

Full Length Research Paper

Analysis of the socio-economic impacts of tourism for emerging tourism entrepreneurs: The case of George municipality in the Western Cape Province, South Africa

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In South Africa, the promotion of tourism has been identified as a key strategy that can lead to economic growth, community development and poverty alleviation. This appears to reflect that in the recent years, tourism has emerged as a significant development option in the post-apartheid South Africa. Tourism is perceived as an adopted strategy to creating more equitable economic growth in South Africa. According to the White paper on tourism (1996) the tourism sector is expected to be the leading economic sector in the country by 2014. The tourism industry is an integrated and multi-sectoral, aimed at poverty alleviation through pro-poor economic growth. The study looked at the socio-economic impacts of tourism on emerging tourism entrepreneurs in the George municipality. The study will contribute in increasing awareness of the socio-economic impacts of the tourism industry on emerging tourism entrepreneurs, who are mostly from the previously disadvantaged groups in South Africa. The study found that the tourism industry is contributing positively from a socio-economic perspective to the emerging tourism entrepreneurs, even though the majority of them are earning incomes very close and lower than what is considered a living wage in South Africa from their enterprises. It was found that tourism is helping to respond to the alleviation of poverty and the income earned is helping to respond to the basic needs of the entrepreneurs. Many of these entrepreneurs who are from poor backgrounds are also able to find employment in these enterprises. These enterprises are also seen to be providing a new type of tourist experience as many of them are focusing on cultural tourism products.

Key words: Tourism industry, entrepreneurs, income, and socio-economic impacts.

INTRODUCTION

According to Rogerson (2001) tourism is being placed on the forefront of promoting local economic development (LED) in disadvantaged communities of South Africa. (Goudie et al., 1999; Kirsten and Rogerson, 2002, 2006; Mahony and van Zyl, 2002) indicated that over the last few decades several countries have looked towards tourism as a means of employment creation and poverty reduction and generally for promoting development and

economic growth. This is due to the fact that tourism has grown to become the world's second largest industry, directly accounting for 3.8% of global growth domestic product in 2009 according to the World Travel and Tourism Council (WTTC, 2010). According to Ashley (2006), the tourism sector is becoming an increasingly important in the development of African continent. According to Rogerson (2001) most governments now have included tourism in their national development strategies. He continued to state that many efforts are under way to increase understanding of how tourism can contribute to poverty reduction and of how to translate this

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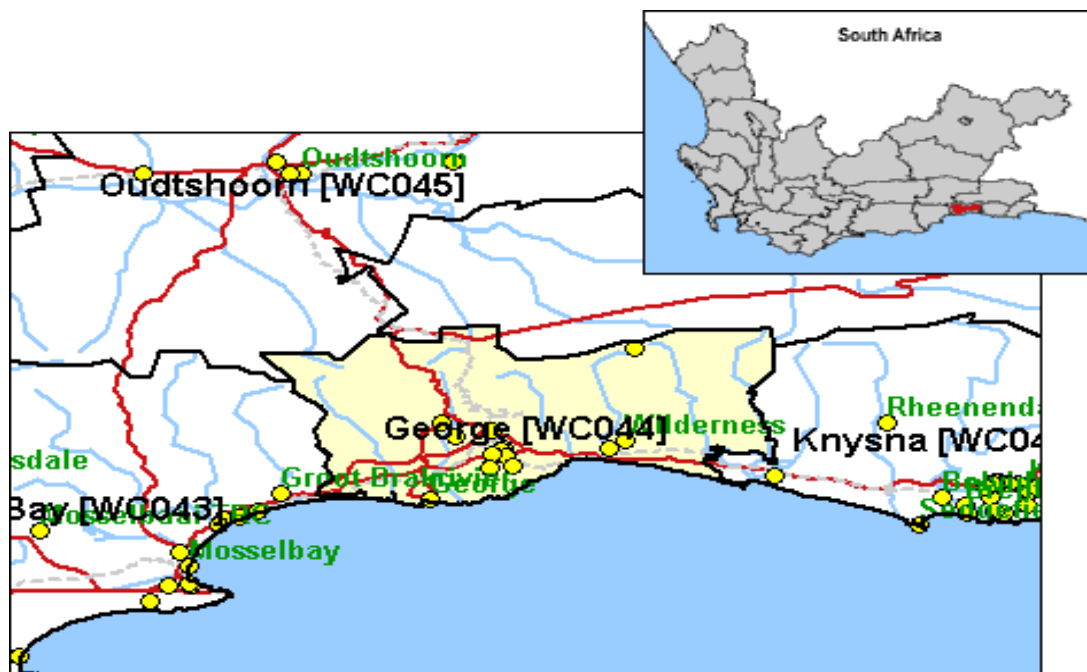


