Organization (ISO) 140001 accreditation in October 2011. This era also saw the successful hosting of the International Federation of the Deaf Conference and the Global Committee on Non-Destructive Testing Congress. The International Cost Engineering Conference followed by the 4th International Wildlife Management Congress, 13th World Congress of the International Federation of French Teachers, the Congress for Civil Registrations and the 3rd Continental Congress for the Global Society of Dermatology were successfully hosted in Durban during this time. (Durban ICC, 2017).

2.6.5. Durban ICC – 2015

By 2015, the venue had accommodated several nationwide MICE events together with the corporate, government and private sectors which sustained the centre and re-enforced its function as an essential stimulus for the city and province economy. The venue is instrumental in recognising Durban on the international conferencing atlas and a pioneer for the MICE industry growth and development in South Africa. Durban ICC's success encouraged other major cities in South Africa to construct convention centres, which has jointly propelled South Africa into being ranked 32nd on the global MICE destination choice and Africa's number one meetings destination regarding the International Convention and Conference Association (ICCA) rankings. Ms Lindiwe Rakharebe was appointed the current CEO in April 2015. The centre went on to win several additional awards including "Africa's Leading Meeting and Convention Centre" 16 out of 17 times (Durban ICC, 2017).

2.6.6. Durban ICC international accreditations

The Durban ICC remains a crucial catalyst in attracting and hosting major strategic events that contribute to the economic welfare of business tourism in Durban, KZN

as well as SA through an extremely critical responsibility in counterpoising the seasonal trend that endures in leisureliness tourism. Adding to its international benchmarks, the centre is the only venue in Africa that is certified by the International Standards Organization (ISO) for several vital accreditations which include ISO9001, ISO14001, ISO22000 and HACCP which are globally recognised excellence benchmarks concentrated with service provision, eco-friendly administration as well as nutrition wellbeing (Durban ICC, 2017).

2.7. ECONOMIC ASSESSMENT MODELS

Economic assessment studies can be conducted using various models including the export-based, input-output or a regional econometric model. A widespread method to gauge the economic assessment of a specific capital investing in a specific section is the input-output evaluation. It contracts explicitly with the insertion of an original principle investing in an area and the effect on job formation, gross domestic product (GDP), tax revenue.

2.7.1. Input-output assessment

The manner in which businesses exchange with one another and produce (the flow of goods and services) is represented as local accounting records in the input-output model. Flows are noted in a matrix with origin and destination. The input-output assessment is the standard method to calculate the ripple impact of changes in the final demand for goods and services (Surugiu, Frent, & Surugiu, 2009).

Leontief (1986) articulated the input-output evaluation as a technique to methodically calculating reciprocal interrelationships between different segments of a complicated commercial scheme. Economic assessment studies will have several necessities which comprise the adaptation of the expected exogenous adjustment hooked on a fixed routine of definitive-mandate variations; and employ multipliers resulting from a local input-output classic (Richardson, 1979).

"The academic background postulates the foundation to examine the influence of a principal investment in a precise section. It is chiefly the input-output methodology that identifies, measures and integrates all the linkages between the various sectors that exist in a provincial economy. This model may be used to forecast the consequence of several prearranged modifications (such as an investment

introduction) on a certain part of the regional economic system and the impact on the rest of the economic system (Armstrong & Taylor, 1978).

2.7.1.1. Methods of measurement and outcomes of the input-output analysis

The outcome of the analysis can measure the study by the consequences of a capital investment on occupation concentrations, GDP, tax intensities or negative societal influences. A benefit of this evaluation is the capacity provided to policymakers to predict potential consequence from evident activities and use outcomes in shaping decision making. The calculation of economic assessment can indicate over-optimistic forecasts while the multiplier effect of an evident capital expenditure can conclude the broader consequence of the different forms of spending (Frankel, Parsley & Wei, 2012).

Richardson's (1979) study explored distinctive regional econometric models which required accessibility of first-class primary data for the determination of local policy to be more accurate. The deliberation of the price of a regional system only developed in the latter years with the addition of new capital investment in an economy, but capital-exhaustive investments could have negative impacts. It has continually remained a challenge to calculate the social cost of a specific investment and hard to measure the actual effect of a capital outlay as "quality" of investing needed. Per capita income has dropped as the primary pointer of individual wellbeing as it cannot account for the non-monetary value of lifetime variables.

2.8. APPROACHES TO MEASURE ECONOMIC IMPACT

There are six approaches to measure economic impact which are discussed below.

1. The first is random technique that focuses on the evaluation of outcome of local investment on an ad hoc basis of elements like job creation. This technique differs based on the accessibility of initial facts and could leave assumptions undefended to bias and a prejudiced conclusion.
2. The second technique parallels the real progression with projected growing in the lack of any provincial strategy resultant in certain kinds of strategy influence. This technique does not ensure a consistent procedure for

calculating estimated performance and does not justify the broader impact of regional policy besides regional economic growth.

3. The third approach changes the importance from macro to micro level by concentrating on real minus projected growth of provincial strategy on cumulative provincial saving. This technique differs on the quantification of price and advantage that limits the applicability of the method.
4. The fourth method centres on the degree of efficiency of prearranged goals and accomplishment of objectives. This technique may ignore some unanticipated, yet significant effects with the possibility that a policymaker might influence this method with a less desired self-motivating agenda.
5. The fifth approach compares universal familiarities with regional policies which can distort outcomes based on diverse situations dictating different results making evaluations pointless.
6. The sixth method relates to a combination of the above five approaches. Researched, accurate primary statistics nevertheless are remnants of the keystones of this technique.

2.9. INDICATORS OF ECONOMIC ASSESSMENT EVALUATION

An economic assessment analysis recommends the methods used as a trajectory and cumulative monetary expenditures as these expenses interchange throughout the provincial economy (Tyrrell & Johnston, 2001). Financial assessment studies of explicit actions postulate vital intelligence to tourism and travel establishments since they identify estimations of explicit overall expenditure by tourists, and incomes, taxes, and employment produced in a region owing to the event. The estimates afford robust provision and explanation for tourism and regional development. Economic assessment studies are commenced to conclude economic special effects of happenings or improvement developments on revenue, capital, employ of populations from specified geographical constituency, e.g. city, country, state and country. An economic effect analysis of a precise event in a region can reveal the growth or decline in the prosperity of the local community over a period (Dwyer, Armenski, Cvelbar, Dragicevic, & Mihalic, 2000; Tyrrell & Johnston, 2006).

Evaluating economic assessment comprises three techniques: delegate spending (direct and indirect), tax incomes, and employment creation.

2.9.1. Visitor expenditures (direct, indirect and induced spending)

Delegate or visitor spending can be measured by direct, indirect and induced or "tempted" expenditure.

2.9.1.1. Direct spending

Direct spending indicates the expenditures by visitors including hotel accommodation, meals, leisure, amusement, local transport and other related spending. Direct payments convert to industrial yields that, in opportunity, are used as compensation for employee remunerations and salaries as well as for procurement of resources or service industries from other corporations, which are associated to the facilities supplied to the patrons.

2.9.1.2. Indirect spending

Indirect spending indicates the expenditure by companies that obtain currency from the direct tourist expending on merchandises and amenities, which are essential to clients, comprising investment in an innovative communication arrangement or other gear. Subsequently, companies or traders which offer the gear or service industries should procure possessions, equipment, service or skills from others. This sequence effect stimulates in the analysis area, revenue and occupation are produced indirectly.

2.9.1.3. Induced spending

The third gauge of economic assessment is "persuaded" or "induced" consequence of client expenditure. "Persuaded" or "induced" specifies, for example, added requests for subsequent assistance from the companies and workers that are impacted by increasing direct and indirect effect.

- Economic multiplier

A summation of direct, indirect, and induced consequences differed by the direct spending is articulated as the economic multiplier. The magnitude of the economic multiplier is resolute via the arrangement of the local economy. If a comparatively

superior ratio of merchandises and service industries to tourists are presented by the local economy, this economy could have a more substantial economic multiplier. Adversely, if the local economy must obtain a moderately sophisticated quantity of merchandises and service industries from external areas to the local economy, also called leakage, a lesser economic multiplier would apply to this economy.

2.9.2. Tax revenue

The second pointer of economic assessment is tax income that comprises transactions taxes and transitory occupancy tax. For example, if prevailing local transactions tax percentage is 8.25%, for respectively \$100 purchasing inside a town, the municipality obtains \$1, equal to 12.12% of transactions tax proceeds. Tax proceeds created by the Convention Centre could be anticipated by aggregate visitor expenses x 8.25% x 12.12%. Transitory tenancy tax income is projected by regular daily lodging expenditure multiplied by complete hotel room nights produced and the transitory occupancy tax by all event delegates.

2.9.3. Jobs created

The third marker is the quantity of jobs produced. An analysis by Dean Runyan Associates (2007) projected that for each \$101 in outlays by tourists in California, one job could be generated. Job creation is calculated by dividing total economic assessment by \$101.

2.10. OVERVIEW OF ECONOMIC ASSESSMENT CASE STUDIES: MICE INDUSTRY

2.10.1. Northern California Convention Venue

The result of a study on the economic assessment of the Northern California Convention Centre positioned in a primary business district in Northern California for the period January to November 2006 was compared to the 1994 results. The 1994 study outcomes were not amended by the inflation rate when paralleled to findings of the 2006 analysis. A drop-in delegate attendance condensed the economic effect of the Convention Centre delegates. Dean Runyan Associates' (2007) analysis of the effect of California tourism states that travel to this district overextended to its highest in 2000 due to innovations in information technology in

this area. Macro trends like "dot-com bust" together with the subcontracting of information technology service industries as well as terrorists' incidents in 2001 caused travel to decline in 2003. Nevertheless, total delegate spending was recorded as growing but this was due to the high prices in accommodation rates. According to Chang, Wang, Guoo, Su and Yen (2007) study, macro environmental impacts like the intimidating state of the previous economic decade justified the decrease in delegate attendance. Adding to competition for small and mid-size venues were webinars and virtual space replacing regular meetings and exhibitions. It was noted that excessive spending and significant events are attracted to more prominent convention centres with extra support services. Outcomes of the research confirmed that most economic influence originates from delegate spending on accommodation. Suggestions trailing this study was that Convention Centres need to calibrate their marketing approaches to hold added events with impact on securing more accommodation bed nights. Another recommendation based on recuperating the business ecosystem neighbouring the Convention venue to allure other delegate spend (Chang et al., 2007).

2.10.2. Dubai World Trade Venue

According to the 2015 economic impact evaluation report released by Dubai World Trade Venue (DWTC), the 104 large scale MICE events hosted at the DWTC added a total of AED 12 billion to the GDP of Dubai which is an estimated 3,1% of the GDP.

Large-scale events are defined events attracting over 2000 delegates. This study highlighted the value generated from "large-scale" events. The cross-sectoral impact as a result of delegate spending resulted in the creation of 80 400 jobs. The total economic productivity was estimated at AED 20.9 billion for the 2015 year with 57% of the delegate spend being preserved within the Dubai economy. This amount excluded business deals secured at the events or post event as well as the value of relationships built at the event. A white paper commissioned in 2015 reinforces Dubai's vision to position the destination as a regional commercial nucleus with a colossal amount to the economy. The article reflects every AED 1 spent by MICE delegates, the cross-industry benefits concerning profits and employment whole and retained. The 104 large-scale events attracted 2.6 million delegates of which

1.9 million were international delegates. This was a 30% increase in global delegate attendance from 2011 which comprised 1.3 million delegates (Dubai World Trade Centre (DWTC), 2017).

2.10.3. Kuching Malaysia Convention Venue

Nor (2016) examined the progress of inter-organisational partnerships which lay the grounding for the growth and development of Malaysia's MICE industry. According to this study, the 55th ICCA Congress which was secured by Malaysia in 2013 and held in Kuching from 13–16 November 2016 was a catalyst for the generation of new collaborations for the future development and sustainability of Malaysia's MICE industry. ICCA is the International Congress and Convention Venue Association which is a global expert in international association meetings and has around 1,000 members from over 90 countries. The association embodies the experts for the international connection segment, with exclusive statistics, announcement networks, and professional growth prospects (ICCA, 2013). The annual ICCA Congress is seen by the MICE industry as a gold standard event, just as athletes view the Olympics. The Congress created a marketing platform for Kuching to showcase its destination conference hosting skills as a marketing opportunity. Government and industry saw this Congress as an essential event to benchmark business and government partnership initiatives and return on investment. The public relations value from the Congress is invaluable and has earned Malaysia a rank as a strong contender. Kuching as a second-tier destination in Asia is one of the first few countries in this category to secure hosting of the Congress as the 2015 Congress was in Buenos Aires (Argentina) with Antalya (Turkey) hosting 2014, and Shanghai (China) hosting 2013.

As a global advocate for the MICE industry, this event provided its host nation with opportunities to host the event and leverage the event to deliver long-term legacies. Chalip (2004) defined event leveraging as strategies and tactics that can be implemented before or during an event to generate particular outcomes. According to Fyall (2011), destinations gain a competitive edge by collaborating with industry partners to offer an efficient and integrated marketing mix and service execution. Destination management organisations (DMOs) have to form strategic partnerships

with other role players to create a seamless experience for delegates, and this requires tactical collaboration.

Gary, Akimoto and Wiske's (1989) study emphasised that collaboration is considered a prerequisite for destinations to deal with intense competition and environmental challenges. Collaboration through shared visions is when stakeholders recognise the potential advantages of working together through interactions with each other. Nors and Hoekstra's (2016) study postulated that the ICCA Congress managed to bring along an efficient network of MICE stakeholders to cultivate collaboration and integrate different purposes in a comprehensive strategy which would also incorporate future events. The study involved 19 in-depth interviews with executives from 12 Malaysian organisations that were included in the preparations for the event. The outcomes suggested that organisational collaborations enhanced government advocacy initiatives, provided educational advantages through environmental, community and industry awareness and established local committee engagement and propelled second-tier cities' advocacy programmes (Nors & Hoekstra, 2016).

2.10.4. Abu Dhabi

Abu Dhabi planned government action assisted with leveraging off the benefits of sectors like oil, gas and the services sector, including tourism. Variation and innovation were seen to be the vital driver of growth with changes in one industry generating changes in other areas. The study by Giampiccoli and Mtapuri (2015) proposed variation and change influenced by the economic, social, or institutional ecosystem and by the government, public and private partnerships. The paper highlighted that these aspects were inter-connected with a cyclical relationship (Giampiccoli & Mtapuri, 2015).

2.10.5. Cape Town International Convention Venue

The Cape Town International Convention Venue Company SOC Ltd (Convenco) owns and manages the Cape Town International Convention Centre (CTICC). The CTICC is made up of one operating venue called CTICC West and has a current extension in progress (CTICC East) which will increase the venue space by 10 000m² and a further 3000m² of open space. According to the CTICC Integrated

Annual Report (2016), sectors like technology, tourism and mineral resources are core opportunities to leverage with African associates for broader world African opportunities. The CTICC achieved R209 million in revenue and noted a R12 million increase compared to the previous year. The CTICC reported growth in profit of R67 million from R60 million, EBITDA at R57 million from R52 million with net after-tax profit of R47 million with a R5 million growth from R42 million. A total of 39 international conferences generated an economic contribution of R3.5 billion to South Africa's GDP and R3.0 billion to Western Cape's GGP. According to the 2016 annual report, around 3 233 direct jobs were created in the Western Cape as a result of events hosted at the CTICC and over 4 525 indirect employment opportunities were created and sustained across South Africa (CTICC, 2016).

2.11. SOUTH AFRICA'S CURRENT ECONOMY AND POSITION IN GLOBAL BUSINESS TOURISM

2.11.1. South African economy

According to Stats SA (2017), the global economy is now in its 6th year of stagnation, and early growth prospects for 2017 appeared to follow this trend due to anticipated weak growth in investment and labour supply. Moreover, the other contributory factors relate to the political, policy and economic uncertainties around the world. Global economic growth was expected to grow to 3.4% in 2017 before recovering to 3.6% in 2018. South Africa will remain weak to worldwide economic instability and brisk principal drainages. While universal financial disadvantage compositions a substantial position in South Africa's economic progression functioning, local restrictions counter in the approach of investing, productivity and exchange. A turnaround of these dismal unemployment statistics will require sophisticated cost-effective growing and improved private-sector investment. Despite the many national challenges, the country has made significant progress in pursuing economic reforms – these include an unchanging macroeconomic atmosphere, industrialised economic marketplaces and a tactical situation to deliver a steady dais for greater progression (Stats SA, 2017).

