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## EPRI RESEARCH PAPER #13

# Investigating the Potential for Job Creation in the Tourism Industry with particular reference to Disadvantaged Communities

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## ABSTRACT

This paper explores the potential for tourism to impact positively on job creation especially its capacity to stimulate other sectors of the economy. This paper uses South African and international experience to demonstrate how people especially from the disadvantaged communities can participate and benefit in the tourism industry.

Further, it outlines a number of factors to be considered in order to enhance tourism development. These factors include: funding, expanding infrastructure, education and training, taxing the industry intelligently, private and public partnership, ownership of the land and natural resources, marketing strategies and transformation in the tourism industry.

Lastly, this paper outlines some negative aspects in the South African context, which dampen the success of tourism industry.

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## 1. INTRODUCTION

The low level of economic growth and the rigid labor market structure in South Africa makes it difficult for the formal economy to absorb the new labor force entering the market. This rapidly increases the level of unemployment. In 1997, unemployment was estimated at 38%. With the South African labor force growing at approximately 2 –2.5 % a year, this means that 300 000 people are coming into the labor market each year (Orkin 1999). According to Pape (1999), employment in South Africa since 1994 has dropped from 40 000 down to approximately 22 000 in the textile industry alone. Unemployment is the principal social and economic challenge facing South Africa so it is apparent that employment creation is very important in South Africa.

The manufacturing industry in South Africa is still restructuring in order to face international competition. It was protected from international competition since the early sixties and became less efficient. Now due to trade liberalization adopted in the past few years, it is unlikely that there would be a rise in its potential to contribute to employment creation. Pape (1999) estimates that within 10 years, manufacturing employment will not be significantly increased in South Africa. A low level of fiscal deficit coupled with the 3% target rule (and the overshooting of this in the past two years) also suggests that the government does not have the capacity or the will to become a major driving force for job creation.

The high cost associated with in particular deep level mining also makes it difficult for this industry to lead employment creation. Visser (1999, 2) confirms that both primary and secondary sectors are no longer reliable in leading employment and economic growth due to “the roller-coaster fluctuation in commodity prices shackling the global economy today. Instead, a more mobile, educated and nature deprived population suggests far stronger guarantees for growth in tourism particularly Eco- and cultural tourism”. Perhaps service industries can provide a strong alternative in driving employment creation.

Despite the promise that the service industry holds, we need to be cautious because the service industry covers a wide variety of jobs. Palma (1999) makes an important distinction between two types of services and their role in employment contribution. One is production related services (i.e. finance, transport, technical education which support production) and these are declining, while freestanding services (i.e. basic education, tourism, government services, personal services) are growing and so also the possibility of their contribution to increasing employment. In South Africa, we can no longer expect manufacturing to be the major driver of job creation. The challenge facing policy makers now is to focus on keeping existing jobs while creating additional employment opportunities.

The 1994 democratic election which heralded the Mandela presidency, brought about profound change as it ended the apartheid policy system of governance and with that the political unrest and sanction against South Africa. This paved the way for tourism as an alternative form of employment creation. Now tourism could be accepted as one of the key drivers for job growth, wealth creation and economic empowerment. Tourism is internationally accepted as one of the world's fastest growing industries and South Africa on the other hand has emerged as a highly attractive destination because it has both depth and diversity of tourism products.

Peter Hawthorne (1999) confirms that the dramatic changes of 1990 took South Africa out of political and economic isolation. This succeeded in putting the country on the international travel and tourism map. He points out that in 1994, the number of regional and overseas holiday visitors increased by 50% to more than 5 million a year. Since tourism is the world's fastest growing industry, the objective of this study is to look at tourism as an alternative for job creation in South Africa.

## 2. TOURISM POTENTIAL FOR JOB CREATION

### 2.1 Tourism Size and Performance in South Africa

The tourism industry since 1994 has drawn the attention of both government and the business sector. According to a survey done by the World Tourism Organizations in 1999, South Africa ranked 25<sup>th</sup> among the top 40 tourism destinations in the world whereas in 1990 it only ranked 55.<sup>th</sup> South Africa is now the leading tourist destination in Africa having outstripped countries like Tunisia (ranked 29<sup>th</sup>), Egypt (ranked 34<sup>th</sup>) and Morocco, ranked 38<sup>th</sup> (Jordan, 1999).

According to the same report, South Africa is amongst seven countries that have experienced the largest increase in tourism arrivals with a growth rate of 10% and above from 1996 to 1998 as depicted in Table 1.

Table 1

Tourist arrivals in South Africa

Year/ period	Tourist arrivals	Growth rate
1993	3 098 183	
1994	3 668 956	18%
1995	4 488 272	22.3%
1996	4 944 430	10.2%
1997	5 346 848	10%
1998	5 981 000	10%

Source: World Tourism Organization, in Jordan 1999

The department of environmental affairs and tourism also reported that tourist arrivals for the period January to July 1998 showed an increase of 3.8%. Over the same period, they reported that the number of tourists from Africa increased by 7.5%. There was also a significant increase of 16.8% in tourism arrivals from North America including Canada; arrivals from the Middle East increased by 3.3% and from Australia by 0.4%. In the period January to June 1998, 74% of tourist arrivals were from Africa (World Tourism Organization in Jordan, 1999).