Figure 1. Map of George municipality and surrounding areas.
Source: Capegateway (2011).

understanding into concrete action. The objectives of these efforts include increased tourism arrivals and overnights, more out-of-pocket spending, and a bigger share of the tourist economy benefiting to the poor (Ashley, 2006). In direct response to the economic plight of the poorest areas, the South African government now actively encourages the pursuit of local economic development through tourism and local economic development is formulated as a “pro-poor” strategy (Republic of South Africa (RSA), 2000). Related to this approach, the promotion of tourism is now widely recognized in the country as a key economic growth alternative (Rogerson, 2000).

The aim of this research is to highlight the importance of the tourism sector in aiding the socio-economic problems in the George municipal area. It is believed that tourism contributes immensely in minimizing socio-economic problems especially in previously disadvantaged communities. The objectives of this research were to look at the income earnings of the emerging, whether the owners of these business enterprises are main sources of income (bread winners), livelihood reliance on income earned by the enterprises, and the impact that the income that they earn have on their household standard of living.

BACKGROUND / CONTEXT OF THE RESEARCH - TOURISM IN THE GEORGE MUNICIPALITY

George is an inland from Victoria Bay on the N2 on the

Cape Garden Route and it is the heart of the Garden Route and capital of the Southern Cape. George is the ideal hub from which to explore the diverse scenery and natural wonders of its surrounding areas. George is located in the Cape Wildflower Floral Kingdom next to the coast at the eastern end of the Western Cape Province and has a low rainfall Mediterranean type climate with activities to keep you busy all year round. George nestles at the foot of the Outeniqua Mountains (Figure 1). George, as the largest of the Garden Route towns, is also considered the industrial and business hub of the Southern Cape Region. The main N2 highway linking Cape Town to Port Elizabeth with all the unique coastal towns in between form the unmistakable Garden Route with George as a vital central point, with its airport and convenient centralized location. The main tourist attractions in George are:

- a) Red Berry farm where you pick your own strawberries. They also offer an outdoor tea garden and fresh farm stall.
- b) The Dutch cheese farm for wine and cheese tasting.
- c) The BadoKidogo bird farm is a breeding farm open to the public and viewing can be done 365 days a year.
- d) Garden route botanical garden is the only botanical garden on the Garden Route.
- e) Hiking, mountain-biking, bird-watching and indigenous fynbos.
- f) Surfing at Victoria Bay and Herolds Bay.
- g) The Outeniqua Country Hop Route meanders through

the Blanco and Geelhoutboom area and has arts and crafts, hikes, golf, hops farms, eateries and accommodation.

h) Board the Outeniqua Power Van for an excursion on the Outeniqua Mountains.

i) Scenic passes are the Montagu Pass and Seven Passes Road.

j) George Museum and other historical buildings.

For the golfers, Fancourt Hotel and Country Club Estate is South Africa's premier golfing and leisure resort. According to the Regional Trend Report (2010), an estimated 3 527 652 tourists visited George in 2010. This report further indicated that the international tourists were mainly from Netherlands, Germany, Sweden, Italy, UK, and France while domestically, the Western Cape Province was the leading province where domestic tourists were coming from, followed by Gauteng Province. The main purpose for the visit were holiday (53.4%), visiting friends and relatives (24.6%), business (11.7%), sports (6.6%) and religion (3.7%).