South Africa dropped 14 positions in the global rankings to number 61 out of 138 economies. The economy ranks considerably lower on the Inclusive Development Index (IDI) than similar countries with lower GDP per capita. Over the last decade,

South Africa's economic growth has not converted well into social inclusion with a persistently low global demand for SA commodities, the unemployment rate has increased to over 25% and GDP is practically at a standstill for 2017 and 2018 (WEF, 2017).

2.11.2. KwaZulu-Natal economy

Of the nine powerhouses in SA, Gauteng, KwaZulu-Natal and Western Cape collectively contribute a substantial slice to the nation's value-added, stated at over 60% (Stats SA, 2017). KwaZulu-Natal has a robust role in South Africa's manufacturing and agriculture industry; however, half the populace survives in disadvantaged former "homeland" regions, likened to the national average of 30%. These areas have low employment prospects and extensive infrastructure bottlenecks. As a consequence, while the province reflects national economic growth, it halts in employment concentrations, wages, domestic incomes and municipal services.

KwaZulu-Natal accounted for 20% of SA's population in 2014/2015 with a population of 10.9 million residents, but contributed only 16% to the GDP. According to the latest available data, in 2014 the real economy, with agriculture (3%), mining (2%), manufacturing (16%) and construction (4%) in KZN made up 25% of KwaZulu-Natal's output. An integrated approach must be adopted to remove existing constraints to economic growth, mainly inequalities and high rates of unemployment that are still prevalent. "Developing a more inclusive growth dynamic by providing people with the requisite skills, knowledge, access to markets and resources, as well as other opportunities to participate meaningfully in the economy, will unlock the dynamism of an inclusive economy and enable us to reach our true potential as people and as the Province of KwaZulu-Natal" (KwaZulu-Natal Tourism Authority, 2015).

Improvement and development are slow because of poor performance in the tourism value chain-related sectors. The regional and economic development potential for business tourism can construct educational and economic panoramas for South Africa ns. The teamwork of civil associations, private, public sectors and government is vital to collaborate and invest in capacity-building within South Africa to compete effectively in global tourism (Snyman, 2013).

2.11.3. eThekwini Durban economic contribution

The eThekwini region is a fundamental linkage amongst the local economies and positions as the subsequent leading commercial centre with the greatest significant manufacturing expanse in South Africa and is a promising inclusive contender with a first-class industrialised segment. Notwithstanding frequent downgrades of global and national growth forecasts, the eThekwini region posted a 1.9% GDP growth of roughly R281.7 billion in 2015. There was an encouraging growth in all sectors, with the top performing sectors being finance, community services, manufacturing, trade and transport (eThekwini Municipal Budget, 2017–2018).

Cities recognise the potential of operating in a new global, political and economic business landscape and are no longer seeking shelter under the financial wings of national economies and policies. They are accruing taxing and spending power – responsibilities monopolised by national governments in the past and putting themselves into competition with other cities, even those in other countries as well. Competing with products and services, they market themselves to attract and capture the foreign capital. To do this requires a new way of managing the business fundamentals of running a city; the right information (in the guise of accurate and timely data) is the pre-condition for controlling the increasingly complex municipal system. Information also becomes a crucial tool for citizen participation in civic affairs for transparency and full accountability in the conduct of a municipality's operation (Castles, Miller & Salaff, 1999).

The South African Economic Growth and Employment Creation Policy 2013–2018 implemented by the City's Executive Council in October 2013 charts a progression picture for the next two decades of an all-encompassing outline for the initial five years. The determination is to ground a collection of rudiments to push the progression in the forthcoming periods over the next 20 years. Additionally, it comprises endorsing Durban as a centre for commerce between the world and the continent of Africa. It will entail positioning the image and destination of the city from a tourism marketing viewpoint (eThekwini Municipality, 2012–2017).

The eThekwini region is KwaZulu-Natal's commercial dynamo which also makes a substantial impact on SA's economy. Durban houses Africa's initial multimodal logistics dais and universal commuter airport, Africa's active harbour, and a

worldwide conferencing, sporting and tourist destination. EThekwini turned out to be the first city to start an Economic Growth Department and introduced the Best Practice City Commission (BPCC), which directed the formation of the Durban Investment Promotion Agency (DIPA), the foremost of its kind in the country. EThekwini was comparatively ahead of the national discussion when it appointed a Monitoring Group to perform a problem-solving exploration of the local economy. They recognised an economy that was in trouble and recommended numerous intermediations. The unlocking of the Point area that had, for many years, remained abandoned and under-developed was a significant confidence advocate, and the city also took a courageous step in becoming the first city in South Africa to develop an International Convention Venue (ICC). The Inner EThekwini Renewal and Urban Management Initiative (iTRUMP) was introduced during this stage due to the flight of business from the CBD and a general degeneration in urban management (EDGE, 2014).

2.12. GLOBAL AND NATIONAL TRENDS: BUSINESS TOURISM

Over the last few years, business tourism has faced unrelenting growth and modification to develop into unique, key and fastest emerging lucrative sectors in the sphere with innovative destinations emerging to compete with the traditional favourites, Europe and North America. This industry is spiralling into a fundamental driver of socio-economic progress with the creation of jobs and companies, business trade exchange, and infrastructure enhancement as more destinations worldwide have seen the positives of the business tourism trajectory.

Following significant, groundbreaking research in 2017 undertaken by the United Nations World Tourism Organization (UNWTO), it has been shown that tourism has boasted almost continuous progress throughout time, despite erratic jolts, authenticating the segment's pursuit and potency. International tourist influxes have improved from 25 million internationally in 1950 to an enormous 278 million in 1980, intensifying to a massive 674 million in 2000, and 1 235 million in 2016. As a global trade category, tourism positions third behind chemicals and fuels and upfront of automotive products and food. In many emerging economies, tourism is topmost in the export classification (UNWTO, 2017).

2.13. CLASSIFICATION OF EVENTS BY SIZE

On reviewing traditional definitions of mega-events, Müller (2015) suggested a contemporary interpretation based on cost or visitor numbers; actual sizes of current mega-events (potential to be more significant if host destination targets based on economic agenda); tourist desirability and negotiated reach. It is essential to differentiate between substantial functions, “mega-events” and recent “giga-events” which is a new phenomenon for events like the Olympic Games in Beijing in 2008, hosted in London in 2012 and the World Cup hosted in 2014. Translucence on costs, benefits, and outcomes shape urban transformation for the future.

2.14. ICCA GLOBAL RANKING

ICCA is the International Congress and Convention Association which was established around 50 years ago and comprises around 1 000 members in almost 100 countries. ICCA is a global community of all suppliers in the meetings, incentives, conventions and events value chain which includes convention venues, transportation, accommodation and focuses on the global association events segments, providing statistics and professional growth prospects. The association offers a network to connect international event organisers with suppliers (ICCA, 2017).

"ICCA is known as the International Congress and Convention Association and is the worldwide society for the global association conventions activity and was created in 1963 at a stage when the conferences business started to magnify speedily. Currently, it has around 1 000 members in over 100 countries" (ICCA, 2017).

2.14.1. ICCA global city and country ranking by number of events hosted

According to the ICCA Statistics Country and City Rankings Report (ICCA, 2016), a total of 12 212 rotational global association meetings taking place and 136 added meetings paralleled to 2015. This was a superfluous period of interminable accomplishment for the sector as ICCA classifies second quantity of association events in a decade: with around 6 000 conferences and meetings hosted in 2006 to critical 12 000 meetings organised in 2016. Table 2.1 below reflects rankings of all countries in the world based on the number of sessions hosted.

Table 2.1: ICCA global rankings country/city based on international events hosted

Ranking	Top five cities ranked by number of meetings hosted	Number of meetings hosted in 2016	Ranking	Top five countries ranked by number of meetings hosted	Number of meetings hosted in 2016
1	Paris	196	1	USA	934
2	Vienna	186	2	Germany	689
3	Barcelona	181	3	United Kingdom	582
4	Berlin	176	4	France	545
5	London	153	5	Spain	533
39	Cape Town	62	34	South Africa	125
160	Durban	16	34	South Africa	125
186	Johannesburg	14	34	South Africa	125
216	Stellenbosch	12	34	South Africa	125
	Kruger	5	34	South Africa	125
	Tshwane	7	34	South Africa	125

Source: Adapted from ICCA Statistics Country & City Rankings Report, 2016, p. 6.

According to Table 2.1, South Africa as a MICE destination ranked number 34 in the world concerning the number of international events hosted in 2016 per country. South Africa hosted a total of 125 meetings. The USA led with a number one ranking with a total of 934 events hosted followed by Germany in second place with 689 events hosted. From a city ranking perspective, Paris dominated with the first position for hosting 196 events followed by Vienna with 186 events. Durban ranked number 160 in this category with 16 events hosted, and Cape Town ranked number 39 with a total of 62 events hosted.

2.14.2. ICCA global country ranking number of delegates and events hosted

Table 2.2 gives a quick overview of the ranking by the number of delegate visitor days generated for each destination.

Table 2.2: ICCA global rankings based on international delegate attendance

Ranking	Top countries based on estimated total number of delegates per country	Number of delegates in 2016	Ranking	Top five countries ranked by number of meetings hosted	Number of meetings hosted in 2016
1	Unites States of America	401.332	1	USA	934
2	Germany	280.108	2	Germany	689
3	United Kingdom	228.642	3	United Kingdom	582
4	Italy	219.041	4	France	545
5	Spain	217.724	5	Spain	533
6	Japan	205.537	6	Italy	468
7	France	176.660	7	China	410
8	China	167.114	7	Japan	410
9	Republic of Korea	160.681	9	Netherlands	368
10	Netherlands	156.039	10	Canada/Portugal	287

Source: Adapted from ICCA Statistics Country & City Rankings Report, 2016, p. 6.18.

Table 2.2 reflects the total number of international attendees determined by reproducing total events in a precise terminus with the common volume of delegates attending each event in that destination. ICCA uses the formulation to enable sessions wherever no precise statistics have been identified in the projected aggregate (ICCA, 2016). South Africa is ranked number 23 based on an estimated 70.7 million delegate attendance and 34th regarding the number of ICCA qualified events hosted with 125 throughout South Africa. This is averaging 565 international delegate attendance per event hosted in 2016. The USA is ranked number one for both number of events and delegate numbers with 934 events attracting over 401 million international delegate visitors.

2.14.3. ICCA Africa city and country ranking by number of meetings hosted

Table 2.3 reflects rankings for the countries and cities in the African continent that compete for MICE events on a global platform.

Table 2.3: ICCA global rankings based on country and city in Africa

Ranking	Country	Number of meetings hosted in 2016	Ranking	City	Number of meetings hosted in 2016
1	South Africa	125	1	Cape Town	62
2	Morocco	37	2	Marrakech	19
3	Egypt	18	3	Kigali	18
3	Kenya	18	4	Durban	16
3	Rwanda	18	5	Johannesburg	14
6	Ghana	13	6	Nairobi	13
7	Ethiopia	12	7	Addis Ababa	12
8	Nigeria	11	7	Stellenbosch	12
9	Tanzania	10	9	Accra	11
9	Uganda	10	10	Cairo	10
11	Tunisia	8	10	Kampala	10
12	Algeria	7	12	Tshwane, Pretoria	7
12	Botswana	7	13	Abidjan	6
12	Ivory Coast	7	13	Dakar	6
12	Senegal	7	15	Abuja	5
12	Zimbabwe	7	15	Dar-Est-Salaam	5
17	Mauritius	6	15	Kruger National Park	5
18	Cameroon	5	15	Tunis	5
	Others	36	Others	124	Others
	Totals	362		Totals	365

Source: Adapted from ICCA Statistics Country & City Rankings Report, 2016, p. 6.18.

According to Table 2.3, from an African continent perspective, South Africa ranked number one with a total of 125 international events hosted in 2016. Morocco followed in second place with a total of 37 events supported by strong contenders Egypt and Kenya. Cape Town ranked number one from a city perspective with a total of 62 international events, followed by Marrakech in the second position with 19 events hosted and intense competition in Kigali in third place with 18 international

events hosted in 2016. Durban ranked number four in Africa with a total of 16 events followed by Gauteng with 14 events hosted.

2.15. CHAPTER SUMMARY

The review of literature in all the thematic areas associated with the research questions was evaluated in this chapter. Further, the chapter provided the definitions of the critical terminology and explored the theories in the respective fields that support and explain the factors associated with the research problem. Overall, it is evident from this review that business tourism and convention centres play an integral part in regional development and tourism as a sector on a global scale. In reviewing the pros and cons of the MICE industry, it is clear that this industry generates extensive prospects for a town's or nation's economy. The past few decades have seen significant growth of the business tourism industry, especially in the developed countries and more recently, developing countries are starting to claim their share of this lucrative market at new and exciting destinations. South Africa is referred to as an emerging market. In the early 1990s, the City of Durban advocated funding the Durban ICC as this was an economic policy which would bring a return in the future. The management company I.C.C runs the Durban ICC (including Durban Exhibition Centre and Arena). The Durban ICC is (Pty) Ltd and is completely possessed by EThekweni Municipality. In Chapter 3 the research design, methods used as a basis to develop data collection as well as the quantitative data collection instrument are explored.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. INTRODUCTION

3.1.1. Need for the study, research aims, objectives

This chapter introduces the research method used for collection and analysis of secondary data to achieve the objectives of the study. The chapter explains the reason for the use of the quantitative technique and subsequent data collection method and economic assessment methods used by the agencies appointed to conduct economic impact assessments for the Durban ICC. It also explores the multipliers used in the calculation of economic impact assessments.

All business organisations are a part of the business tourism ecosystem within which they operate and cannot function in isolation because there are many factors that closely or distantly surround the business. The Durban ICC targets and attracts the business tourism sector which is also known as the meetings, incentives, conferences and exhibitions (MICE) industry nationally and internationally to impact the economy of South Africa and KwaZulu-Natal positively. Hence it is part of the business tourism industry which includes hotels, airlines, tour operators, transport, shopping, conference organisers, universities, associations and government agencies involved with marketing and destination management. Anecdotal evidence suggests that the South African business tourism industry lacks synergy. The increased competition between the various stakeholders locally and the absence of a comprehensive business tourism strategy results in a loss of market share for the destination and slow economic development. An adding factor of the limited business tourism skilled staff, industry awareness, communication and diminishing pipeline of graduates leaves the sustainability of this lucrative industry for KZN questionable.

This study made use of the quantitative method to evaluate Durban ICC's economic impact on the economy of South African for the period 2007 to 2017. The Durban ICC Annual reports are published on the website. These reports were reviewed to evaluate the economic impact to South Africa's GDP, contribution to KwaZulu-

Natal's GGP, contribution to indirect household income, net foreign exchange earnings, tax revenue generated, total delegate and visitor days and jobs created (direct and indirect). An 11-year period was evaluated while bearing in mind multiplier effects, the proportion of exchange earnings, and replacement influence. The data which was analysed and results reviewed to identify trends and opportunities emerging, are also presented in this chapter.

3.2. RESEARCH DESIGN AND METHODS

Clarke (2005) explained that research looks beyond personal opinion and feelings about a happening; exploring other information sources to delve deeper into the issue and add a solution to the problem. According to Kothari (2004), research is both an art and a scientific investigation as well as a move from not knowing to knowing. Slesinger and Stephenson (1930) referred to research as a use of things, notions or characters to generalise, to cover, appropriate or authenticate data, providing additional features of investigating as an instrument that supports as a provider to prevailing information. Collis and Hussey (2003) added a vital element by including ethical considerations to research in addition to research being systematic and methodical.

Research is defined as a managed, systematic, data-based, vital goal into a specific problem, undertaken with the intent of finding a solution to the problem (Sekaran & Bougie, 2013). Kumar (2011) expanded on this by dividing research into two syllables, re and search. He emphasised that the prefix re means anew and search means examining closely or to test, try or probe. This essentially means that the researcher investigates to find where there is a gap in information and after that seeks to find a solution to fill the gap. To ascertain the difference and to find solutions, different research techniques have developed. There are ultimately three broad techniques for research: the qualitative approach, the quantitative approach and a mixed methods approach. Each method is described briefly below.

Quantitative research encompasses a collection of data in the form of numbers and figures rather than words (Sekaran & Bougie, 2013). Research is therefore focused on measurements and can entail large sample sizes. Responses can quickly be analysed for conclusions made from there (Kumar, 2011). As with qualitative research, there are also various sub-approaches that can be embarked upon to

perform quantitative analysis. The analysis, however, is much more objective as it focuses on the results that the numbers present rather than on a description of the themes.

Mixed methods research encompasses both qualitative analysis and quantitative analysis during a single study (Flick, 2011). In some studies, a dominant model is selected and investigation performed using that model which after that is supported by the secondary model. Other studies show both types of analysis on equal footing and compare and contrast findings to get a deeper insight into the research. Lastly, each objective defined in the study could be more suited to a type of research, and therefore such research would use a qualitative approach to achieve some goals and a quantitative approach for others.