Looking at table 2 below, one can see that from 1994 to 1998, the tourism industry was consistently growing in size showing the strength and potential to lead employment creation. Other industries like agriculture, forestry and fishing recorded a decline from 1996 to 1998. Mining and quarrying have declined between 1993 and 1996 thereafter it started stabilizing. Construction also followed the similar trend. The rest of the industries shown in the table remained stable.

Table 2

**Sectoral Contribution to SA's GDP**

Year	1991	1992	1993	1994	1995	1996	1997	1998
<b>The tourism industry</b>	4.5%	4.5%	4.5%	4.4%	4.9%	5.3%	5.6%	6.0%
<b>Tourism economy</b>	6.3%	5.9%	5.8%	5.6%	6.7%	7.3%	7.7%	8.2%
<b>Agriculture, Forestry &amp; fishing</b>	5.6%	4.2%	5.1%	5.5%	4.6%	5.7%	5.6%	5.5%
<b>Mining &amp; quarrying</b>	9.6%	10.0%	10.1%	9.6%	9.0%	8.6%	8.6%	8.6%
<b>Manufacturing</b>	24.6%	24.4%	24.0%	24.1%	25.2%	24.5%	24.9%	24.4%
<b>Construction</b>	3.4%	3.2%	3.0%	2.9%	2.9%	2.8%	2.8%	2.8%
<b>Food &amp; Beverages</b>	4.6%	4.6%	4.5%	4.5%	4.7%	4.6%	4.7%	4.6%
<b>Chemical</b>	2.8%	2.8%	2.8%	2.8%	2.9%	2.8%	2.9%	2.8%
<b>Motor Vehicles &amp; Transport</b>	1.8%	1.8%	1.8%	1.8%	1.9%	1.8%	1.9%	1.8%

Source: WTTC & SA Reserve Bank in tourism fact sheet 1999

## 2.2 Employment in the Tourism Industry

According to Jordan (1999), from 1996 up to 1998, South Africa created 187170 new jobs within the South African economy through tourism. Current estimates were that more than 730 000 South Africans are directly employed in tourism and the development strategy of the department of tourism is aimed at increasing this number to 860 000 by the year 2000. Ciaran Ryan (2000) suggests that tourism is far and away South Africa's best hope for job creation and has the potential to create an additional 450 000 jobs by 2005, in addition to the 500 000 already employed in this sector.

International experience demonstrates that tourism accounts for about one tenth of the labor market in Spain, representing 686 000 direct and 487 000 indirect jobs. Further, Siles (in World Tourism Organisation, 1998) confirms that tourism is an important generator of employment in Sweden, where it accounts for some 200 000 full-time or part-time jobs.

In British Columbia, approximately 28 000 individuals are directly employed in art and heritage only. The Stanford Shakespearean Festival has an annual operating budget of more than \$32 million, employing 750 full- time and seasonal staff and the festival sells more than 500 000 ticket per year. Out of 500 000 tickets sold, it generated more than \$23 million and most of which were sold to tourists (Harris, 1999).

The World Travel and Tourism Council (in Bennett 1999, 2), writes that "travelling and tourism industry including direct related service like accommodation and catering has employed 1.3 million people in SADC, or 3% of its total employment". In Colombia, 360 000 people are employed in the hotel and restaurant sector. Ryan (2000) adds that the impact of tourism on employment can be considerable for many small countries. He also points out that in some countries in the Caribbean, 50% of the workforce is employed in the tourism sector.

From table 2 (see p5), it is evident that as from 1994 to 1998 the tourism industry has grown consistently. That has resulted in persistent increases in employment in this industry as depicted by the table 3 below. In 1995 alone, growth in the total jobs created in tourism increased by 18.9%, from a negative one-percent growth rate after the free elections. After this initial large increase in the number of jobs created though tourism, we witness a steady decline in the growth rate. Despite this, the number of jobs created in the tourism industry as a percentage of total employment has continued to increase between 1994 and 1998.

Table 3

## Employment in the Travel and Tourism Economy in South Africa

Year	Direct tourism jobs	Indirect tourism jobs	Total tourism jobs	Growth in total tourism jobs	Tourism jobs as % of Total Employment
1988	233.572	277.857	511.429		5.26%
1989	233.805	286.388	520.193	1.7%	5.25%
1990	223.539	277.745	501.284	-3.6%	5.02%
1991	220.356	290.447	510.803	1.9%	5.17%
1992	205.260	260.682	465.942	-8.8%	4.71%
1993	204.825	258.368	463.193	-0.6%	4.69%
1994	206.306	256.504	462.810	-0.1%	4.65%
1995	248.448	302.004	550.451	18.9%	5.42%
1996	289.763	338.149	627.912	14.1%	6.16%
1997	309.499	363.360	672.860	7.2%	6.54%
1998	341.932	395.685	737.617	9.6%	7.02%

Source: Tourism Fact Sheet 1999

**2.3 The Capacity of the Tourism Industry to Create Jobs in South Africa**

The tourism industry caters for both domestic and foreign tourists. Domestic tourists from inland areas visit coastal areas for beaches and fishing while tourists from coastal areas visit inland areas for game hunting and mountain hiking. The development of Domestic Tourism in South Africa is hampered by high levels of unemployment as more than half of the population do not have sufficient incomes to allow them to be tourists. This is apparent in many other areas of the country (Idasa, 2001).