According to George municipality (2010), unemployment in George is concentrated within the black population; and the unemployment rate among black economically active population worsened over the 2001 to 2007 period. The coloured population has the second biggest share of unemployment in the area and the unemployment rate among coloured economically active population decreased from 42.8% in 2001 to 32.4% in 2007. Unemployment among the White and Indian/Asian population groups is low at less than 5 and 0% in 2007, respectively. George municipality like many other municipalities is facing the task of creating an environment conducive to economic growth for the previously disadvantaged communities. According to George municipality (2005), the rates of unemployment and poverty incidences have necessitated the George municipality to identify tourism as a sector that may impact positively in addressing poverty and unemployment.

LITERATURE REVIEW

While pursuing the usage of tourism towards economic growth and poverty alleviation, it is important to consider the socio-economic impacts of tourism development. The social impacts of tourism are important as most local people are absorbed in the tourist industry in the various sub-sectors of the industry. Some of those areas will include working as servants, house maids, waiters, gardeners and other menial work that may give people a sense of inferiority while others may be entrepreneurs who owns their own tourism enterprise (Nel and Binns, 2002). At the same time the tourists come from other societies with different values and lifestyles, and because they have come seeking pleasure, they may spend large amounts of money and behave in ways that even they would not accept at home (Rogerson, 2000). Local

people seeing the tourist example may want to live and behave the same way (Department of Environmental Affairs and Tourism, 1996). Tourists may also, out of ignorance or carelessness, fail to respect local customs and moral values (Stohr, 1990; Zaaijer and Sara, 1993; Demaziere and Wilson, 1996). These and other social effects may be among the most important long-term impacts of tourism development. The economic impacts of tourism are usually perceived positively by the residents as first of all, tourism acts as an export industry by generating new revenues from external sources (Tisdell, 2001). A host nation will gain foreign exchange, which will contribute to improve the nation's balance of payments (Gee et al., 1997; Liu and Var, 1986; Dogan, 1987). It decreases unemployment by creating new job opportunities (Gee et al., 1997). Increasing demand for tourism encourages new infrastructure investment (Inskeep, 1991), and communication and transportation possibilities (Milman and Pizam, 1988). The amount of taxes collected by government will also increase with the higher level of economic activity. Residents of a local community might have a better standard of living and higher income by tourism activities and economic empowerment (RSA, 1998; Binns and Nel, 1999; Nel, 1999; Rogerson, 1999b; Nel and Binns, 2001). According to Scheyvens (1999:247) economic empowerment mean that tourism brings lasting economic gains to a local community. This is characterized by the fact that tourism brings long – term financial benefits to a destination community and money is spread throughout the community. There noticeable improvements in local service and infrastructure as well as educational opportunities for locals through the corporate social responsibility adopted by investors in the tourism industry. True economic empowerment, however, requires more than corporate social responsibility approach to development (Milman and Pizam, 1988). It is important to base the empowerment of local communities on their contributing to the transaction. The extent of empowerment however is usually dependent on rural communities having access to an asset (such as land), which can be utilized to secure a string of benefits to local communities.

RESEARCH DESIGN

Surveys are commonly used for collecting data within the field of tourism and hospitality. For purposes of this research, a descriptive survey was conducted. According to Altinay and Paraskevas (2008), descriptive surveys are concerned with particular characteristics of a specific population and are predominantly used to gather information about what people do or think. In terms of this research, this strategy proved most useful to determine the socio-economic impacts of tourism to the emerging entrepreneurs from previously disadvantaged communities. The survey units extended across the enterprises of emerging tourism entrepreneurs in the municipality. The sample consisted of enterprises that have been in existence for at least two years as a criterion for inclusion in the study. Requirements were thus set prior to completion of the questionnaire at a particular enterprise, namely a record indicating

Table 1. Cross tabulation of income earned by tourism entrepreneurs.