3.3. RESEARCH METHOD USED IN THIS STUDY

The goal of the study was to determine the impact of the Durban ICC on the economy over the 11-year period of 2007 to 2017. Due to the nature of this study, a quantitative method of research was used. Quantitative analysis frequently develops the legitimacy of research mechanisms which uses customary arithmetic and scientific approaches for calculating outcomes decisively (Winter, 2000). Benefits of this method are explored below.

Condense considerable data – Easier to attain statistic and facts from the Durban ICC's automated references and to examine significant contributions to the economy from published annual reports. This study summarises a significant amount of information during the period 2007–2017 as well as facilitates useful comparisons across the data. Each annual report ranged from between 40–180 pages.

Greater accuracy – Information drawn from the Durban ICC yearly reports are reliable because separate external specialist organisations conducted annual economic assessment analysis for the period under examination. Strategic Economic Solutions conducted the annual assessments for 2007–2014, and Grant Thornton has undertaken yearly estimates for the 2015–2017 period. The figures are audited by the eThekweni Municipality internal audit and the office of the auditor general. The Board and CEO sign annual reports before being published.

Time and expense saving – Durban ICC offers comprehensive annual reports for users to access financial information and other disclosures like reviewed financial statements are available at no additional cost. It provides outstanding accessibility, or the investigator would have to access information from the Registrar of Companies (ROC) which is expensive.

3.4. COLLECTION OF DATA

Collection of data is a vital procedure in research and it incorporates both primary and secondary data collection techniques (Chiu, Ramli, Yusof & Ting, 2015). Referring sources like online articles, books, journals are a quick way to collect secondary data. In order to do an additional proficient examination of the research, primary data collection techniques assist the researcher to collect new information linked to the research topic (Khan Academy, 2011). An objective, organised process to evaluate the relationship between variables and translate data into digits for statistical evaluation is called the quantitative research method.

This study used the secondary data foundations to investigate the study topic. Using secondary data collection techniques, the researcher was able to collect related information from Annual Financial Reports on their website. This study referred to secondary mediums such as journal articles, books, annual reports and websites to obtain all-inclusive data which is also referred to as “past data” and is commonly available via previous researchers, government archives, and numerous cyber and offline resources. Quantitative information is also collected through case studies, surveys, consultations. The Durban ICC has conducted the primary research by appointing independent economic assessment agencies to obtain fundamental data for each year of the period 2007 to 2017. The secondary study commenced for this account and analysed vital global information on business tourism and the MICE industry, Durban ICC annual reports, economic assessment models adopted by their appointed agencies and relevant literature to analyse economic evaluation.

An annual impact assessment analysis commissioned by the Durban ICC resulted from extensive research into the events hosted each year at the Durban ICC. These assessments are conducted by two reputable and knowledgeable organisations – Strategic Economic Solutions for the period 2007–2014 and Grant Thornton for the

time 2015–2017. The primary findings of the study are included in the Durban ICC Annual reports which are published on their website and available on the public domain. In addition, analyses were reviewed from the International Congress and Convention Association (ICCA), Association for International Professional Convention Venues (AIPC), United Nations World Tourism Business (UNWTO) and the South African National Development Plan 2030 (SA NDP). Annual reports for Cape Town Convention Centre (CTICC), South African Tourism (SAT), Tourism Investment KZN (TIKZN), KwaZulu-Natal Socio-Economic 2015–2016 were also reviewed.

3.5. ANALYSIS OF DATA

3.5.1. Descriptive statistics analysis

Annual reports from the Durban ICC (2007–2017) were collated and examined for the 11-year period. Each of the annual reports ranged from between 40–180 pages. Based on the volume of data for the period under review, descriptive statistics were used to repurpose the quantitative insights across the extensive data set into the dashboard descriptions using Microsoft Excel to table the data. The data that was analysed is presented in this dissertation by using graphs and tables generated from the Mac statistical analysis program "Numbers", and descriptive statistics are used to discuss the data. Relevant data was summarised into measures of central tendency, variability, frequency and position for the following indicators:

- Contribution to SA's GDP;
- Contribution to KZN's GGP;
- Contribution to indirect household income;
- Net foreign exchange earnings;
- Tax revenue generated;
- Total delegate and visitor days; and
- Jobs created (direct and indirect).

The data analysis was used to identify trends and patterns that have evolved over the period under review.

3.5.2. GDP and GGP analysis

The GDP has been defined as the aggregate worth of entirely finishing commodities and service industries manufactured in the nation and is a vital quota of the profitable worth of living of all individuals in the country (Stats SA, 2017). According to the analysis, it is an essential, comprehensive quota of the economic weight of the venue's activities. The contribution to GDP over the 11 years signifies the arrangement of the influence to GDP and GGP in minimal prices. The rate of inflation is essential to identify if a rise in the gross domestic product is due largely as a result of a surge in the overall level of prices or an increase in quantities of goods produced (Khan Academy, 2017).

3.5.3. Real GDP calculations

Nominal value will change owing to alterations in quantity and price is calculated exclusive of modification to eliminate the effects of inflation which is in contrast to actuality. Actual costs gauge the buying influence disposable of any rate fluctuations throughout a period. Real GDP excuses effects of inflation and deflation. The money-value quota and nominal GDP are altered by an indicator as magnitude for the entire production. The South African inflation calculator at www.inflationcalc.co.za was used to calculate the real GDP contributions of the Durban ICC and the Durban ICC historical nominal contributions with inflation-adjusted. This inflation calculator was created by Renier Crause using the consumer price index (CPI) inflation data provided by Statistics SA from January 1960 to September 2017 (South African Inflation Calculator, 2017).

3.5.4. Calculating real GDP using the GDP deflator

Inflation changes annually making it difficult to track a country's productivity level of output over time and to determine if the change is due to a real difference in productivity or fluctuations in price outputs. Hence, GDP has to be adjusted to account for the cost of inflation to accurately compare a country's GDP from year to year.

The effects of inflation are cancelled out with the GDP by converting nominal GDP (with the impact of increase) into real GDP (without the impact of inflation). Nominal GDP is divided by the GDP deflator to get real GDP. The GDP deflator, like the CPI

is an amount price inflation or deflation with regard to a precise base year and is comparable to the CPI, and the GDP deflator of the base year is equivalent to 100. However, the GDP deflator does not base calculations on a set basket of goods and is allowed to change annually with the public's utilisation and investing configurations. However, the GDP deflator and the CPI have similar trends (Trading Economics, 2017).

3.5.5. Trend analysis

A trend analysis allows business to forecast for the future founded on past information on the functioning of complete tendencies of the marketplace and appropriate pointers inside the marketplace. The following data were further evaluated using the Mac statistical analysis program "Numbers" to identify patterns and trends emerging:

- National and international events hosted;
- The duration (number of days) of each event;
- Conference and exhibition delegate;
- The event type (conference/exhibition); and
- The market segment for each event (government/corporate/association/private).

3.6. RELIABILITY AND VALIDITY OF STATISTICS OF ANNUAL REPORTS USED

3.6.1. Approaches and models used for the Durban ICC economic assessment

Insofar as validity and reliability may reveal different strands which are accuracy and replicability respectively in quantitative inquiry, they are viewed differently by qualitative researchers who may find them inadequate for a qualitative paradigm (Golafshani, 2003). Reliability in quantitative enquiry refers to whether the rankings of items on a list are consistent over time (Creswell, 2014). The congruence between the two concepts of reliability and validity was agreed upon by Patton who stated that reliability is a consequence of validity (Patton, 2002). Lincoln and Guba (1985) stated: Validity and reliability are interconnected so one cannot be in existence without the other (Lincoln & Guba, 1985).

As the Durban ICC does not possess the necessary skills in-house to ensure an unbiased calculation of the economic assessment which it has generated over the fiscal years, the company utilised the services of independent economic analysis firms (Durban ICC, 2017). The company that provided this service annually for the eight-year period from 2007 to 2014 was Strategic Economic Solutions (Stratecon). Grant Thornton was appointed to generate the economic assessment report for the three-year period from 2015 to 2017. The Durban ICC fiscal year starts 1 July and ends 30 June per fiscal year. In this study, all indications for years are assumed to indicate budgetary years. For example, the fiscal year 2014 is applicable for the financial year starting 1 July 2013 and ending 30 June 2014.

These economic analysis firms used primary data from the Durban ICC together with further interviews and surveys with event managers and delegates of events hosted during each fiscal year. This information was processed using their algorithms and economic tables to calculate the contribution to GDP, the number of delegate days generated, the number of jobs created and various other macroeconomic benefits for the destination and presented in nominal figures by the Durban ICC. Factors such as the number of delegates who attended the event from the city and province, the number from outside the region and those from other countries were considered. The economic tables assign a value of money spent and the number of days spent in the city for each group, depending on the market segment of each event and the event type.

The Durban ICC as an eThekweni asset is audited by the internal audit procedure of the municipality. There is a second audit by the office of the Auditor General. Economic assessment reports and Annual Financial Reports are authorised by the Durban ICC CEO, chief financial officer and the Board before being published. The Durban ICC has received a clean audit for the last few years (Durban ICC, 2017).

3.6.1.1. Approach and methodology used by Stratecon, 2006 to 2014

According to the economic assessment studies steered by Stratecon for the period 2007–2014, although there is a comparatively high quantity of distinctive categories of economic consequences, two most central focus areas were input to GDP and creation of jobs (Durban ICC, 2014). Rises in GDP are tantamount to improvement in people's living standards with a better quality of life. Increased GDP is

experienced though increased job creation, better quality of life, and decline in poverty which enhance the overall macroeconomic factors of why the Durban ICC was built.

Stratecon considered factors that enhance the overall economic effect of the Durban ICC (2014):

- Capital spending by the Durban ICC which included the procuring of kitchen, office and IT equipment, as well as the building of the arena and retrofitting several parts of the centre.
- Revenues generated from conference and exhibition managers' activities and exhibitor food and hotel.
- Delegate and exhibitor spending on hotels, food, souvenirs, travel, tours.
- Induced tourism, which refers to conference attendees returning as leisure tourists and who are expected to be frequent visitors to Durban and South Africa. This contributes to a long-lasting and ongoing enhancement of tourism and induced tourism.
- Adding to the analysis are the worldwide representatives who could have conferenced elsewhere in SA but not have revisited as leisure tourists. However, as a result of the conference being hosted in Durban, there is a possibility that the real tourist may revisit with accompanying persons even though the conference was displaced from another destination in SA.

Stratecon's analysis for the period under review considered multiplier, induced tourism displacement consequences as presented next.

(a) Induced tourism

The impact of induced tourism was included in the analysis as it makes a significant contribution to the economy. The Durban ICC supplements the local and national economies by appealing to and enticing international representatives and visitors to the city with envoys and tourists frequenting Durban as vacationers in the forthcoming years as reappearance tourists. This is referred to as induced tourism which is a sequential objective of the Durban ICC in magnetising intercontinental representatives in previous years. Induced tourism is unobtrusive in the reports of

stimulated tourism from foreign attendees prior to the period 1997–2007 as this could not be captured in the analysis due to unavailable data because of a change of computer system (Durban ICC, 2014). As numbers of visitors returning to South Africa increase on a regular basis, it is anticipated that induced tourism would have a growing impact on total worldwide visitors and spending as well.

(b) Multiplier effect

Durban ICC (2014) highlighted that analysing the economic assessment of Durban ICC necessitated a thorough and multifaceted approach due to the multiplier outcomes. The unassuming responsibility of spending by, for example, preparing a dinner for 10 000 delegates, primes added economic consequences. In this instance, demand for raw ingredients and processed ingredients is required like fruit, vegetables, flour, milk, cream, rolls, cheese. Flour for example can stimulate increased production in the wheat industries due to demand. More significant requirements for wheat and milk, in turn, tips increased demand for farming production with usages like grain, water, machinery and electricity stimulating demand in those industries. Table 3.1 reflects the multiplier used for the 2007 economic impact assessments.

Table 3.1: Multiplier used for tourism impact

SA tourism multiplier used	SA 2007	KZN 2007
GDP/Income multiplier	4.0	4.0
Employment jobs per R1 million expenditure	10.00	10.00

Source: Adapted from Durban ICC Economic Assessment Report, 2007.

As this development progresses, each industry will employ more labour and pay remuneration based on the available skills and demand for those skills. Employees will expand their earnings and produce an additional tendency effect across the economy. Specialised industries will require specialised skills and will need to bid and pay more for specialised labour. Needs and wants are controlled by spending capacity so each individual will have unique patterns and the amendment in whole spending patterns is reliant on the affected industries which have taken into account this interconnected economic dynamism.

(c) Displacement special effects

Some of the congresses and exhibitions are new business to KZN and SA. MICE events are enticed by the Durban ICC due to the destination's unique selling points which appeals to the relevant conference and this displaces business from other provinces in SA which is known as dislocation outcomes. This report has taken cognisance and made allowance for displacement consequences. Therefore, the economic forces conveyed in the Stratecon Durban ICC economic assessment reports were for approximations of original commercial business and made stipend for social dislodgment consequences which was moved away from the competing business. In the isolated occurrences where this impacted KZN, dislodgment special effects were concerted and conveyed in the effect of the Durban ICC on KZN's GGP in the province as this concerned job creation in the regional economic assessment and not nationwide impact (Durban ICC Economic Report, 2014).

3.6.1.2. Approach and methodology used by Grant Thornton, 2015 to 2017

The Durban ICC appointed Grant Thornton to conduct annual economic assessments of the Durban ICC for the 2014/15, 2015/16 and 2016/17 financial years, which as stated before is classified by the Durban ICC from 1 July to 30 June each year. Grant Thornton considered the following factors that enhance the overall economic effect of the Durban ICC (Durban ICC Economic Impact Report, 2016/2017, pp. 7-8):

- Grant Thornton obtained, reviewed and analysed the detailed list of conferences and events that were hosted for the periods under review. The Durban ICC provided Grant Thornton with a detailed breakdown of the class of event (i.e. international or national); market segment (i.e. association, corporate, government or private); event type (i.e. concerts / shows / public events / religious / sport; conferences; exhibitions / trade show / trade fairs; functions / breakfasts / lunches / banquets; and meetings / seminars / roadshows / workshops / film shoots); start and end dates; actual attendance (based on figures provided to them by the various event managers); and actual revenue which accrued to the Durban ICC for each event.

- Grant Thornton worked with the Durban ICC to analyse the detailed event list to make corrections to certain data entries where they were of the opinion that the data was inaccurate, for example with industry award functions where the events list indicated a duration of two days but past knowledge of the event reflects that it had taken place over one day.
- They assessed where certain events should be excluded from the total delegate day calculations to avoid double counting.
- They obtained, reviewed and analysed the Durban ICC's draft financial statements for 2014/15, 2015/16 and 2016/17 to inform the assumptions of gross revenue, labour remuneration and capital and operational expenditure in the economic assessment model.
- They obtained data from the Durban ICC on the total wage bill and number of people directly employed by the ICC.
- They obtained, reviewed and analysed delegate surveys undertaken by Tourism KZN at the Durban ICC in 2014/15, 2015/16 and 2016/17 to inform the assumptions of the origin of delegates and delegate spend.
- They obtained, reviewed and analysed surveys conducted on all types of visitors and business tourists specifically to Durban between 2014/15, 2015/16 and 2016/17 to inform the assumptions of delegate spend.
- They obtained, reviewed and analysed the latest South African Tourism ("SAT") annual reports to inform the assumptions of delegate spend.
- They conducted a sample survey of event and function managers, and professional conference managers ("PCOs") via telephonic interviews to obtain information on total attendance per event, origin of delegates, average length of stay in Durban, and manager expenditure on the event.
- They developed an economic assessment model based on the research and analysis mentioned above to approximate the economic effect of the Durban ICC for the applicable fiscal years from 2014 to 2017.

a) Multipliers

The determination of the overall economic benefit of the Durban ICC required reference to the income multiplier which states the connection among original spend and conversions in aggregate local revenue. Direct demand refers to the primary round of spending, unplanned requirement to the additional and consequent series of spending, while induced demand reveals customers' spending of remunerations resulting from the several series of spending comprising a specific economic activity. For example, delegate spending at the ICC (direct) results in the expenditure by the Durban ICC on food (indirect), and expenditure by the Durban ICC's employees in local shops (induced). Hence, the magnitude of a multiplier is contingent and based on the nature of the regional KZN economy. Typically, the more superior and diverse the economy of an area, the more connections there will be between industry firms in the area resulting in a higher multiplier. Grant Thornton used multipliers from the economic consultancy Quantec for this economic assessment and these are shown in Table 3.2.