Those who can afford to travel are not well informed about the places they can visit around South Africa. Further, the lack of advertising directed at domestic tourists exacerbates the lack of growth of this potential market. The foreign tourism industry enjoys a variety of tourism products namely adventure tourism, eco-tourism, cultural tourism and historical tourism.



Even though the tourism industry is of a seasonal nature, South Africa has a distinct advantage because it shares different climates amongst the nine provinces. This allows tourists to visit areas like KZN and parts of Gauteng during winter while visiting Cape Town in summer because it is a winter rainfall area. Doris Mthali and Alien Zulu (Durbanites who are pensioners) for example, travel to Cape Town every summer to see Robben Island, Table Mountain and to go to the beaches. Their dissatisfaction though is about the lack of adequate public transport in Cape Town (Idasa, 2001).

When assessing the tourism industry, one finds that it requires one of the lowest ratios of investment to create jobs (White Paper, 1996). Most activities do not need huge investments to kick-start the business. In particular, this relates to tourism products such as performances of cultural activity, stage drama, training people for service provision, selling crafts and fruits and teaching languages. This means that more jobs can be created per unit of capital invested and many tourism activities are within the reach of small-scale business.

Cape Metropolitan Tourism for example has taken an initiative to invest R2 million in community based tourism in which a significant number of people are involved in providing services to tourists and the tourism industry. This project will allow the local people to have meaningful ownership, control and participation in the various tourism and related enterprises. This involves creating business ventures such as jobs that are owned and managed by the organizations that have a good representation of membership from the disadvantaged communities, taking into account areas of greatest need.

Considering different types of services people can offer to the tourists, it is evident that tourism can employ a multiplicity of skills at the same time creating entrepreneurial opportunities. Tourism is capable of creating employment mainly for semi-skilled and unskilled workers, which constitute a large percentage of the South African labor force. In this way tourism can create many jobs within a short period of time. Tourism can be an engine for economic growth as it is capable of stimulating other sectors of the economy. Tourism holds promise and potential as it can respond rapidly to the needs for job creation (White paper, 1996).

The demand in this industry is continuous which means a holiday taken today does not reduce the demand for the holiday next year thus the potential market for tourism will continue to grow. David and Sara Marein from London have come down to South Africa for three consecutive years escaping cold and the mad rush of London life (Idasa, 2001).

According to the Labor Intensive Development Study, “South Africa has the potential to double or even treble tourism earnings by increasing tourism arrivals and raising expenditure per visitor via product development and increased promotion” (Ryan, 2000,1).

The following tourism products offered in South Africa can directly benefit the disadvantaged communities.

### **2.3.1 Cultural Tourism**

For tourism to generate a substantial number of jobs, it will depend partially on the factor intensity of production of the particular activities undertaken. Preliminary findings suggest that certain tourism activities are more labor intensive (Charles, 1999). For example taking the advantage of cultural diversity, South Africans can form small groups and offer live entertainment to tourists. This is one of the activities still not efficiently promoted in South Africa. This can results in thousands of entertainers being employed within a short period of time.

There is strong international experience to support this view. An example of this is the town of Niagara on Lake Ontario that welcomes three million tourists annually to enjoy its heritage architecture, its main street of art and craft galleries, its live theatre and its wineries. Europe on the other hand is the single most popular tourism destination in the world and its success is built upon cultural tourism. Cultural tourism is hardly new and people go to Europe to experience the language, culture, cuisine and to see the architecture and historic sites, to visit museum and art galleries, to attend cultural events and festivals of various kinds (Harris, 1999). South African communities have a diverse culture and interesting history with which we can develop a strong niche for cultural tourism. Tourism activities that have developed around the island and former prison on Robben Island is a case in point. Many of the once inmates incarcerated for political reasons have become tour guides on the island.

### **2.3.2 Township Cuisine**

Hawthorne (1999) points out that because of the nature of the apartheid system in South Africa (spatial geographical development); tourists were not encouraged to enter black townships. However political transformation has brought more opportunities particularly for black communities as bed and breakfasts now start to open up family homes to tourists who look to experience life with South African families as part of their holidays. A typical

example is a guest house run by Sekhitla near Thembisa hospital that offers pub lunches as well as bed and breakfast accommodation (Idasa, 2001). However, these opportunities have not been fully exploited by black communities.

According to the survey of South Africa's international tourism market for the summer of 1999, McKellar writes that: "Hospitality offered to the foreign visitors by South Africans in their own homes accounts for 38 % of all foreign visitor-nights". Further, the survey shows that hotels are widely used for commercial accommodation (28% of visitor-nights). Small restaurants can also be opened up in townships to provide local food to the tourist who visit their areas especially for those who will be coming for a one day tour.

### **2.3.3 Eco-Tourism**

Eco-tourism has shown strong potential for creating jobs in skilled and unskilled categories. Eco-tourism combines the diverse natural beauty of South Africa with the protection of its natural resources in a manner that fosters and develops communities living on or near these tourist destinations.

The World Tourism Organization (1999, 5) points out that, the SADC region in Africa is a pioneer in wildlife conservation and an innovator in eco-tourism. "At least ten major game reserves or national parks in Mozambique, Swaziland and South Africa have all of the African big five (buffalo, elephant, leopard, lion and rhinoceros) as well as a large population of white and black rhinos that are on the verge of extinction elsewhere in Africa".