Variable	Summary frequency table; marked cells have counts > 10 (marginal summaries are not marked)									
	Gender	Below R400	R401-800	R8001-1200	R12001-1600	R16001-2000	R20001-2400	R24001-2800	Above R28001	Row total
Count	Male	1	0	4	1	0	1	7	0	14
Column percentage		100	0	80	20	0	17	100	0	
Row percentage		7	0	29	7	0	7	50	0	
Total percentage		2.5	0	10	2.5	0	2.5	17.5	0	35
Count	Female	0	10	1	4	5	5	0	1	26
Column percentage		0	100	20	80	100	83	0	100	
Row percentage		0	38	4	15	19	19	0	3.9	
Total Percentage		0	25	2.5	10	12.5	12.5	0	2.5	65
Count	All groups	1	10	5	5	5	6	7	1	40

that the business has been in operation for at least two years.

A structured and pre-tested questionnaire was completed by 10 well-trained interviewers who lived in the survey areas and who know the location of the enterprises well. The questionnaire consisted of two sections. The questionnaire was developed using both literature review and interviews with selected individuals who are experts in small business operations. Socio-demographic information, including type of enterprise, number of years in business, number of employees was requested in section A. Section B consisted of items representing socio-economic factors in the tourism industry of the municipality.

Questionnaires were physically dropped at the enterprise premises and they were collected later when they were completed. In total 40 questionnaires were distributed and collected from randomly selected enterprises in the municipality. The processing of the data, ranging from checking to coding, data capturing and analysis was undertaken using the Statistica software programme Version 9.

FINDINGS AND DISCUSSION

In this aspect, the results of tourism stakeholder participation in George municipality are discussed in terms of the income earned, entrepreneur as

main source of income and livelihood reliance on income generated by the enterprise and the impact of income earned on the household standard of living.

Determining the income earned by tourism entrepreneurs in George municipality

The socio-economic contribution of the tourism industry may be determined by the income which is generated by those entrepreneurs who own enterprises in the tourism industry. Table 1 gives an indication of the distribution of income which the owners receive from their enterprises across different scales. In the male category seven (7) out of fourteen (14) earn between R2 401 and R2 800.00 per month. In the female category ten (10) entrepreneurs earn between R401 and R800.00 per month. Given the current conditions in South Africa where there is high unemployment and poverty, the income earnings presents a significant breakthrough to fight poverty and unemployment, especially to those from the

previously disadvantaged communities. This implies that at least they are able to use the income earned to aid their socio-economic problems and help improve their standard of living. It must be said however that majority of these entrepreneurs are earning income which is considered below the breadline, especially the females who are earning between R400 and R800. In South Africa the acceptable salary is R1 200.

Determining whether the entrepreneur is a main source of income in the household

To better understand the impact of tourism on the socio-economic challenges, it is important to understand and know how many of the tourism entrepreneurs are the main sources of income in their households. The implication is that if they are main sources of income in their households, they will use the money to improve the living conditions of their families, thereby ensuring that the basic needs of their families are met. Table 2 shows

Table 2. Cross tabulation of main sources of income.

Variable	Summary frequency table			
	Marked cells have counts > 10 (marginal summaries are not marked)			
	Educational background	No	Yes	Row total
Count	Grade 12	3	20	23
Column percentage		33.3	64.5	
Row percentage		13.	87.	
Total percentage		7.5	50	57.5
Count	College certificate	1	6	7
Column percentage		11.	19.4	
Row percentage		14.3	86.	
Total percentage		2.5	15	17.5
Count	Degree/Diploma	5	4	9
Column percentage		55.6	13.	
Row percentage		55.6	44.	
Total percentage		12.5	10	22.5
Count	Post-graduate	0	1	1
Column percentage		0	3.	
Row percentage		0	100	
Total percentage		0	2.5	2.5
Count	All groups	9	31	40

Table 3. Cross tabulation of livelihood reliance on tourism enterprise income.