Table 3.2: Multiplier used for tourism impact

SA tourism multiplier used	SA 2011	KZN 2011
GDP/Income multiplier	2.04	1.98
Employment jobs per R1 million expenditure	5.95	5.83

Source: Adapted from Durban ICC Economic Assessment Report 2015.

Table 3.2 reflects the multiplier set for tourism impact by South Africa Tourism which means that for every R1 of expenditure, an added R1.04 and 98 cents of extra income will be generated in the SA and KZN economies correspondingly. In the case of employment, Grant Thornton estimated that in 2011 for example, for every R1 million of direct expenditure in SA, around 5.95 annual employment opportunities are created/sustained in the country and 5.83 jobs in KZN.

As previously mentioned, the Durban ICC appointed external economic specialist consultants to conduct their economic assessment on an annual basis. Two separate specialist organisations were selected to perform their financial yearly assessment analysis for the period of concern. Strategic Economic Solutions conducted the annual assessments for 2007–2014, and Grant Thornton undertook

yearly estimates for the 2015–2017 time. These reports were then audited by the eThekweni Municipality internal audit team and finally verified by the office of Auditor General of South Africa (Durban ICC, 2017). The annual reports prepared, based on the financial data, are authorised by the Durban ICC Board members, CEO, CFO and the eThekweni Municipality. It is expected that based on the legislative procedure followed and the credibility and professional expertise of the organisations, the data presented in the Durban ICC annual report published on their website is valid and reliable.

3.7. LIMITATIONS OF THE STUDY

Due to the approach taken for the study, the following are limitations.

- The researcher only reviewed annual integrated financial statements and sustainability reports (where available and disclosed separately) for purposes of this study. Such reports contain a summary of company information suitable to draw conclusions based on these findings.
- The researcher analysed an 11-year period from 2007–2017. The Durban ICC started compiling economic assessment reports from 2007. The outcomes are therefore only relevant for the applicable time, and further analysis would have to be performed to monitor continued profitability, and the business model followed. The researcher is, however, of the opinion that an 11-year period encompasses a sufficient stage from which to be able to conclude any long-term trend identified over a period of five or more years (Financialdictionary.net, 2015).
- For the business tourism industry and academic sector in South Africa, limited theory, knowledge and research are available on the topic. The limited information available is fragmented and does not link the critical relationship between various stakeholders in the business tourism value chain.
- The Durban ICC has used two different independent assessment agencies to survey impact per annum with each considering various factors, segments, methods and assumptions. The variables examined in calculations can be influenced by some factors during the relevant year.

- Different multipliers were used and hence there is no consistency for the period evaluated. The most recent multiplier is from South African Tourism (RSA, 2011) which was used to calculate impacts for the period 2012–2017. The needs of the MICE delegates have evolved between 2011 and 2017 with a change in requirements and spending patterns.
- The input-output model cannot measure the outcome of economies and is limited by deductions such as no cost that is confined to enhanced productivity, no additional result that alters a medium with no investment capability nor supply of labour limitations (Richardson, 1979).

3.8. ETHICAL CONSIDERATIONS

Various ethical issues were deliberated for this analysis. The report application was proposed to the University of KwaZulu-Natal and permitted by the Department of Humanities and Social Sciences Research Committee, and an ethical clearance certificate was granted (see Appendix 2).

3.9. CHAPTER SUMMARY

This chapter has explored the different methods that can be used to conduct research. It also considered economic assessment models available and critical indicators used to evaluate the impact of the business tourism industry on the economy. The chapter reflected on techniques that applied in the independent assessments done by specialised appointed agencies of the Durban ICC. Methods were reviewed of calculating nominal and real GDP using the GDP deflator and on inflation. Descriptive statistics and trend analysis were also considered to evaluate the consolidated data from each report to further identify trends, patterns and opportunities emerging over the 1-year period for the events hosted at the Durban ICC. The techniques were explained along with descriptions as to how they apply to this particular study. Limitations of the study were also explored to inform the assumptions and results presented in Chapter 4. Further application of the techniques is presented in Chapter 4 using descriptive statistics and trend analysis to evaluate the economic impact of the Durban ICC.

CHAPTER 4

ANALYSIS AND DISCUSSION

4.1. INTRODUCTION

The primary goal of this study was to evaluate the impact of the Durban ICC on the economy for the period 2006/7–2016/17. It is apparent from the theory reviewed that the venue functions within the MICE industry which is part of the business tourism ecosystem. To leverage business tourism opportunities for SA, it is useful that stakeholders understand the dynamics of the Durban ICC industry and macroeconomic contributions. To obtain an in-depth analysis, this study used secondary data from the Durban ICC published annual integrated financial reports using the quantitative method to evaluate the economic contributions of the Durban ICC over 11 years. The data obtained from each yearly report was reviewed, summarised and organised into common data which was evaluated to quantify the economic impact, identify trends and opportunities emerging.

4.2. DURBAN ICC OVERVIEW OF MACROECONOMIC CONTRIBUTION

Meetings, conventions, exhibitions and events bring about meaningful tangible and intangible lucrative remunerations.

- Spending on the coordination and organising of these MICE events is the most evident benefit (Zhang, Leung & Qu, 2006).
- The second benefit lies in delegate spending outside the conference which would incorporate travel, hotel accommodation, tours, meals, shopping, souvenirs, entertainment (Nadkarni & Leong, 2007).
- Additionally, anecdotal evidence indicates that African delegates spend large sums of money on durable items (Zhang, Leung & Qu, 2006).
- Another benefit is that particular delegates reappear with their friends and partners as holidaymakers with some becoming frequent tourists to SA (Maharaj & Balkaran, 2014).
- Lastly, commercial benefits and professional development opportunities are endless (Zhang, Leung & Qu, 2006).

This chapter presents the results of the evaluation. Table 4.1 offers a synopsis of the key macroeconomic indicators.

Table 4.1: Durban ICC cumulative contribution 1 July 2006/7 – 30 June 2016/17 (billion)

DURBAN ICC FISCAL YEARS	Jul 2006- Jun 2007	Jul 2007- Jun 2008	Jul 2008- Jun 2009	Jul 2009- Jun 2010	Jul 2010- Jun 2011	Jul 2011- Jun 2012	Jul 2012- Jun 2013	Jul 2013- Jun 2014	Jul 2014- Jun 2015	Jul 2015- Jun 2016	Jul 2016- Jun 2017	2007–2017	Average per year
NOMINAL GDP – BILLIONS	1 973	1 783	2 371	2 587	2 705	3 110	2 935	3 121	4 600	4 300	4 750	34 235	3 112
Durban ICC Real Contribution to GDP – Billions 2017 prices Durban ICC.inflationcalc.co.za	3,547.28	2,826.51	3,572.08	3,753.52	3,737.03	4,093.78	3,631.80	3,631.20	5,099.03	4,496.05	4,750.00	43 138	3 922
NOMINAL KZN GGP - MILLIONS	327	299	399	451	454	2 976	2 703	2 864	4 500	4 100	4 610	23 683	2 153
Durban ICC Real Contribution to KZN GGP - Millions 2017 prices Durban ICC.inflationcalc.co.za	587.92	473.99	601.12	654.62	627.21	3,917.39	3,344.72	3,332.18	4,988.18	4,286.93	4,763.00	27 577	2 507
DIRECT KZN JOBS CREATED	3 218	2 595	3 147	3 334	3 376	4 046	3 259	3 374	7 999	7 367	7 991	49 706	4 519
INDIRECT SA JOBS CREATED	4 145	3 449	4 289	4 463	4 462	5 281	4 378	4 399	2 875	2 609	3 033	43 383	3 944
INDIRECT TAXES- MILLIONS	180,5	162,80	215	234	246	277	267	283	346	237	277,9	2 726	248
INDIRECT HOUSEHOLD INCOME - MILLIONS	990,8	906	1 200	1 309	1 367	1 578	1 485	1 580	986	910	1 000	13 319	1 211
NET FOREX EARNINGS - MILLIONS	158,6	191,20	368,1	363	467	948	566	586	695	642	739	5 724	520
DELEGATE VISITOR DAYS	1 228 948	1 202 336	1 435 698	1 442 760	1 432 866	1 516 208	1 251 414	1 412 685	1 486 486	1 235 204	1 353 410	14 998 015	1 363

Table 4.1 reflects the Durban ICC cumulative contribution over the 11-year period under review. As a result of MICE events hosted in the venue, the Durban ICC has generated an aggregate total of 14 998 015 representative and tourist days in Durban. The nominal cumulative contribution over the 11 years of R34,235 billion to SA's GDP and R23,683 billion to KwaZulu-Natal's GGP was calculated. As a result, 49 706 thousand jobs were created and sustained directly in the province while a further 43 383 thousand jobs were created and sustained indirectly throughout SA. Additional macroeconomic remunerations are the production of R2,726 billion tax income and R13,319 billion in indirect household revenue. The influence of delegate spending accounted amid 64% and 78% of the effect, whereas stimulated tourism funded 23%. A clear generator of R5,724 billion in foreign exchange earnings for the country resulted from the Durban ICC activities.

Over the 11-year period, the Durban ICC has contributed an average of R3,112 billion to SA nominal GDP, R3,922 to SA GDP in real 2017 prices, R2,153 billion to KZN GGP and R2,507 billion to KZN GGP in real 2017 prices. An average of 4 519 jobs were created and sustained per year in the province of KZN and 3 966 jobs nationally per year. The centre contributed an average of R248 million per year in taxes and R1,211 billion in indirect household income, an average of R520 million per year in net forex earnings with an average of 1 363 billion delegate days per year generated for the city.

The data in Table 4.1 addresses the following subsections.

4.2.1. Contribution to South Africa's GDP

Gross domestic product is referred to as GDP and is used to measure the production of goods and services and is essential not just because it is income but also because it can add to prosperity. The subsequent calculation is used to determine the GDP: $GDP = C + I + G + (X - M)$ or $GDP = \text{private consumption} + \text{gross investment} + \text{government investment} + \text{government spending} + (\text{exports} - \text{imports})$ (Stats SA, 2017).

Figure 4.1 below reflects the GDP in SA valued at 294.84 billion US dollars in 2016. The GDP value of SA signifies 0.48% of the kingdom economy. GDP in SA averaged 131.26 USD billion after 1960 till 2016, stretching an unprecedented

extraordinary of 416.42 USD billion in 2011 and a confirmation low of 7.58 USD billion in 1960 (Stats SA, 2017).

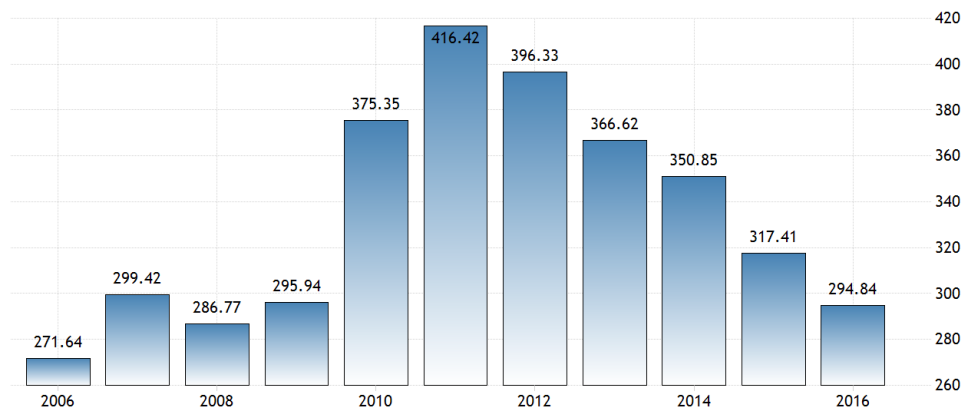


Figure 4.1: SA GDP 1 July 2006 – 30 June 2016

Source: Adapted from Trading Economics, 2017; World Bank, 2017.

Table 4.2 reflects the Durban ICC's economic contribution to South Africa's GDP and KZN's GGP from 2006/7 to 2016/17 in nominal and real values. Real GDP underscores any rise in real local income when businesses' technical processes improve, however, when calculating real GDP, the nationwide books treat before price fact and the last as real GDP. According to a study conducted by Kohl (cited in Rowan & Baram, 2004), this deviation can sum up to 10% in two decades.

Table 4.2: Durban ICC nominal and real contribution to GDP and KZN GGP 2006/7–2016/17

YEAR	NOMINAL GDP	REAL GDP (2017 PRICES)	NOMINAL GGP	REAL GGP KZN (2017 PRICES)
2007	1,973	3,547	0,327	0,588
2008	1,783	2,826	0,299	0,474
2009	2,371	3,572	0,399	0,601
2010	2,586	3,753	0,451	0,655
2011	2,705	3,737	0,454	0,627
2012	3,111	4,093	2,976	3,917
2013	2,935	3,631	2,703	3,345
2014	3,121	3,631	2,864	3,332
2015	4,600	5,099	4,500	4,988
2016	4,300	4,496	4,100	4,287
2017	4,750	4,750	4,610	4,763
CUMULATIVE CONTRIBUTION	34,235	43,135	23,683	27,577

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17); Statistics SA GDP P0441 Annual, Quarterly and Regional Revision (2016) and Durban ICC.inflationcalc.co.za (2017).

4.2.1.1. Durban ICC contribution to SA GDP – Nominal value

Nominal GDP is assessed at existing marketplace values. Consequently, nominal GDP will comprise all the fluctuations in marketplace prices that have transpired throughout the existing year due to a rise or decrease. The nominal value of GDP is in contrast to real GDP as it measures without adjustment to remove the real effects of inflation in gross domestic product. Figure 4.2 reflects the Durban ICC nominal contribution to the SA GDP.

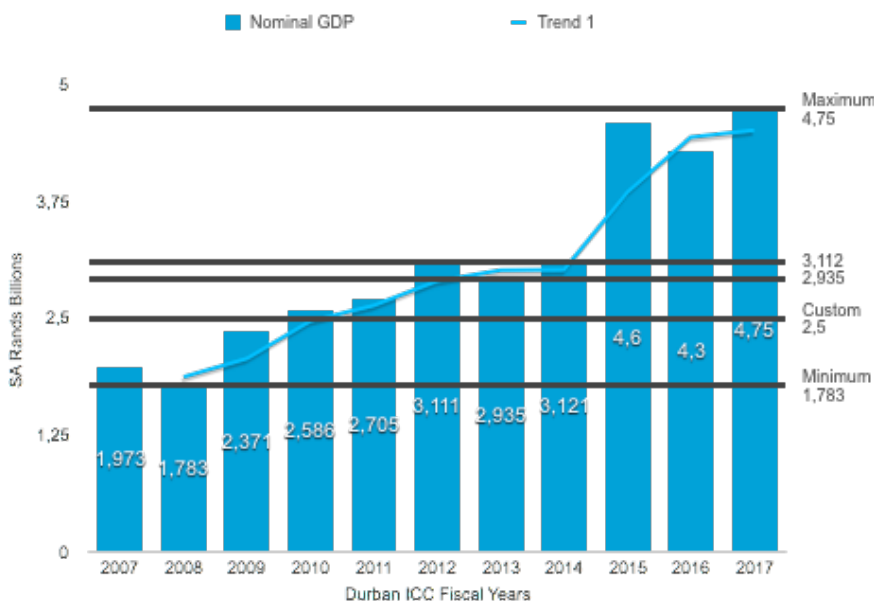


Figure 4.2: Durban ICC nominal contribution to GDP 2006/7–2016/17

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17).

According to Figure 4.2, the Durban ICC's total cumulative contribution to South Africa's GDP amounted to R34,234 billion during this period. These are all given in nominal values which fluctuate due to changes in amount and cost calculated by using current prices in the year the output was produced. The nominal GDP considers all the fluctuations that transpired for all merchandise and service industries created throughout a specified year. The Durban ICC's average nominal GDP contribution per year estimated at R3.11 billion with a minimum contribution of R1.78 billion in 2008 and maximum contribution to GDP amounted to R4.75 billion in 2017.

4.2.1.2. Durban ICC contribution to SA GDP – Real value

There are several techniques to gauge the economic progression of a nation, but the most frequently expended one is that of the real GDP. The real GDP is the overall worth of commodities and services manufactured in an economy over a stipulated phase, with the time "real" signifying that the GDP has been altered to eliminate the consequences of inflation. Figure 4.3 illustrates the Durban ICC real contribution to GDP using www.inflationcalc.co.za to calculate real value in 2017 prices.