Private game ranches in South Africa have expanded since 1993 by an average of 5.5% per year. Formally recognized game ranches have increased from about 3 300 to 5 100 between 1993 and 2000. Wouter van Hoven (a professor of wildlife management at the University of Pretoria) confirms that there is more wildlife in the country than at any point in history (Mail and Guardian March 29, 2001).

The number of professional hunters coming to South Africa not only to hunt buck but also the big five is increasing. According to statistics released by the professional hunters association (in Idasa, 2001), over R180 million in foreign exchange was generated from foreign hunters in 1997. In the year 2000, more than 17 000 head of game valued at more than R62 million were sold at 48 auctions and the industry generated well over R1billion of which nearly 80% was from hunting (Mail and Guardian March 29, 2001).

To demonstrate how local people can benefit from nature, one disease free buffalo is sold for R150 000. With the rearing costs at R30 000, a realized profit is R120 000 compared to R3 000 when selling a cow. (Idasa, 2001). It is therefore clear that buffalo breeding is a sound proposition, however, the major obstacle is that local communities usually know nothing about such options and their rights to explore them. Peter Rustch in Idasa (2001, 35) confirms that right now, "People are battling to understand the concept of Eco-tourism and how they might be involved in it".

This points to a lack of access to information. Perhaps the problem here is that, information about different models for tourism development in conservation areas is found on the Internet, in university libraries, in development agencies but not in rural towns.

Besides creating jobs, tourism has a positive impact on the livelihood of the poor by changing the economic conditions of the environment in which they live. This happens when tourism changes the possibilities for access to the assets and the related livelihood options. According to Mathieson (1995, 137), social tourism "refers to the changes in the quality of life of residents of the tourists destinations". In this way, tourism can uplift households from being insecure to secure even though this may only be available to the minority of the poor. Participation in cultural tourism can also boost cultural pride, sense of control and reduce vulnerability. Residents of the cultural tourism attraction can sometimes view cultural exchange as having a positive impact on their lives.

#### **2.3.4 Other Business Opportunities**

Tourism also accommodates a variety of dynamic activities of informal sectors. There are craft vendors, fruit vendors and beach vendors, chair rentals and others. In this industry, there are also many other business opportunities which can involve previously disadvantage people. Examples are the provision of transportation services in both rural and urban areas; teaching language and customs to interested visitors; opening restaurants specializing in local or traditional food. The tour guide industry is one of the areas in which black participation is increasing. A few examples are, Jimmy's Face 2 Face Tour guide (that is managed by Queen Makgopo) and Vincent Thabede's Tour Guides in Durban.

Advertising or announcing events like traditional ceremonies will encourage interested tourists to come to their places as now many of the prime tourism attractions are not located

in the city centers but in the rural areas. In this way tourism can allow rural people to benefit by bringing development to their own local places thereby promoting balanced and sustainable form of development.

The opening of the special markets near resorts or beaches can also encourage craft providers to market their products to tourists thereby creating self-employment opportunities (White paper, 1996).

Tourism also offers direct benefits through hotels and catering establishments where many jobs do not require technical knowledge for example kitchen assistants, luggage attendants and porters, lift attendants, security guards, cleaners and laundry assistants etc. This industry also provides enormous potential for on-the-job training. President Mbheki in his state of the nation address on Friday 09 February 2001, revealed that the government plans to introduce funding for 4000 small businesses in tourism and agriculture (Star February 12, 2001).

Despite those opportunities available from which the previously disadvantaged communities can benefit, their low level of participation in tourism industry is still a problem. Other critical issues here are how entrepreneurs from the disadvantaged communities are being developed, and how they can adapt to the changing needs of the tourism industry.

The Hawaiian experience suggests that there are opportunities for advancement to managerial levels within the accommodation sector (Charles, 1999). However, this may not be sufficient to enable a broad and meaningful participation in the industry. Because of a high capital requirement in the accommodation sector, most of the disadvantaged will be excluded from participation at the ownership level.

The Caribbean experience also suggests that entrepreneurs can be developed from within the industry. The former employees with education, vision, drive and relevant experience can branch out of the industry to offer complementary services such as retailing, food and beverages operations as well as services in the entertainment industry (Charles 1999). To achieve this, investment in buildings and infrastructure by both government and private investors will be required to provide space for rent, accessible transportation and venues for use by individual providers of tourism services. The promotion of cultural based festivals by the government is also crucial in promoting tourism development. Although vision and drive seem to be the key factors, for this to succeed in South Africa, we will also need a good

education and training programmes to offer a business experience and capital to initiate the businesses.

There is a growing criticism that the government is failing to promote small businesses in South Africa. The government on the other hand is shifting the blame towards the poor performance of Khula and Ntsika (the department of Trade and Industry's institutions established to promote small businesses and black entrepreneurs).

Ntsika is responsible for training, provision of micro-enterprise services as well as giving necessary advice to the small and medium enterprises. It has created close to 100 institutions responsible for the provision of services to Small and Medium Enterprises (SME) but most of them are failing. This is because funds are not moving from Ntsika to these institutions as intended. (CDE debate 1999).