	Summary frequency table			
	Marked cells have counts > 10 (marginal summaries are not marked)			
	Educational background	Yes	No	Row total
Count	Male	14	0	14
Column percent		36.8	0	
Row percent		100	0	
Total percent		35	0	35
Count	Female	24	2	26
Column percent		63.2	100	
Row percent		92.3	7.7	
Total percent		60	5	65
Count	All groups	38	2	40
Total percent		95	5	100

that the majority of these tourism entrepreneurs are main sources of income in their households, with 77.5% (31 respondents) while only 22.5% (9 respondents) are not. This shows a major contribution by the tourism industry to improving the standard of living of the emerging tourism entrepreneurs.

Assessment of the livelihood reliance on tourism enterprise income

In order to establish the socio-economic impact of

tourism, it was important to analyse the reliance of respondents on income generated by their tourism enterprises. This finding is closely related to the earlier mentioned finding about whether the entrepreneurs are the main sources of income in their households. Table 3 indicates that majority of respondents are dependent on income earned by the enterprise to support their families. In total, 95% of the entrepreneurs are dependent on income generated by the enterprise while only 5% are not dependent on income generated by the enterprise. The implication may be that the 5% may have other sources

Table 4. Cross tabulation of the impact of the tourism enterprise has on household's living standards.

Variable	Summary frequency table				
	Marked cells have counts > 10 (marginal summaries are not marked)				
	Educational background	Average	Good	Excellent	Row total
Count	Grade 12	12	8	3	23
Column percentage		60	48	100	
Row percentage		52.2	35	13	
Total percentage		30	20	7.5	57.5
Count	College certificate	4	3	0	7
Column percentage		20	18	0	
Row percentage		57.	43	0	
Total percentage		10	7.5	0	17.5
Count	Degree/Diploma	3	6	0	9
Column percentage		15	35	0	
Row percentage		33	67	0	
Total percentage		7.5	15	0	17.5
Count	Post-graduate	1	0	0	1
Column percentage		5	0	0	
Row percentage		100	0	0	
Total percentage		2.5	0	0	2.5
Count	All groups	20	17	3	40
Total percentage		50	42.5	7.5	100

of income and hence use the income earned by the tourism enterprise for other important issues.

Assessment of the impact tourism enterprises had on household living standards

The final analysis done was to establish how the tourism enterprises are influencing the standard of living for the household of the entrepreneurs. Table 4 indicates that there is a fairness of improvement of standards of living in the households of those owning tourism enterprises. In total, across different educational backgrounds, tourism entrepreneurs indicated that the household standard of living is average (50%), those that indicated that the household standard of living is good were 42.5% while those that indicated that the household standard of living was excellent were 7.5% due to their involvement in the tourism industry. Whilst the results show a good sign in minimizing the negative socio-economic impacts, there seem to be a long way to go as there a few who are having excellent living standards while majority are having an average living standards.

CONCLUSIONS AND RECOMMENDATIONS

The findings of this study infer that there is a fair

improvement in the lives of the emerging tourism entrepreneurs from the previously disadvantaged communities due to their involvement in the tourism industry. However for the tourism industry to significantly make positive socio-economic contributions to these emerging tourism entrepreneurs there need to be a significant improvement in the income earnings by their tourism enterprises. This is due to the indication from the findings that majority of these emerging entrepreneurs are earning an income below the breadline. This was showed by the connection between the income earning and the standard of living in their households where majority of them are still having an average living standard. The desired position is to have a good to excellent living conditions. While the aforementioned is not easy to achieve, the tourism industry have the potential to significantly make inroads in improving the standard of living for many in the previously disadvantaged communities in South Africa. Whilst the study was not based on the tourism products or services offered by these emerging tourism entrepreneurs, it is suffice to say that for these entrepreneurs to earn even more income from their enterprises, their tourism products and services needs to be well marketed and promoted. Another important issue is for the entrepreneurs themselves to ensure that they offer tourism products or services which are unique, high quality and a high quality service delivery.

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