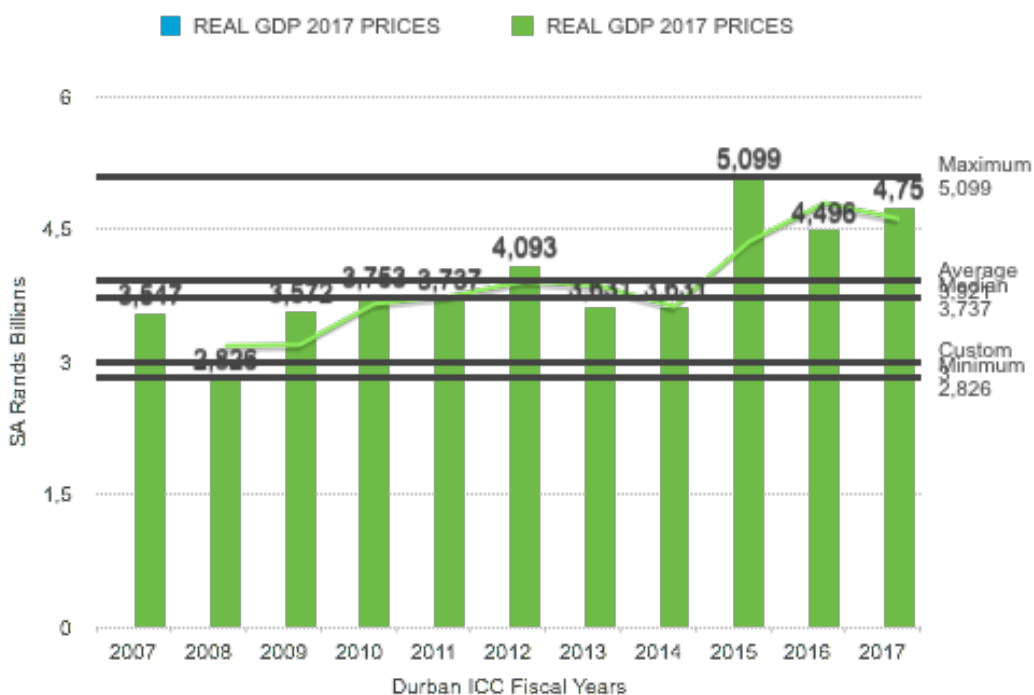


Figure 4.3: Durban ICC real contribution to GDP 2006/7–2016/17

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.3 reflects the Durban ICC's contribution to SA GDP in real values using 2017 prices which is not influenced by changes in inflation, it is only impacted by changes in quantity. This measures the buying supremacy net of any price variations over time and justifies for inflation and deflation between the period 2006/7 to 2016/17. The average real GDP contribution per year was estimated at R3.92 billion with the lowest being R2.83 billion in 2008 and maximum input of R5,099 billion in 2015.

4.2.2. Durban ICC contribution to SA GDP – Nominal and real value

In order to make more informed strategic business decisions, it is essential to compare and contrast each year’s contribution. Figure 4.4 reflects an analysis of nominal and real GDP contributions.

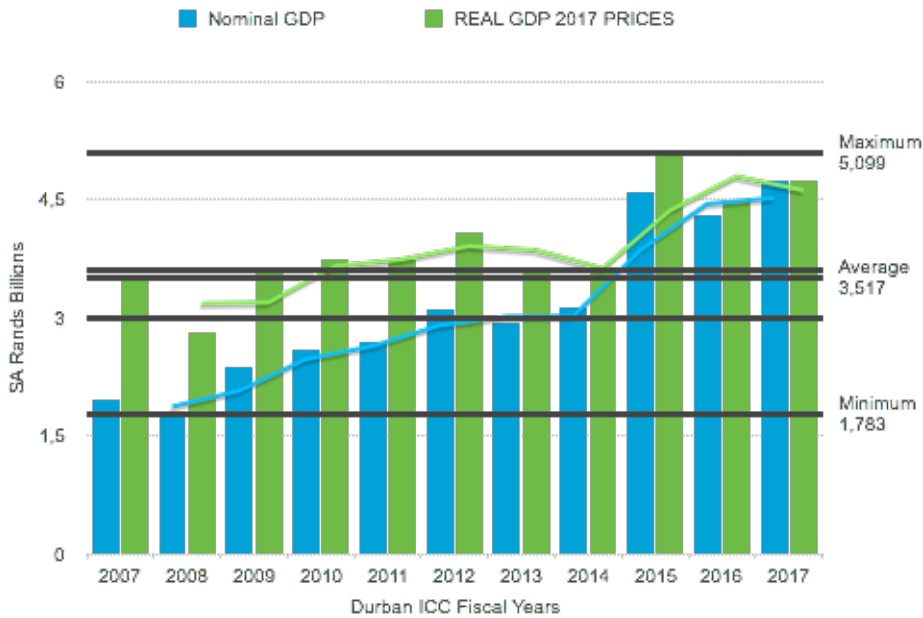


Figure 4.4: Durban ICC nominal and real contributions to GDP 2006/7–2016/17

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.4 reflects a comparison between each year’s real and nominal contribution to GDP. Nominal results are consistent with the financial statements of the centre. The real economic impact can only be evaluated by using the real economic contribution with inflation removed. The maximum actual GDP impact was in 2015 with a total of R5 099 billion and 2017 reflected as the highest nominal amount. The average real contribution per year is R3,517 compared to R3,112 in the nominal amount. The World Aids Conference was held in 2015 which attracted over 20 000 delegates and used all available space in the centre including the parking area for offices for three weeks. The minimum contribution of R1 783 billion in nominal price and R2,826 billion real GDP was in 2008. The Durban ICC’s total real contribution to SA GDP is R43,138 billion compared to the nominal total of R34,234 billion resulting in a variance of R8,904 billion more than the nominal figure.

4.2.2.1. Durban ICC cumulative contribution to KZN GGP – Nominal

It is crucial to capacitate KZN to ensure job creation and skills development. Figure 4.5 illustrates the contribution to KZN's GGP per year.

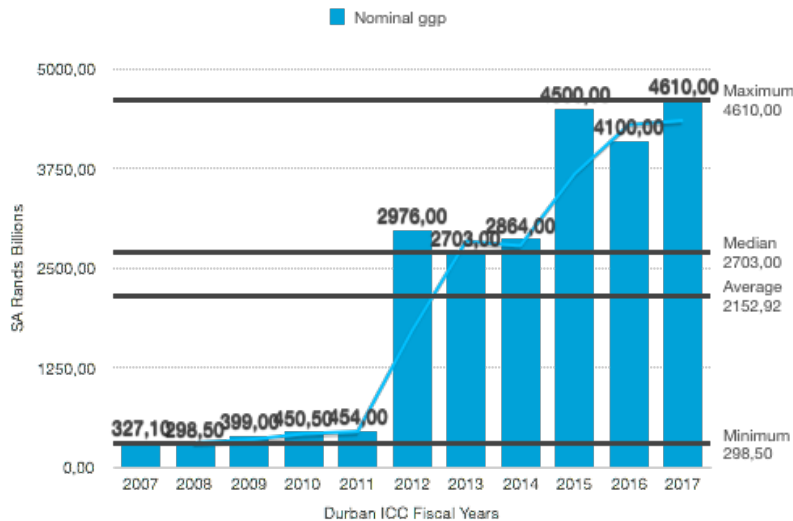


Figure 4.5: Durban ICC nominal contribution to KZN GGP

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

The Durban ICC cumulative nominal contribution to KZN GGP is shown in Figure 4.5 which shows a cumulative total of R23,836 billion. The smallest contribution was in 2008 and the highest in 2017. The difference is associated with the business tourism skills that are developing within KZN as well as the Municipal Financial Management Act (MFMA) which advocates that suppliers from the province should be encouraged. There is also more intense focus on radical economic transformation over the last three years. Another reason is the change in customer needs and buying patterns. Cost cutting has become a focus in recent years with clients requesting local suppliers as opposed to national and international ones. In 2007 to 2011, clients would book the venue only and coordinate all other items directly with suppliers. In recent times with the MFMA and other legislation governing organisations, they now require full costs upfront and prefer to compare prices and pay one amount to one supplier. The procurement process in SA is very complicated and this impacts the deadlines and overall event success.

4.2.2.2. Durban ICC cumulative contribution to KZN GGP – Real

The real cumulative contribution to KZN GGP is a total of R27,577 billion which is over R3,741 billion above the nominal value. Figure 4.6 reflects real GGP contribution per year.

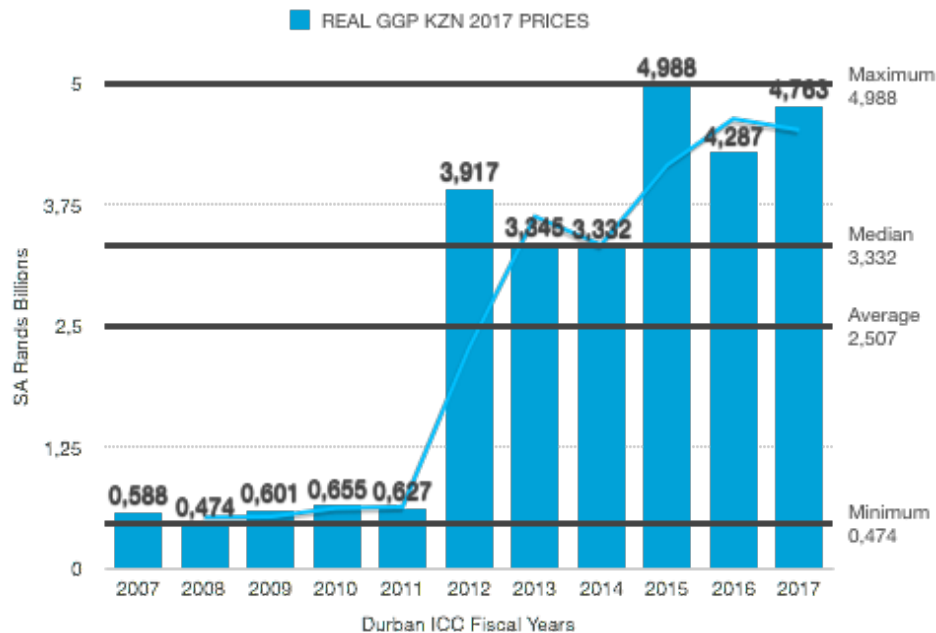


Figure 4.6: Durban ICC real contribution to KZN GGP

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.6 illustrates 2015 with the best performance at R4,988 billion and 2008 with lowest performing year in nominal and real value. The considerable increase from R627 million in 2011 to R3,917 billion in 2012 and R4,988 billion in 2015 aligned to the COP 17 Congress in 2012 and the World Aids Congress in 2015. Government departments funded these events in SA and hence had to procure all conference services through the Durban ICC and use local suppliers. These functions can be classified as "mega-events" as the number of delegates at them ranged between 15 000 to 20 000. Both events used the full complex including ICC, Arena and Exhibition centre as the requirements were complex with huge logistics requirements regarding marquees for extra exhibition space, building soundproof rooms, complex technical and audio-visual needs, transportation, translation services and décor.

4.2.3. Durban ICC contribution to indirect household income

Figure 4.7 illustrates contribution to indirect household income.

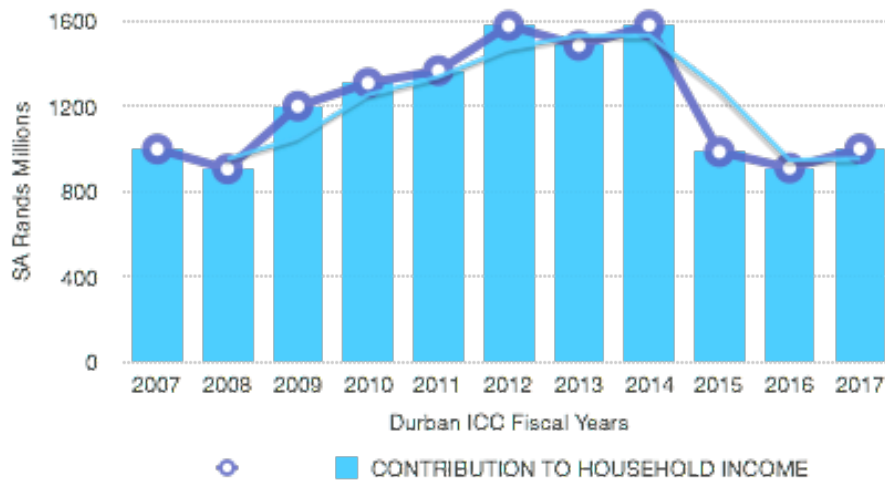


Figure 4.7: Cumulative contribution to indirect household income

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.7 reflects the total annual contribution to indirect household income which cumulatively is R13,319 billion. The minimum contribution was in 2008 and the maximum contribution of R1.58 billion in 2014. Over the 11-year period, the centre has contributed an average of R1.21 billion per year. There is a rapid decrease from 2014 to 2015 which seems lower until 2017.

4.2.4. Durban ICC cumulative contribution to net forex earnings

An essential element of economic growth is net forex earnings which are due to international visitors and returning visitors that bring foreign currency into South Africa to spend on needs and wants, as well as the purchase of imports. Figure 4.8 shows contribution per year to net foreign exchange.

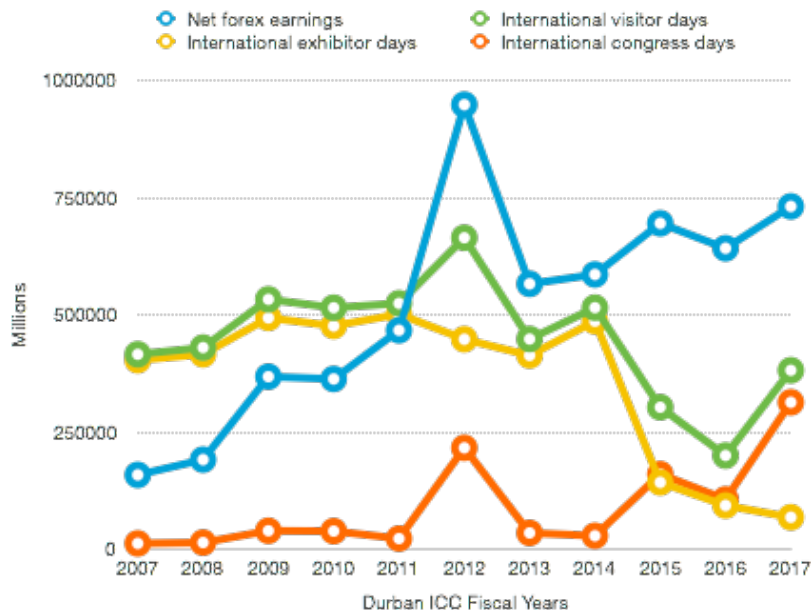


Figure 4.8: Contribution to net foreign earnings and international visitor days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.8 conveys the net foreign exchange earnings which totalled R368.1m in 2009 which was an increase on the R158.6m in 2007 to R948m in 2012, decreasing to R566m in 2013 and R739m in 2017. The year 2008 reflects the minimum, while the maximum in 2012 seems to trend with international delegate attendance and delegate days which totalled the highest of all the years with over 664 239 foreign delegate visitor days in KZN. The major events hosted in that year was COP 17 Congress with over 20 000 delegates. The highest number of foreign representatives was in 2012 with a total of 664 239 international visitor days of which international congress delegates dominated as opposed to exhibition delegates. Over the last 11 years, the Durban ICC has produced R5,006 billion in foreign exchange which is produced from international delegate spend.

4.2.5. Durban ICC cumulative contribution to tax revenue

The contribution to taxes is shown in Figure 4.9 which was a cumulative total of over R2,106 billion in charges.