Khula was set up to address the problem of finance through the provision of a guarantee facility that will provide the impetus for the banking sector to go into retail lending and the SME sector. This is crucial since the level of lending by the banking sector to small and medium enterprises is very low, despite banks in South Africa agreeing to increase lending to the poor in return for the government upholding the rule of law to create an environment conducive to the success of these banking institutions in the poorer areas. Instead, they are moving out of poorer areas where they are most needed. A typical example is "Nedbank and Standard Bank who recently closed their branches in the once-vibrant inner-city suburb of Yeoville" (Gumede, 2000). The government has also not actively encouraged them to lend to the poor. In the US for example, tax incentives for banks providing services in the poor areas have been successful.

In spite of the criticism, Khula has managed to increase loans to black entrepreneurs from 27% to over 64%. This was mentioned at the Center for Development and Enterprise (CDE) Debates of September 1999.

Themba Nolutshungu points out that: "A 1990 study of the European Union countries showed that in Spain SME accounted for 90% of the jobs created, 71% in UK, 64% in France" (CDE Debate, 1999, 3). Since part of the solution to unemployment lies in creating small businesses, access to capital is vital to encourage an entrepreneurial spirit. In addition to this, the government has to empower its small business finance arm (Khula) to provide the poor with easy access to loans



In his state of the nation address, president Mbheki and finance minister Trevor Manuel in his budget speech, have set the growth of small business as a high priority this year (Randall, 2001).

## **2.4 Tourism Stimulates Other Sectors of the Economy**

Other sectors benefit indirectly from tourism. Sectors such as the construction and retail industry benefit when tourism stimulates the demand for their product and leads them to expand their businesses. In Cape Town, for example, a key tourist destination, statistics show that between 1997 and 1999, 30 hotels have opened creating jobs from the time of construction. Retailing and construction has already employed 3.5 million people or 7.1% of the total employment in South Africa (Bennett, 1999).

Economists admit that calculating the tourism industries economic impact is extremely difficult, but they all agree that it is substantial because it goes beyond direct receipts. Mark Roberts (1998,4) writes that:“The World Travel and Tourism Council, an industry lobby group, calculates figures that take into account not only direct spending but all the knock on effects as well using what is called the satellite accounting system”. This system tries to separate out the cup of coffee drunk by the tourists from that sipped by the local people, and allows for jobs generated by tourism in the other sectors i.e. the knock on effects. Allowing for all these indirect effects, the council put the total economic value of goods and services contributed by tourism in 1996 at \$3.6 trillion or 10% of gross global product. (Mark Roberts 1998)

It is estimated that tourism sustains more than one in ten jobs around the world, providing work for 255 million people, and could create another 130m places by 2006 (Mark Robert, 1998). With such large numbers, the council can persuade governments that spending money to promote tourism (particularly on infrastructure and transportation that aid mobility) is a good investment.

## **3. DEVELOPING SOUTH AFRICA’S TOURISM POTENTIAL**

The study commissioned by the World Tourism Council and the Department of Environmental Affairs and Tourism, made several recommendations to optimize South Africa’s tourism potential. These include giving strategic economic and employment priority

to the industry, taxing it intelligently and recognising its employment creation potential investing in human resource and expanding infrastructure (Jordan, 1999). The implementation of these recommendations will play an important role in the development of the industry as well as in facilitating the process of increasing the participation of the disadvantaged communities in tourism.

### **3.1. Expanding Infrastructure.**

In terms of infrastructure, the identified opportunities are “supply side measures which incorporate roads, air transportation, information and amenities, public transport, safety and security” (Department of Environmental Affairs and Tourism 2000, 2). One step forward taken by the government on the side of transportation is to allow more airlines into the country. The Lubombo Spatial Development Initiative (LSDI) also announced a R1bn investment in infrastructure development in the Lubombo region. Its first phase includes a R211million upgrade of the N2 highway from Richards Bay to the Swaziland border and the construction of a new spine road worth about R243 million through the Lubombo tourism area (from Hluhluwe, via Ponta Do Ouro Node, to Maputo). It also includes substantial investment in tourism infrastructure such as game stocking, game fencing and key access roads and services (Msomi, 2000, 13).

Infrastructure, like roads, running water, electricity and social capital, are the most important basic requirements for the participation of rural communities in the tourism industry. Addressing these problems can be a gateway for rural communities to participate through community run lodges and craft centers. At Mahenye in Zimbabwe’s southeast low-veld for example, “the local community has gained significantly from a lease agreement for the lodges” (Ashley, 2000, 4). Further, the upgrading of the roads can also reduce high accident rates on our roads. This is a potential threat for the tourists wanting to travel around the country.

### **3.2. Intelligent taxing**

Travelers by definition are mobile and have freedom to choose their travel destinations. They are sensitive to product prices and will select less expensive goods when presented with opportunities to do so (Lipman, 1998). Taxes on the other hand, can contribute to raising prices to uncompetitive and demand depressing levels. For this reason, the Department of Environmental Affairs and Tourism (in Jordan, 1999) continues to make the case for fair and



intelligent taxation. By intelligent taxing, they mean taxing in a way that promotes growth of the travel market. This is done by increasing the tax base, rather than increasing tax rates in a way that create negative influences on demand, and also to ensure that taxes do not discriminate against travellers (Jordan, 1999).

International standards require that "Travel and Tourism taxation principles be based on WTTC's own widely accepted principles of Intelligent Taxation of efficiency, simplicity, fair revenue generation and effective stimulus to growth" (Lipman, 1998, 2). International experience demonstrates that many countries have begun to use the Travel and Tourism Taxing tool to generate revenue not only for travel related purposes. UK for example is charging what they call "airport passenger duty tax" amongst other taxes (Lipman, 1998, 2). A typical example in South Africa is the one percent tourism levy on hotel room rates.

### **3.3. Education and Training**

Training especially on what the tourists needs are, and how to treat them is important for people to be able to offer satisfactory services to the tourists. It is also necessary for the participation of the disadvantaged communities in the tourism industry. This is because a lack of participation by the poor can lead to alienation from the tourism industry and so a lack of respect for foreigners and the development of xenophobic tendencies. In areas where the poor have access to creative and dynamic forms of social capital, the potential for participation may be greater.

Mocoamere (2000) points out that education ranks high on the list of domestic tourism and promotion campaigns, tackling lawlessness and ignorance regarding the importance of tourism as well as encouraging the citizen's pride in the cultural and the beauty of their land.

WTO Chief of Human Resource Development, Fayos-Sala confirms that there is a lack of quality in tourism education and training worldwide because it does not correspond well to the needs of employers. To become competitive in tourism according to Erdoardo (in World Tourism Organisation, 1998) governments have to realize that human capital is just as important as financial capital. So, by improving education, we can create more jobs (World Tourism Organization, 1998). Education and training in tourism in South Africa is also important to equip with skills the new groups (especially from the disadvantage communities) joining this industry.

There has been a general recognition of the importance of training and skills development in tourism. Investigation into the creation of the Southern Africa Institute has been completed. This institution hopes to improve the competitiveness of the tourism sector by developing capacity through training programmes. According to Graeme Addison of Idasa (2001), training for tourism has been one of the least satisfactory features of the industry and is scattered across technikons, private colleges, and associations. A new Tourism Hospitality Sports Education and Training Authority is setting out to standardize and supervise all training. SATSA also offers entrepreneurial development courses (teaching black entrepreneurs the basics of the industry) and mentorship programmes to those businesses identified as having potential to expand (Idasa, 2001).

### **3.4 Partnerships in Tourism**

At the OECD conference held on the 27-28 October 1997 in Rome on partnerships in tourism, the participants agreed that partnership is becoming an important instrument for implementing tourism policies more effectively, notably in the field of employment and education. The findings were that partnership is a useful and efficient tool for economic growth and job creation (OECD, 1997).

Forming partnerships in the areas like public services, sustainability, regional policy, and coordination of promotion, improvement of regulation and law enforcement, can enhance the role of government in tourism. Public sector as an agent for development, may work to achieve optimal exploitation of public resource and services, safeguarding the environment, and developing human resources and international partnership amongst countries. Private companies and international organization can help to advance tourism issues such as taxation, entry facilitation and environmental protection (OECD, 1997, 2). They also agreed that the best partnership practices should put more emphasis on education and training programs for tourism and the creation of jobs (OECD, 1997).

South Africa has recognized the importance of partnership in tourism. This is evident in the public/private partnership for international marketing of South Africa that was launched in the first week of December 1999 and was based on international best practices. In this partnership, local and international investors have already indicated that they want to put their money into the Spatial Development Initiative (Dr. ZP Jordan, 1999). The SDI project is a joint venture of the governments of Southern African countries bordering South Africa that

facilitates the upgrading of the road and rail linkages through the region to improve transport routes for tourists and local communities. These have indeed facilitated travel by tourists.

The Lubombo Spatial Development Initiative (with its mission to transform this beautiful, but neglected region into a tourist destination) has played an important role in increasing the profile of the North of Kwa-Zulu Natal (Maputoland) as a destination for both tourism and investment (Jordan, 1999). Further, LSDI is on a mission to create 20 new tourist destinations in South Africa. One of these is the Ado Elephant Park in the Eastern Cape Province. They are also planning to develop Soweto to be amongst top 10 destinations in the world (Msomi, 2000).

The Maputo Corridor, which links South Africa, Mozambique and Swaziland, has already improved the business and tourism between these countries. According to Richard Dickson (1998), World Travel and Tourism identifies the potential for travel and tourism to generate more than 100 million new jobs across the global economy over the next decade via public/private sector co-operation. Hence, partnership in tourism should be encouraged as it puts together different areas of knowledge from both government and the businesses sectors towards the development of this industry and also results in the collection of a large pool of funds. However, these partnerships have done little to promote participation by the disadvantaged in these ventures.

### **3.5. The ownership of the land and natural resources**

Tenure and ownership of land and natural resources can give market power to the poor and enable them to negotiate and secure benefits from tourism. This can boost community tourism in South Africa. Ashley (2000,4) writes that: "Where land is privately owned from the start, local residents are less likely to be forced out, but often sell up early in tourism development to outside spectators. As a result they may end up as workers in the industry but not owners or decision makers". This problem of land ownership makes it even more difficult for small and medium enterprise to have access to loans.

According to Idasa (2001), private ownership of elite lodges and safari and hunting concessions excludes indigenous people across the world from reaping any of the real benefits of tourism, particularly eco-tourism. Gareth Coleman (chief executive officer of KwaZulu Natal Tourism Authority) confirms that even in the Lubombo Spatial Development Initiatives (promoting a range of community based tourism projects), "there are very few

projects in KwaZulu Natal where there is community ownership.” He adds that: “unless local people have the ownership of the assets, the benefits will be marginal, occasional and short term” (Idasa, 2001, 32).