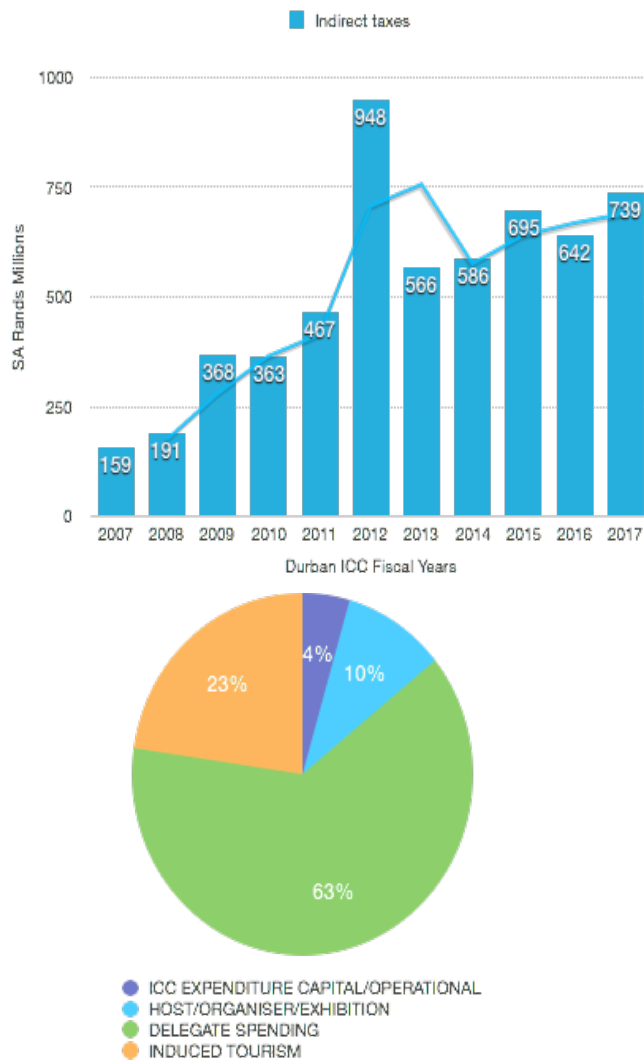


Figure 4.9: Contribution to tax revenue

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Taxes reflected in Figure 4.9 are indirect taxes since the primary examination could not access the amount of direct taxes paid by event organisers and exhibitors. Other effects include the production of tax from pay as you earn (PAYE) on the payroll, corporate taxes and value added tax (VAT) on direct spend. The contribution to taxes amounted to R159 million in 2007, doubled to R368 million in 2009 and trebled to R948 million in 2012 which could be aligned the COP 17 Congress which attracted over 15 000 delegates and the increase in 2015 is due to the World Aids Congress with 20 000 delegates. In 2012, all services were procured via the Durban ICC procurement process as it was easier for government departments to issue one order note as opposed to securing several separate tenders for the same event but

different service providers. Hence the drastic increase in tax revenue. The contribution of delegate expenditure accounts for between 63% and 75% of the impact, while induced tourism contributes about 23%. The venue’s capital and operational spending added 4% while host/organisers/exhibition was 10%. The delegate expenditure includes spending on transportation, tours, hotel accommodation, entertainment, shopping, meals, gifts and so forth.

4.2.6. Durban ICC contribution to delegate and exhibition visitor days

The venue contributes in part to the provincial and national economies by attracting local and foreign delegates and visitors to Durban. Figure 4.10 illustrates the total delegate days generated.

Figure 4.10 reflects the total delegate and visitor days which are the sums of the conference and exhibition visitor delegate days. Whole delegate and visitor days amounted to 14 998 015 delegate days of which entire congress days alone contributed 15% of the full and exhibitor days contribution 85% of the figure. International conference delegate days accounted for 20% of the full and global exhibition days amounted to 80%. Total international conference and exhibitor days accounted for 33% of the total which is 4 930 461 visitor days versus entire national (combination of SA and KZN) that contributed 67% of the total with 10 067 586 delegate days.

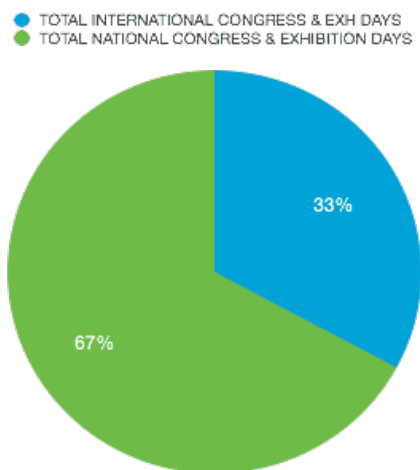


Figure 4.10: Total delegate days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.10 shows that the most significant contribution registered for 2012 with 1 516 208 billion days, and 2008 was the minimum contribution with 1 202 306 days. The average number of delegate days for the 11-year period was 1 442 760 days per year.

4.2.7. Durban ICC cumulative contribution to direct and indirect job creation

Capital expenditure, operational spending and organiser spending, delegate spending and induced tourism spending contribute to job creation. Figure 4.11 illustrates total job creation for the 11-year period.

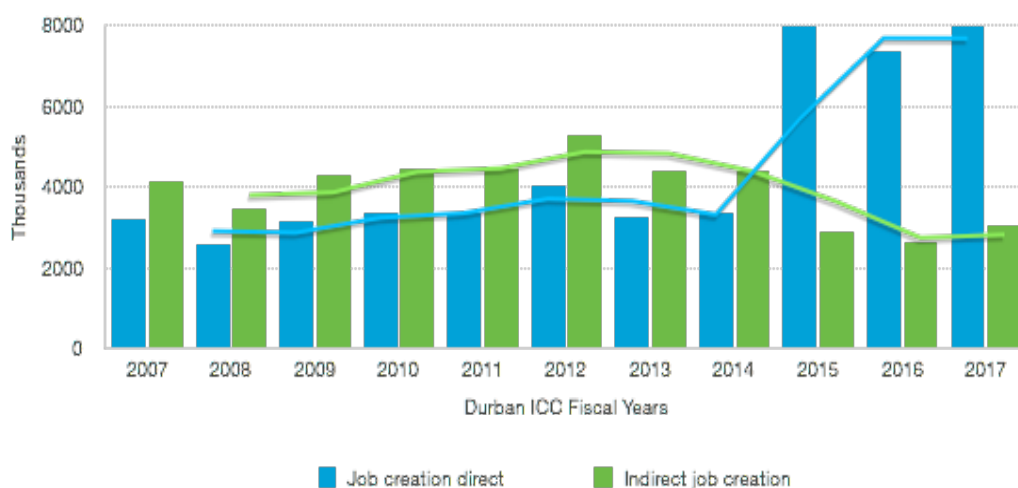


Figure 4.11: Direct and indirect job creation

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Table 4.1, discussed earlier, shows that the most extensive contributor to job creation is delegate expenditure. Figure 4.11 shows a total of 93 089 jobs created and sustained of which 49 706 people were employed directly in KZN (53%) and 43 303 (47%) indirectly throughout SA. The year 2008 reflects the lowest contribution and 2017 the highest. The reduction in capital expenditure caused a decrease and the increase in jobs was due to the rise in capital expenditure with refurbishments and types of events hosted over the 2016–2017 period.

Over the 2015 to 2017 period, procurement of local suppliers was encouraged through the Municipal Financial Management Act. Stringent procurement policies

and challenges with client procurement and payment plans impacted the requirement from the venues. During the earlier years, clients had the option of procuring their additional service suppliers like technical, décor, entertainment and most national clients preferred to use suppliers from the region in which they were based. However, in recent times, it is evident that almost all services are procured through the Durban ICC via their central procurement office and event co-ordination division. Local suppliers are secured for all services which are paid to the Durban ICC who then pays suppliers directly.

4.3 EVALUATION AND ANALYSIS OF THE DURBAN ICC'S IMPACT

Table 4.3: Minimum, maximum contributing years over the 11-year period

Economic contribution	Minimum contributing year over the 11-year period	Maximum contributing year over the 11-year period	Average contribution over the 11-year period
Durban ICC contribution to GDP – Billions – Nominal	R 1 783,10 (2008)	R 4 600,00 (2015)	R 3 113 billion
Durban ICC contribution to GDP – Billions – Real	R 2,826.51(2008)	R 5,099.03 (2015)	R 3 921 billion
Durban ICC contribution to KZN GGP – Millions – Nominal	R 298,5 (2008)	R 4 610,00 (2017)	R 2 153 billion
Durban ICC contribution to KZN GGP – Millions – Real	R 473.99 (2008)	R (4,988.18) 2015	R 2 911 billion
Durban ICC contribution to Direct KZN jobs created – Thousands	2 595 (2008)	7 999 (2015)	4 520 thousand
Durban ICC contribution to indirect SA jobs created – Thousands	5281 (2012)	2609 (2016)	2 587 thousand
Durban ICC contribution to indirect taxes – Millions	R 162,8 (2008)	R 346,3 (2015)	R 248 million
Durban ICC contribution to indirect household income – Millions	R 905,5 (2008)	R 1 580,00 (2014)	R 1 210 billion
Durban ICC contribution to net forex earnings – Millions	R 158,6 (2007)	R 948 (2012)	R 520 million
Durban ICC contribution to delegate visitor days	1 202 336,00 (2008)	1 486 486.00 (2015)	1 442 760 delegate and visitor days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

4.3. MINIMUM CONTRIBUTING YEAR – 2008

Table 4.3 illustrates the 2008 year as the minimum contributing year toward GDP, GGP, direct jobs, indirect taxes, indirect household income and total delegate visitor days. A further analysis of the Durban ICC annual reports reflects that the Durban ICC became self-sustainable in 2007–2008 year and stopped taking the operational subsidy of R20 million from the city. The year 2008 was the start of the economic recession which affected most countries and travel, and this impacted the core international market with reductions in business travel and budgets. The number of bookings and revenue doubled from 2007. Although government bookings and revenue increased from 2014, there was a decline in the number of events hosted but an increase in delegate days. There was a decrease in total regional and SA delegate days with international days showing no growth.

4.4. MAXIMUM CONTRIBUTING YEAR – 2015

The year 2015 reflects the highest contribution to GDP, direct job creation, indirect taxes and total delegate visitor days. The number of events increased in 2015 by 20%; revenue grew by R5.3 million with a 34% growth in pre-tax profit. International functions grew from 16 international events in 2014 to 37 international events in 2015 and government bookings also increased. There was a total of 1 billion room nights. In 2015 the Durban ICC revisited their pricing strategy and packaged and priced according to market segment and core targeted business. In the 11-year period, 2015 had the highest number of congress and exhibition days. However, KZN delegate days dominated this year. More KZN government-funded events were hosted in the centre with the most significant revenue contribution from the government sector. The increase in government spending paired with the procurement of KZN suppliers resulted in the highest contribution to GDP, GGP and indirect taxes.

4.5. AVERAGE CONTRIBUTIONS FOR 2007–2017

Table 4.3 shows that over the eleven-year period the Durban ICC hosted an average of 470 events per annum, 30 international events and 440 national events attracting an average of 1 442 760 delegates which comprised an average of 203 153 total congress days and 1 160 302 whole exhibition days reflecting five times more than congress days. International delegate days averaged 448 223 days, SA delegate

days averaged at 441 315 and KZN, with the highest, averaged 473 919 delegate days. This resulted in the contribution of 4 520 direct jobs being created and maintained in KZN and 2 587 indirect jobs in SA. This totalled an average revenue of R142 139 985 from hosting 59 association events, 195 corporate events, 171 government events, 25 exhibitions per year and over 118 private functions. There was an average contribution of R248 million to indirect taxes and R1,211 billion to indirect household income, with R520 million average contributions to net foreign earnings. The average contribution to SA GDP in real value per annum is R3,921 billion and R2,911 billion to KZN GGP.

4.6. DURBAN ICC EVENTS HOSTED TRENDS EMERGING

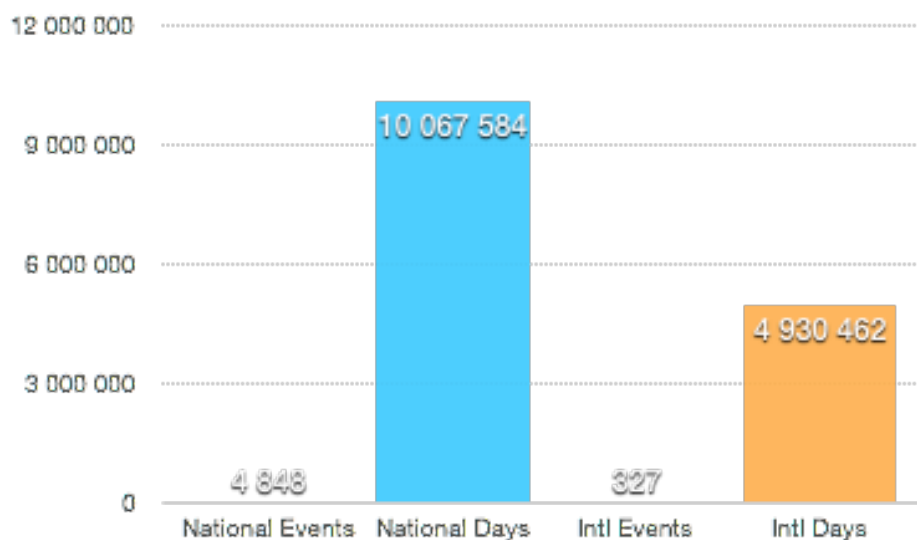


Figure 4.12: Events hosted and delegate days international vs national

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

For the 11-year period, a total of 7% of the total number of events hosted were international events and 93% were national events. Sixty-seven percent of the entire delegate days were domestic, and 33% were foreign. The Durban ICC has hosted many national events over the 11-year period with a similar number of national delegates.

4.7. TREND IN THE EXHIBITIONS HOSTED AND EXHIBITOR DELEGATE DAYS

An imperative economic input is from hosting public exhibitions and trade exhibitions as reflected Figure 4.13. Exhibitions and trade fairs attract large volumes of international visitors and exhibitors.

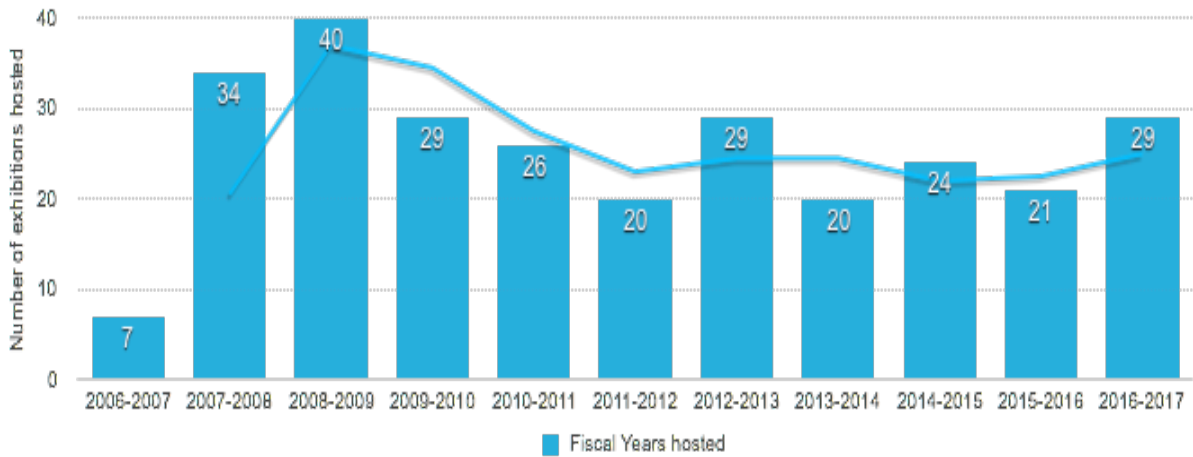


Figure 4.13: Total number of exhibitions and exhibition visitor days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.13 reflects a total of 304 exhibitions that were hosted at the Durban ICC for the period 2006/7 to 2016/17. This was on an average of 27 shows per year with the highest number of 40 exhibitions being hosted in 2009 and the minimum number of 20 exhibitions held in 2012 with a median of 27.5. These 304 exhibitions attracted over 12 763 324 exhibition visitor days over the period which is higher than the number of conference delegate days drawn for the 11-year period. This averaged a total of 1 160 302 exhibition delegate days with a maximum attendance 1 359 058 tracked to the year 2009 and lowest presence of 831 993 in 2017. The median range was 1 156 094 delegate days.

The days that delegates and visitors occupy Durban comprise a period independent of the congress or exhibition and include accompanying representatives, who could be spouses, family or friends who are not essentially present at the congress or exhibition.