### 3.6. Funding

Funding in tourism, is still a major problem and it has been identified as the chief constraint for development in this industry in South Africa. The Endangered Wildlife Trust (EWT), one of the countries top conservation NGO’s, hinted at this problem: “Tourism may be the latest and the greatest South African industry but it is short-sited for the government to starve the geese that lay golden tourism eggs”(McDonald, 1998, 1).

Since employment creation and poverty alleviation are among the prime concerns in the country, in 1999 a partnership between the Department of Environmental Affairs and Tourism and the National Business Trust contributed R50 million each to promote and develop the tourism industry in South Africa. However, the money was largely used for marketing and very little went into developing community projects. Participation by both the private as well as the public sector in terms of funding projects that empower communities is lacking. This is taking place despite the emphasis by the government at the Job Summit of August 1998 that: “tourism must be expanded and it should include empowerment programmes and mechanisms and financial services” (Charles 1999, 6).

South Africa has emerged from a system of apartheid. But, tourism employment is still largely structured along racial lines where blacks are mostly employed in semi-skilled and unskilled jobs while white South Africans hold more remunerative managerial and administrative posts. These empowerment programmes would allow disadvantaged communities to participate in managerial and entrepreneurial positions.

Investment in tourism is declining. Due to lack of finance, Dr Macdonald (1998, 1) points out that: “twenty years ago the Natal Parks Board had an efficient alien vegetation programme up and running, including Hluhluwe, but due to budget cuts we have seen it stopped completely”. Table 4 shows how major investment in tourism declined after the initial burst of investment in 1995/96.

Table 4

## Major investment in the tourism industry 1995-1998

Year	R millions	Growth
1995	4112.5	
1996	12298.5	199%
1997	17978.2	46%
1998	10529.6	-41%

Source: tourism fact sheet 1999

### 3.7 Marketing

Critics of the industry suggest that the selling of the country (its brand against competitors in the world markets) is being hampered by not only external factors but also by mismanagement and lack of co-ordination amongst major tourism players. They are also being blamed for not doing enough to promote black businesses in the industry. This is apparent in all areas around South Africa. Sekhitla, who owns a bed and breakfast and accommodation in Thembisa, is struggling to market her business to foreign tourists. She laments that tourists want to go to famous townships like Soweto while places like Thembisa are not being adequately marketed (Idasa, 2001).

Further, the main players have a “tendency to market South Africa as an exotic, even colonial, location. They portray township life as wild and unchanged, while tours to these places are projected as having an element of danger”. The typical example is a tour operator’s website describing a tour to Gugulethu in Cape Town as “not for the faint hearted” and also describing a meeting with a Sangoma (traditional diviner) as a “glimpse of native theologies”(Idasa, 2001, 45). This kind of stereotyping is not conducive to developing a positive image of township tourism in South Africa.

Marketing of tourism is mostly directed towards attracting more foreign tourists than developing domestic tourism and standards within the industry. Valli Moosa warns that “the massive marketing drive that Satour has undertaken internationally cannot succeed unless a similar and effective contribution is made to the development and management of standards across the board (Idasa, 2001, 9). All these problems show that strategies for marketing South Africa should be scrutinized and constantly monitored.

### **3.8. Transformation in the tourism industry**

For this industry to grow to its maximum potential, it is important to increase black participation. However, stereotypes by the main players that blacks are not good enough in tourism business need to be changed. Mokgopolo, a manager of Jimmy's Face 2 face (a successful black-run tour company) alleges that groups such as SATSA appear to have stricter criteria in awarding certificates of registrations as tour guides for blacks." Other black tour operators are also complaining that "they are being pigeonholed and steered away from breaking into more lucrative avenues of the industry" (Idasa, 2001, 45).

The experience of a Durban tour guide Vincent Thabede suggests that black entrepreneurs are needed in the tourism business. Thabede (qualified as a guide in a program sponsored by the local tourism industry) confirms that "some of the foreign tourists choose him over white guides, because he takes them into black communities and act as an interpreter of the cultural landscape around Durban"(Idasa, 2001, 45).

## **4. SOCIO- ECONOMIC IMPACT ON TOURISM**

### **4.1. Crime**

According to Jordan (1999, 3), "Crime against tourists is a major problem in the tourism industry and it has the potential to cripple opportunities that are there for the nation with regard to economic growth and job creation". Since the department of environmental affairs and tourism have established the Tourism Safety Task Group (TSTG), which is aimed at preventing and managing crime against tourists through coordinated effort with main players like SAPS, it has managed to reduce crime rates in some areas of the country. However, they have yet along way to go to solve the problem. According to the latest survey conducted in Kwazulu-Natal, which covers four months from February to May 1999, 56% of the respondents rated personal safety as being good as opposed to 36% in the 1998 survey. It was also reported that only 10% of the respondents felt the violence was the reason to avoid the province (Nxumalo, 1999).

Although South Africa has done much in clearing or overcoming perceptions related to violence, I think the main reason for failing to eliminate crime completely against tourists is that, people especially from previously disadvantaged communities are not accepting tourism as an industry from which they can benefit. Their full participation will make them realize the



importance of tourism and take the initiative themselves to protect the tourists against criminals.