4.8. CONGRESS VISITOR DELEGATE DAYS VS EXHIBITION VISITOR DELEGATE DAYS

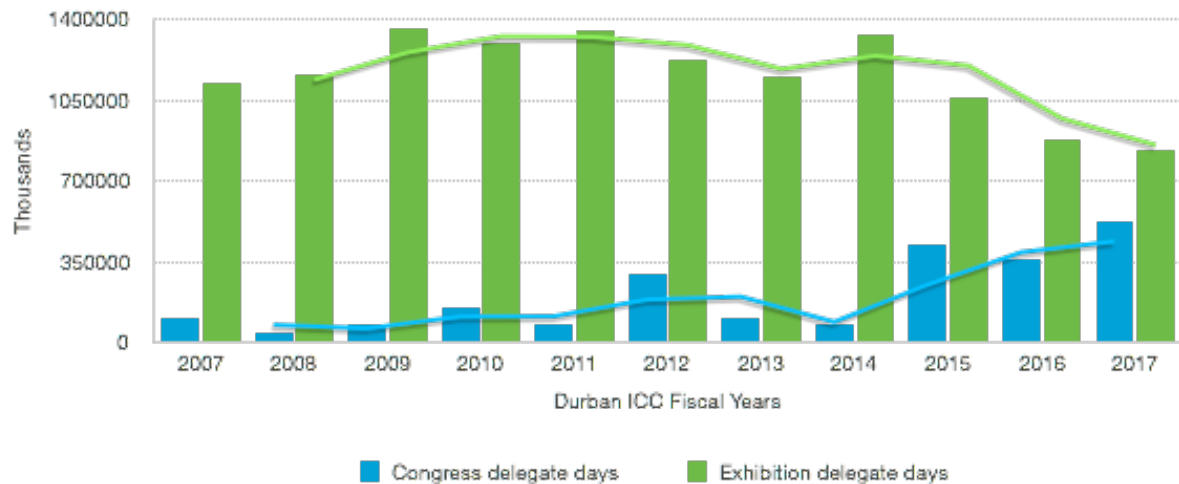


Figure 4.14: Total number of congress and exhibition visitor days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.14 indicates a total of 14 998 014 congress and exhibition visitor days for the 11-year period of which 85% accounted for exhibition delegate days and 15% congress delegate days. A total of 304 exhibitions attracted a total of 12 763 324 visitor days while congresses attracted 2 234 690 days. This averaged 7 499 007 visitor days per year.

4.9. TOTAL CONGRESS AND EXHIBITION VISITOR DELEGATE DAYS BY REGION AND EVENTS

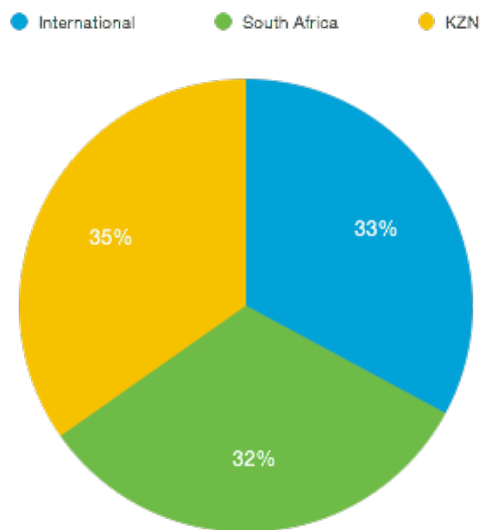


Figure 4.15: Total congress and visitor days by region of attendance

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.15 shows that the total of 14 998 014 delegate and visitor days comprised 35% (5 213 114) from KZN, 32% (4 854 470) from the rest of SA and 33% (4 930 462) from international regions. A total of 12 764 326 exhibition visitor days generated 4 739 487 from KZN, 4 081 514 from the rest of SA and 3 942 325 international exhibitor delegate visitor days. A total of 2 234 721 congress delegate visitor days were generated by the events hosted at the Durban ICC, 473 627 produced from KZN regional events, 772 958 from national events and 988 136 from international conferences hosted. This averaged a total of 744 907 congress delegate days. The year 2008 attracted a total of 347 501 delegate and visitor days with 688 events hosted at the centre, averaging 505 delegate and visitor days per event. It is evident that 2015 was the best performing year with 347 events attracting a total of 817 793 delegate and visitor days, averaging 2 357 delegate and visitor days per event hosted in that year.

4.10. CONGRESS AND EXHIBITION VISITOR DELEGATE DAYS BY NUMBER OF EVENTS HOSTED

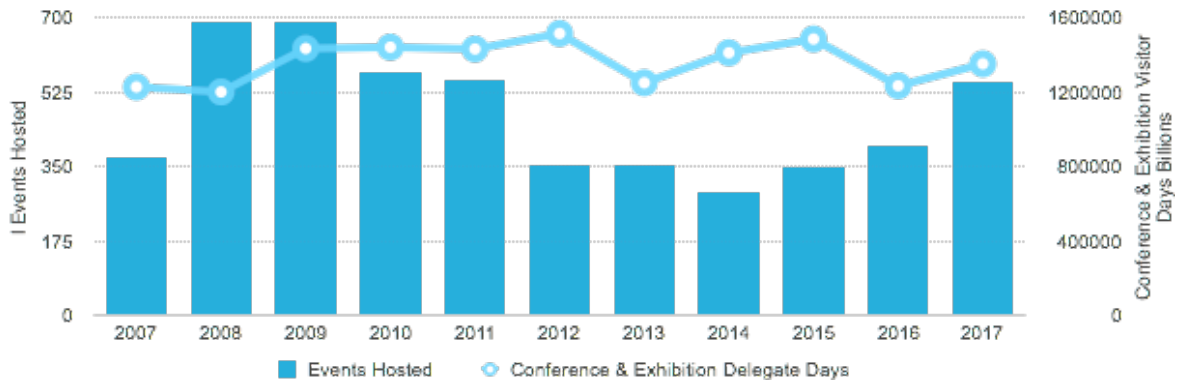


Figure 4.16: Total number of events hosted and delegate visitor days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.16 shows the number of events hosted per year at the Durban ICC, and it is clear there is a decline in the number of events hosted and in market share with increased competition – it has now become a buyer's market with price affecting demand. Innovation, customer care and creativity with clear differentiating factors are what will set the Durban ICC apart from the other venues.

4.11. TREND IN INTERNATIONAL EVENTS HOSTED AND DELEGATE DAYS

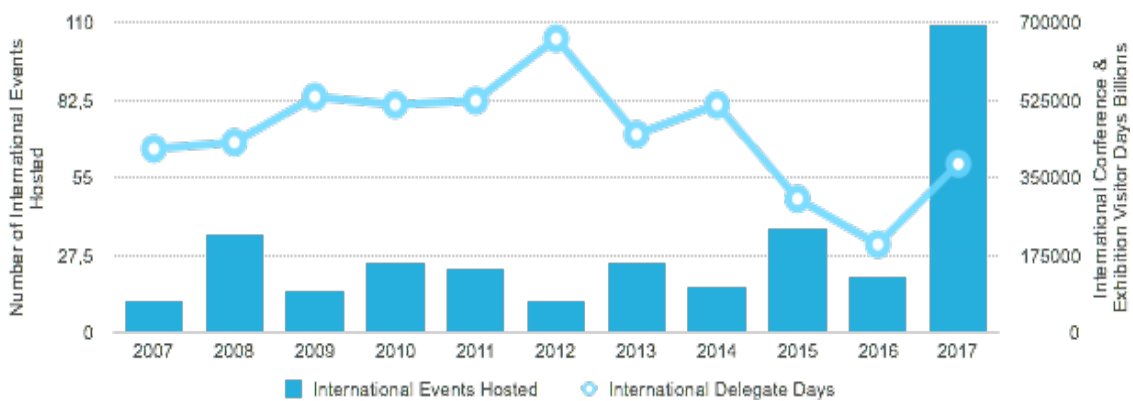


Figure 4.17: Number of international events and international delegate days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

A total of 327 international events were held at the Durban ICC over the period under review. The total global delegate days amounted to 4 930 462. A huge increase was reflected in 2017 due to the World Aids Congress which attracted over 20 000 delegates globally as well as from Africa and the rest of SA. The conference and exhibition component was huge and utilised the entire complex and can be classified as a “mega” event which lasted over four weeks including build-up, live days and breakdown days and this has a significant impact on delegate days.

4.12. TREND IN NATIONAL EVENTS HOSTED AND DELEGATE DAYS

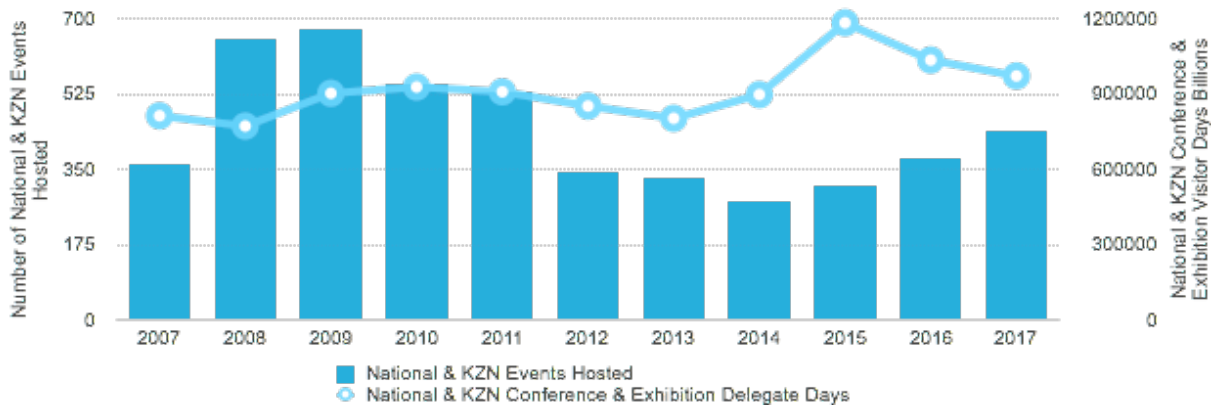


Figure 4.18: Number of national events hosted and national visitor delegate days

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.18 reflects the total national and KZN events hosted which attracted 67% of the entire delegate days accounted for.

4.13. TREND NUMBER OF HOSTED PER YEAR SEGMENT

Concerning some events held, the Durban ICC has hosted a total of 4 809 events over the 11-year period. Figure 4.19 reflects the number of events hosted per segment.

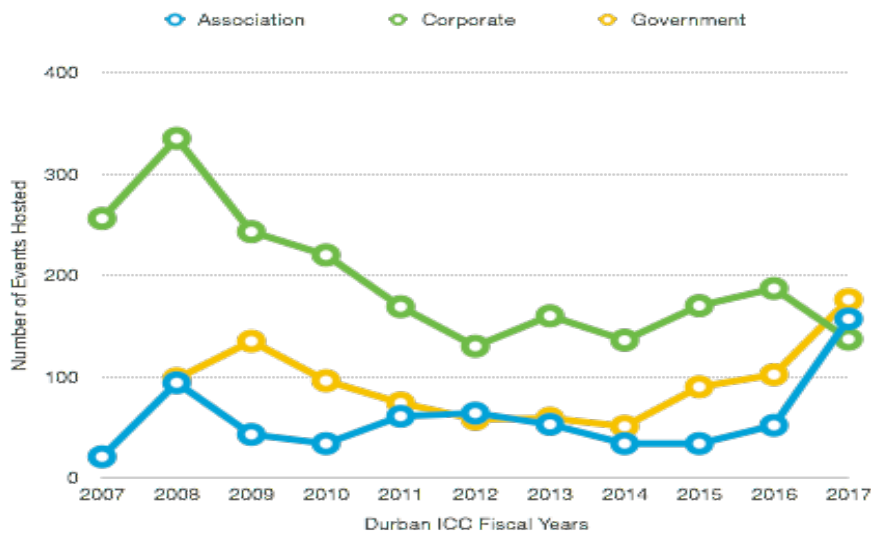


Figure 4.19: Total number of events hosted by segment

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

Figure 4.19 reflects the business mix, which shows that national, corporate and government events continued to dominate the centre with government events generating the most revenue of all sectors. A total of 647 association events were hosted over the period, 2 136 corporate events, 939 government events, 808 other and 279 exhibitions. Other events were targeted as more venues opened for business locally, nationally and globally.

4.14. TREND NUMBER OF JOBS CREATED

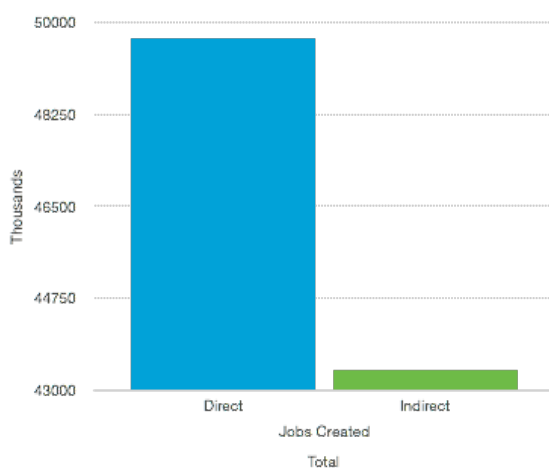


Figure 4.20: Total number of jobs created

Source: Author compiled using data from Durban ICC Annual Reports (2006/7–2016/17)

A total of 93 089 jobs were created and sustained over the period of which 49 706 comprised direct job creation for KZN and 43 383 comprised indirect jobs in the rest of South Africa.

4.15. MULTIPLIER USED

Table 4.4 below shows the multipliers used from 2007 when the business industry was functioning at a different pace. The client requirements were reasonably straightforward with minimal legislation, red tape and stringent venue policy and procedures. This was used to calculate the economic impact assessments of the ICC for part of the period under review.

Table 4.4 reflects the South African tourism multiplier table created for tourism.

Table 4.4: Multiplier comparison

SA tourism multiplier used	SA 2007	KZN 2007	SA 2011	KZN 2011
GDP/Income multiplier	4.0	4.0	2.04	1.98
Employment jobs per R1 million expenditure	10.00	10.00	5.95	5.83

Source: Author compiled using data from Durban ICC Economic Assessment Reports.

Since 2007 there has been a paradigm shift in the MICE industry, with macro and micro environments paired with a global business landscape plagued by volatility, uncertainty, complexity and ambiguity that can no longer function within a set dimension of rigid rules and regulations. The macro environmental impacts had a huge impact on the supply and pricing of natural resources and labour; hence the multiplier cannot stand at 2007's formula for 2007 and yet alone 2011's for 2017 which has experienced so many global and natural disasters.

In order to calculate the macroeconomic impact of the Durban ICC, a detailed and multifaceted approach is needed. The ripple effect that spending could cause has already been discussed – as in the case of catering for a dinner for 10 000 people. It is complicated to calculate the impact as each industry requires different skills and education which results in various earning structures through the sectors. People spending patterns is based on their income and other factors like needs and wants

and will differ for each household. Different wages create different spending patterns which are affected by the industry factors at the time (Katz & Murphy, 1992).

4.16. DURBAN ICC COMPARED TO CAPE TOWN ICC

The Cape Town ICC and the Durban ICC compete for business on an international and national level. Table 4.5 shows each venue's contribution for the 2015 fiscal year.

Table 4.5: Macroeconomic convention centre contribution comparison

INDICATOR	DURBAN ICC (2015)	CAPE TOWN ICC (2015)
REVENUE	R 156 779 000	R 197 000 000
GROSS PROFIT	R 123 000 000	R 52 000 000
OPERATING EXPEND	R (119 000 000)	R (144 000 000)
OPERATING P/L	R 39 000 000	R 60 800 000
P/L%	R 32 000 000	R 42 000 000
DELEGATE DAYS	1 486 486	1 363 523
GDP	R 4 600 000 000	R 4 400 000 000
GGP	R 4 500 000 000	R 3 100 000 000
TAX	R 346 000 000	R 319 000 000
INDIR HOUSEHOLD INCOME	R 986 000 000	R 1 720 000 000
NET FOREIGN EARNINGS	R 695 000 000	R 1 200 000 000
TOTAL JOBS CREATED	21 536	8058
<i>JOBS PROVINCE</i>	<i>10 874</i>	<i>3568</i>
<i>JOBS SA</i>	<i>10 662</i>	<i>4490</i>
TOTAL EVENTS HOSTED	349	502
<i>INTERNATIONAL EVENTS HOSTED</i>	<i>37</i>	<i>32</i>
<i>NATIONAL EVENTS HOSTED</i>	<i>312</i>	<i>470</i>
<i>EXHIBITIONS HOSTED</i>	<i>24</i>	<i>32</i>

Source: Author compiled using data from Durban ICC Annual Reports (2015) and Cape Town ICC Annual Report (2015).

4.16.1. Cape Town ICC 2015 analysis

The Cape Town ICC achieved a higher revenue with a more substantial number of 502 events hosted of which 32 were international events, 470 national, 32 exhibitions and the balance was other events. This generated a total revenue of

R197 million with a gross profit of R52 million and operating expenditure of R144 million. This averages a total of R392 000 revenue per event hosted with R286 000 managing spending per event hosted, resulting in a profit of R42 million which averages R83 665 THOUSAND per event hosted. A total of R3.4 billion contributed to SA's GDP and R3.1 billion to Western Cape's GGP which was a total impact of 8 058 jobs created and sustained for 2016 (3 568 jobs created and sustained in Western Cape and 4 490 jobs created and sustained in the rest of SA). CTICC contributed a higher amount than Durban ICC to net foreign earnings and indirect household income; however, the delegate days were lower at 1 363 523 delegate days and tax at R319 million.

4.16.2. Durban ICC 2015 fiscal analysis

The Durban ICC achieved a lower revenue with a smaller number of 349 events hosted of which 37 were international events, 312 national, 37 exhibitions and the balance was other events. This generated a total revenue of R156,779 million with a gross profit of R123 million and operating expenditure of R119 million. This averages a total of R449 000 revenue per event hosted with R340 000 managing spending per event hosted resulting in a profit of R32 million which averages R91 690.54 per event hosted. A total of R4.6 billion contributed to SA's GDP and R4.5 billion to KZN's GGP which was a total impact of 21 536 jobs created and sustained for 2016 (10 874 in KZN and 10 662 in the rest of SA). Durban ICC contributed a lower amount than Cape Town ICC to net foreign earnings (R695 million) and indirect household income (R986 million); however, the delegate days were higher at 1 486 486 delegate days and tax at R346 million.

4.17. CONCLUSION

The Durban ICC was initially erected as a stimulus for economic growth for Durban and KwaZulu-Natal. The principal objective evolved in recent years to include commercial lucrativeness as a self-sustaining unit of the municipality. Having completed its 20th year of successful operation, it is clear that the venue is performing admirably on both of its twin mandates.

These meetings have had vital progressive multiplier consequences for the resident and provincial economy, generating employment and producing resilient tourism and associated segment income flows for an expansive mix of industries and distinct beneficiaries. The functions have been exceptional accomplishments concerning coordination, hosting an event and managing performances. The Durban ICC and business tourism suppliers have executed the maximum promising intensities of service quality.

These successes have positioned Durban firmly on the global meeting industry map. Adding to locking a desirable segment of the inbound global meetings market, Durban ICC has also demonstrated its capability in drawing local and nationwide meetings and events, and its choice corroborates its reputation as a favoured site.

The Durban ICC relishes an adequately unique situation as a publicly subsidised facility, and has over the past 11 years established its capability to produce significant and quantifiable economic influence for the city and the region. The Centre has become a pioneering continental landmark that has pioneered superlative performances and yardsticks within the South African and African MICE sector.

As a result of MICE events hosted in the venue, the venue has produced a cumulative aggregate of 14 998 015 visitor days for the destination. This produced a nominal aggregate contribution of R34,234 billion to national GDP and R23,682 billion to KwaZulu-Natal GGP. The Durban ICC's total real contribution to SA GDP in 2017 prices is R43,138 billion compared to the nominal cumulative total of R34,234 billion which is around R8,904 billion more than the nominal figure. As a result of this, 49 706 thousand jobs were created and sustained directly in the province while a further 43 383 thousand jobs were created implicitly through the

nation. Additional macroeconomic paybacks are the creation of R2,726 billion in tax income and the formation of R13,319 billion in indirect household income. The influence of delegate spending reports for between 64% to 78% with stimulated tourism providing around 17%. Foreign exchange earnings of R5,724 billion for the country resulted from the Durban ICC activities.

Durban invested a total of R950 million into the Durban ICC. On 8 August 2017, 20 full operating years had passed, and it is essential for stakeholders to reflect on the Durban ICC's principal objectives and the future strategy for the Durban ICC to compete in this VUCA (volatility, uncertainty, complexity and ambiguity) environment. Chapter 5 is the final chapter and it presents the conclusions for the study and recommendations for future studies.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1. INTRODUCTION

Chapter 5 provides a conclusion based on the study conducted as well as recommendations derived from the study and recommendations for future studies.

The principal purpose of the study was to evaluate the impact of the Durban ICC on the economy over an 11-year period. Data was collected from annual integrated financial reports for each of the years 2006/7–2016/17. The data was analysed using descriptive analysis, and findings discussed to provide insight into the primary purpose of the Durban ICC which is more on a catalytic reasoning to attract and host the MICE industry and thus positively contributing to the GDP of South Africa and GGP of KwaZulu-Natal while creating jobs.

5.2. SUMMARY OF OBJECTIVES

This study focused on the following two objectives that the researcher sought to achieve. The findings and contributions to each of the objectives are discussed below.

5.2.1. To compile from annual reports 2006/7 to 2016/17, the economic data on the impact of the Durban ICC on the local and national economy.

5.2.2. To analyse and evaluate the economic impact of the Durban ICC on the national and local economy from the 2006/7 to 2016/17 financial years.

5.2.1. Results of objective one

The Durban ICC annual integrated financial reports for each year obtained, were reviewed and analysed. Data from these individual annual reports for the period 2006/7–2016/17 were collected, organised, summarised into cumulative data for the period and using descriptive analysis the data were analysed to identify trends and opportunities that have emerged over this period and presented based on contribution to SA's GDP; contribution to KZN's GGP; contribution to indirect

household income; net foreign exchange earnings; tax revenue generated; total delegate and visitor days and jobs created (direct and indirect).

As a result of MICE events hosted in the venue, the Durban ICC has generated an aggregate total of 14 998 015 representative and tourist days in Durban. The nominal cumulative contribution over the 11 years of R34,235 billion to SA's GDP and R23,683 billion to KwaZulu-Natal's GGP was calculated. As a result, 49 706 thousand jobs were created and sustained directly in the province while a further 43 383 thousand jobs were created and sustained indirectly throughout SA. Additional macroeconomic remunerations are the production of R2,726 billion tax income and R13,319 billion in indirect household revenue. The influence of delegate spending accounted between 64% and 78% of the effect, whereas stimulated tourism funded 23%. A clear generator of R5,724 billion in foreign exchange earnings for the country resulted from the Durban ICC activities.

5.2.2. Results of objective two

The 2008 year was the minimum contributing year toward GDP, GGP, direct jobs, indirect taxes, indirect household income and total delegate visitor days. A further analysis of the Durban ICC annual reports reflected that the Durban ICC became self-sustainable in the 2007–2008 year and stopped taking the operational subsidy of R20 million from the city. The year 2008 was the start of the economic recession which affected most countries and travel, and this impacted the core international market with reductions in business travel and budgets. The number of bookings and revenue doubled from 2007. Although government bookings and revenue increased from 2014, there was a decline in the number of events hosted but an increase in delegate days. There was a decrease in total regional and SA delegate days with international days showing no growth.

The 2015 year reflects the highest contribution to GDP, direct job creation, indirect taxes and total delegate visitor days. The number of events in 2015 increased by 20%; revenue grew by R5.3 million with a 34% growth in pre-tax profit. International functions grew from 16 international events in 2014 to 37 international events in 2015, government bookings also increased. There was a total of 1 billion room nights. In 2015 the Durban ICC revisited their pricing strategy and packaged and priced according to market segment and core targeted business. In the 11-year

period, 2015 had the highest number of congress and exhibition days. However, KZN delegate days dominated this year. More KZN government-funded events were hosted in the centre with the most significant revenue contribution from the government sector. The increase in government spending paired with the procurement of KZN suppliers resulted in the highest contribution to GDP, GGP and indirect taxes.

Over the eleven-year period, the Durban ICC hosted an average of 470 events per annum, being 30 international and 440 national events attracting an average of 1 442 760 delegates which comprised an average of 203 153 total congress days and 1 160 302 whole exhibition days reflecting five times more than congress days. International delegate days averaged 448 223 days, SA delegate days averaged at 441 315 and KZN with the highest at 473 919 delegate days. The contribution resulted in 4 520 direct jobs that were created and maintained in KZN and 2 587 indirect jobs in SA. This totalled an average revenue of R142 139 985 from hosting 59 association events, 195 corporate events, 171 government events, 25 exhibitions per year and over 118 private functions. There was an average contribution of R248 million to indirect taxes and R1211 billion to indirect household income with R520 million average contributions to net foreign earnings. The average contribution to SA GDP in real value per annum was R3,922 billion and R2,911 billion to KZN GGP.

5.3. RECOMMENDATIONS

5.3.1. Corporate entrepreneurial intensity and innovation

The Durban ICC was the first convention venue built in 1997 and enjoyed the monopoly of being the only convention venue in South Africa for a short period. This was followed with the introduction of other convention venues in South Africa and Africa, and since then competition is inevitable with the local hotels and smaller venues competing in the same space as convention venues. The Durban ICC is now functioning in an oligopolistic environment and has to adjust its strategy accordingly to deal with the changes resulting from this diverse environment that is evolving. The VUCA business tourism environment demands flexibility and fluidity with global clients and not restricting policies.

The Durban ICC has to display a continuous-incremental degree of entrepreneurial intensity. There are many events hosted at the Durban ICC that continually challenge the centre to think outside of the box and host unconventional set-ups on global standards. The centre has hosted the most significant events in Africa for up to 20 000 delegates. However, the centre can improve on some elements in terms of innovation, proactiveness and more risk that is more fluid and less policy and procedure dictated. However, there has been some change in strategy and hence the number of events picked up again in 2015 from a low 292 in 2014.

5.3.2. South African business tourism multiplier for calculation

The 2007 multiplier used was higher than the 2011 multiplier used. A complete business tourism, supplier value chain analysis is needed to identify how the business needs are evolving based on macroeconomic, business tourism market and microeconomic factors. To conduct this communication between all stakeholders in the value chain is critical, firstly by positioning the business tourism as an opportunity to create growth and sustainable development. The Durban ICC should play a more active role in driving enterprise development regarding the suppliers of critical resources who can generate a good multiplier for the industry across the broader economy. There needs to be a proactive local supplier forum created to bridge the gap between universities and business to find creative, innovative solutions for challenges facing the procurement of goods and services for the industry.

5.3.3. Exhibitions focus for local development and partnership with tourism investment in KwaZulu-Natal

Results from research reflect that exhibitions are a lucrative market. From the total of 14 998 014 congress and exhibition visitor days for the 11-year period, 85% accounted for exhibition delegate days and 15% for congress delegate days. The 304 exhibitions hosted over the 11 years attracted a total of 12 763 324 visitor days while congresses attracted 2 234 690 days. Exhibition delegates spend more time at a destination as they require additional days to assemble and construct the exhibition structures, live days and time to breakdown – hence resulting in lengthier visitor days and more spending. Exhibitions are also more profitable events for venues as they are less labour intensive as all the exhibitors require is pure space

and they pay additional for all ancillary services like carpeting, shell scheme, portorage, furniture, lighting, catering. There is huge commercial opportunity to partner with Trade and Investment KZN and attract trade exhibitions with foreign direct investment potential and commercial opportunity for the local businesses that would otherwise not be in a position to attend these international shows to conclude business deals.

5.3.3.1. Event and delegate mix

The results also noted a large portion of local attendees and government funded conferences and events hosted at the centre which could be considered as opportunity cost. Thirty-five percent of delegates were from KZN and 32% from SA with 33% from international destinations and a total of 67% of delegate days were accounted for KZN and SA delegate days, while 33% was accounted for international events. The Durban ICC should segment, similar to the Dubai World Trade Centre, and focus on “mega” and “giga” events that have huge international delegate attendance which was clearly reflected in the 2015 fiscal and 2017 fiscal years with the hosting of COP 17 which attracted over 15 000 delegates and World Aids Congress which attracted over 20 000 delegates. With a strategic approach of pre-targeting a healthy mix of “mega” and “giga” foreign funded international events paired with national and local funded events, the twin mandate of profitability and economic impact can be achieved and leveraged to include socio-economic benefits like improving the knowledge economy and other elements that are not being financially or economically measured as yet but have impact on the triple bottom line.

5.3.3.2. Business tourism stakeholder collaboration

The current study looked into tangible, quantifiable impacts; however, other innovative spheres of relationship and collaborative marketing should be explored. This was clearly visible in the case study with Kuching and Dubai World Trade Centre. There is an opportunity to establish new stakeholder collaborative policies and management structures that connect the South African tourism policy to the public, private, association and governments sector institutions at national, provincial and local level. The Durban ICC as a catalytic organisation should start a forum to initiate and drive this forum.

5.4. RECOMMENDATIONS FOR FUTURE STUDIES

5.4.1. Economic value of relationship marketing

There is no tangible return on investment attached to the value of Durban ICC relationship marketing activities between clients and suppliers. The return on investment for marketing activities is an essential element concerning economic impact as it saves on marketing budget line items when ambassadors are created through relationship marketing internationally. The Durban ICC should also consider tracking intangible returns like image and reputation.

5.4.2. KZN and SA and exhibition delegate attendance

While there is tracking of the KZN and South African delegate attendance and spending, there should be a value attached to opportunity cost saving to attend local and forego the cost of general expenses. This opportunity cost allows saving within the economy. An evaluation is necessary to determine delegate cost savings for South African and KZN delegates to attend conferences hosted by the province and country as opposed to travelling to an international destination. Business deals can be secured at trade exhibitions hosted in the venue. This project could be an event-based short-term and long-term evaluation as sometimes return is only seen after three to five years. With international exhibitions and trade fairs, it creates an affordable platform for local suppliers to attend. Some of these suppliers would not be in a position to travel internationally to secure these returns.

5.4.3. Knowledge economy, corporate social investment and legacy building

There is no track of legacy building programmes and corporate social investment programmes added to the conference programmes. There should be a track of sponsorships in cash or kind that MICE events leave after an event. Legacies that events leave behind in a destination concerning knowledge sharing and corporate social investments are of value. All sponsorship and donations in cash and kind comprise a vital contribution as local university graduates are invited to attend the conference at no cost. It is difficult to ascertain values attached to how companies are tracking and evaluating their corporate social and environmental initiatives. A

case study exploring value attached to long-term sustainability and environmental awareness should be considered.

5.5. CONCLUDING REMARKS

The Durban ICC celebrated its 20th anniversary on 8 August 2017 and was the first convention venue built in South Africa in 1997 as a stimulus for economic growth and development. The existing instability, insecurity, intricacy and uncertainty of the international, contemporary MICE environment requires that organisations like the Durban ICC concentrate on innovation with an entrepreneurial approach to acquiring different techniques with varying mindsets in place regarding prices, behaviours and skillsets to enterprise outcomes, aggressive benefit and long-standing sustainability.

The venue should consider adopting a corporate entrepreneurship mindset with the aim to gain a competitive advantage by creating an innovative culture with unique first in the world experiences from set-up to cuisine in its efforts to generate new business. The Durban ICC should audit four facets of the industry which are the company's environment, strategic leaders, conduct and performance and must seriously consider innovative solutions that challenge its current positioning in South Africa and globally.

There is a dire need for business tourism government stakeholders in SA and KZN to be flexible, adaptable, speedy, innovative and competitor aggressive to create viable and innovative alternatives in improving the lives of all South Africans. Leadership in South Africa should furnace novel prospects while remaining engrossed and outstanding to distinguish innovative unanticipated prospects and clinch different encounters in this developing VUCA domain. The Durban ICC, KZN and city of Durban should consider collaborative, effective, efficient strategies with an approach to stay competitive in a vibrant international MICE marketplace while creating a catalytic footing in moving the Durban ICC and the business tourism value chain from remarkable to extraordinary.

The business tourism landscape is plagued by volatility, complexity, uncertainty and ambiguity (VUCA). Late bookings are becoming a trend with customers wanting to confirm as late as possible considering the VUCA challenge. The Durban ICC

revenue has been predominantly from government bookings. There has been a regression in the quantity of events held which could align with increased competition and business lifecycle of the Durban ICC which is now in its 20th year of business. The business tourism environment in Durban, KwaZulu-Natal, South Africa and Africa is fragmented and requires a critical strategy aligned to collaboration instead of competition with the aim of capacitating Africa as a continent. The silo perspective of the African business tourism industry will be the competitive advantage for other continents that are paying attention to co-creation and collaboration with countries and cities within the continent. Durban and KwaZulu-Natal require a robust strategy that syncs all government organisations' key performance mandates so as to complement each other with the core services that the industry offers.

South African government organisations and officials are increasingly met with scepticism and suspicion from both public and private sectors. Business tourism has a fundamental part to play in encouraging, cultivating and constructing enabling environments for job creation and skills development in the business tourism ecosystem. Improvement stratagems should be co-created with the public and private sectors to realise maintainable all-encompassing economic advancement and growth for South Africans. These must be devised on grounded multi-sectoral facilitating strategies drawing on evidence-based strategies from prosperous nations. Slow leveraging on this market will have a direct effect on the business tourism good and services ecosystem that, in turn, will affect local communities, societies and economies.

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APPENDIX 1: ETHICAL CLEARANCE CERTIFICATE



21 August 2017

Mrs Marlene Govender (216075734)
Graduate School of Business & Leadership
Westville Campus

Dear Mrs Govender,

Protocol reference number: HSS/1342/017M

Project title: An evaluation of the impact of the Durban International Convention Centre on the economy

Full Approval – No Risk / Exempt Application

In response to your application received on 04 August 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Dr Mihalís Chasomeris
Cc Academic Leader Research: Dr Muhammad Hoque
Cc School Administrator: Ms Zarina Bullyraj

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