Soweto in Gauteng for example has a good history emanating from the times of the liberation struggle. The high crime rate in the area jeopardizes its chances of becoming one of the leading destinations in the world. The study by the ISS indicates that “crime levels between 1994 and 1999 have been increasing, with violent crime up by 22%. In terms of city comparisons, Johannesburg has the most recorded violent crime although it has declined by 2% since 1996. Pretoria, Cape Town and then Durban follow. (Institute for Security Studies, 2001). A survey conducted by Idasa confirms that it is troublesome to walk around the streets of Johannesburg after one am in the early hours of the morning.

Statistics released by the Crime Information Analysis Center In KwaZulu Natal, indicate that while rape was down by 22%; murder down by 35% while attempted murder increased by 14%. Car hijacking was up by 16% and robbery increased by 19% (Mail and Guardian April 9, 2001).

#### **4.2. Diseases and other problems**

Northern KwaZulu Natal is also one of the areas, which has the potential to be one of the most popular tourist destination in South Africa. But the anopheles mosquito (which carries malaria) found in that area and the outbreak of cholera in different parts of Kwa-Zulu Natal has dampened all tourism potential in that province for now. Malaria is also found in Northern and Eastern Mpumalanga, border areas of Northern Province and the North West Province. It occurs mostly during warmer and wetter months of November through to April.

High levels of people with HIV/AIDS infection, linked with high rape statistics in the country, have negatively affected the chances of development of the tourism industry (Mail & Guardian January 26, 2001).

Negative publicity from the media about South Africa reduces the chance at success of the tourism industry even further. Yann Salaun (foreign French visitor) confirms this in a report by Idasa (2001, 26): “South Africa is not as dangerous as the media portrays”.

There is also xenophobia directed towards African tourists visiting South African. The expectation is that they visit and then remain in the country and will take the jobs that could

have been available for South Africans. But, “by definition, tourism involves the movement of people from their place of permanent residence to a new location” (Mathieson, 1995, 33). This can create a problem because South Africans may not be able to differentiate between the tourists and those who come to South Africa in search of work.

The following table summarizes some advantages and disadvantages to developing tourism in different provinces in South Africa.

Table 5

**Summary of the tourism advantages and disadvantages by provinces**

Province	Particular Area	Advantage	Disadvantage
Gauteng	Areas around Jo’burg /Soweto; Thembisa	City of gold/richest province, political history, high diversity	High crime rate i.e. Car hijacking, robbery
KwaZulu Natal (KZN)	North & South of KZN	Game reserves, beaches, indigenous forest, strong Zulu culture, mountains. Historical background.	Anopheles mosquito (carries malaria), cholera outbreak, foot and mouth disease, tribal wars, crime
Western Cape	Cape Peninsula, Kaggaberg	Beaches, beautiful land scapes, museums, strong culture of sans	High rate of rape, bomb blasts and gangstarism.
North West Province		Parks; sun city; nature reserves and Historical and cultural feature (Sterkfontain Cave, Iron age settlement, Taung Skull).	Crime and Malaria
Eastern Cape	Moselbay, Qunu,	River jumps from bridges, Ado Elephant Park, strong Xhosa culture, museums	Crime, tribal wars, high road accidents and taxi violence
Northern Cape	Kimberly	Diamond, strong culture of Sans	Not high diversity
Free State	Bloemfontein/ Qwaqwa	Strong culture of Sotho speaking people and Afrikaners (Afrikaans speaking people).	Not high diversity
Northern Province		Indigenous Forest, strong culture of Pedi and Tsonga speaking people	Malaria
Mpumalanga		Game reserves, indigenous forest	Malaria



Despite the disadvantages that impair this industry from growing even faster, both the private and the public sectors are working together to eliminate some of these problems. This is evident in a R1billion pool of fund created through partnerships between Business Trust (consisting of more than 100 South African companies) and the government. This fund is planned to be spent on education, tourism, crime prevention initiatives and in supporting malaria control programmes (Mail & Guardian January 26 to February 1, 2001).

## **6. CONCLUDING REMARKS**

As the aim of this study is to assess the potential of tourism in addressing the problem of employment, I can conclude that tourism is capable of creating a substantial number of jobs. This is because, most of the activities in tourism industry are labor intensive and this industry is also capable of stimulating other sectors of the economy. The major problems are that, the main players in this industry are not willing to promote black entrepreneurs; private businesses are not interested in funding small projects, if they are, then detailed plans and capacity are required to win the tenders for these projects. Unless these matters are attended to, (redirection of funding and intervention of the government) the problem of participation of the disadvantaged communities in the tourism industry will persist. This may results in the reduction in the rate at which tourism contributes to total employment in South Africa. As Ntsika is also responsible for giving advice with regard to tenders, they can assist in selecting the businesses to be awarded with those tenders to facilitate the participation of black entrepreneurs in tourism.

For this industry to be a major player in employment creation, it is essential that investment in infrastructure, training and skills development, particularly in projects which empower disadvantaged communities needs to be actively implemented. The removal of administrative obstacles to tourists is also crucial in order to make touring more convenient and lest costly. It remains to be seen how the South African government coordinate two conflicting commitments; one of promoting private sector led tourism while on the other hand committing to fostering community participation and creating the avenues for meaningful engagement of the previously disadvantaged with the industry.

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