The Economic Impacts of Tourism on the Local Community of Bergville, Kwazulu Natal, South Africa

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Abstract: Tourism is playing an increasingly important role in the local and national economy. The outstanding beauty of the northern Drakensberg is a prime tourist attraction in KwaZulu-Natal, attracting a regular flow of tourists throughout the year (Okhahlamba Municipality, 2013). The primary objective of this research is to investigate whether the benefits of tourism that are supposed to be reaped by the local community of Bergville, exist. If so, what are these benefits? There might be people from the local community, who are working within the tourism sector, but what are the types of jobs that they do, their level of job-satisfaction, and the extent to which they are able to earn a living from employment within the tourism sector? Do they have the necessary skills and training to allow them to make a successful career within the tourism sector? The White Paper on the Development and Promotion of Tourism (DEAT, 1996), states that with any tourism development in the local communities, local people should be involved in the decision making. They should be trained if they lack the necessary skills required to participate in that development. All these issues are relevant to Bergville as the region has a lot of tourism development, and it is a place that integrates tourism and conservation.

Keywords: Rural tourism, economic impact, tourism employment, role of government

1. Introduction

Tourism has a direct impact on the local economy (Lubbe, 2005). Tourism also contributes indirectly to the local economy in two important ways. Firstly the businesses that benefit directly from visitor spending make purchases from local suppliers, and secondly, household incomes resulting from direct and indirect employment stimulate demand for local (Keyser, 2002). According to the World Travel and Tourism Council (WTTC, 2008), tourism is a flourishing and multimillion dollar industry and that contribute to the employment creation for local communities. Tourism has frequently been promoted as the answer to development in areas that have long been on the periphery of the global economy (Gauzy and Nijkamp, 2007). Governments from every corner of the world believe that tourism is a dominant creator of employment (Keyser, 2002). Why is government interested in promoting development through tourism? The reason is that government has realized the prospective benefits of tourism job creation (Wahab and Pigram, 1997 & Davidson, 1993). Furthermore, Roche (1992) said "from the perspectives of the destination community, the creation of jobs is an especially relevant reason for a destination to promote its tourism sector". Tourism provides a high proportion of entry-level jobs for people entering the workforce for the first time. Yet, jobs in tourism can involve long hours and a high degree of inequality especially for the front line staff with long hours of low-paid unskilled labour with no view of progress or long-term career prospects (Wahab and Pigram, 1997).

Bergville has much to offer in the domain of tourism that can benefit the local community, tourism providers and tourists alike (Okhahlamba Municipality IDP, 2013). It further states that, tourism is playing an increasingly important role in the local economy of Bergville, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. The primary objective of this research is to investigate whether the benefits of tourism, that is supposed to be reaped by the local community, actually exist. If so, what are these benefits? Hypothetically there should be people from the local community, who are expected to be working within the tourism sector, but what types of jobs do they do, and what level of satisfaction do they derive from their jobs? The White Paper on the Development and Promotion of Tourism (DEAT, 1996) states that tourism must provide maximum economic benefits to local people, such as includes employment, entrepreneurial activities etc.
Tourism in the area: Tourism is playing an increasingly important role in the local economy. The outstanding beauty of the northern Drakensberg is the prime tourist attraction which draws a regular flow of tourists throughout the year (Drakensberg Tourism, 2007). The area is traditionally marketed as a family holiday or a short stay/getaway destination. A wide range of accommodation facilities are available as well as a wide range of outdoor sporting and recreational activities. The whole Drakensberg area draws half a million tourists per annum and is considered the third most important destination in South Africa for foreign tourists. Most of the larger resorts have developed conference facilities and this market has shown considerable growth. A 600-bed conference facility, Alpine Heath, was opened in 1996. However, since then there has not been any sign of development of large scale establishments for hosting conferences. The regions’ midway location between Johannesburg and Durban has made it ideal for business meetings and conventions. The fact that the resorts are 300 km away from the closest international airport could be a limiting factor in the future, however. Unfortunately, there has been a reduction in the number of local tourists visiting the area. Holiday patterns are changing, in that annual holidays are shortening, weekend breakaways are being undertaken less frequently and a swing towards less expensive resorts is taking place. In the last decade, there has been a substantial increase in tourist accommodation, particularly self-catering and B&B establishments. Occupancy rates have declined and there is an oversupply of accommodation. Other problems relate to a lack of high-quality accommodation and generally a low level of catering quality. Staff training and general service levels and a lack of co-coordinated industry organization are seen as limiting tourism development in the Bergville area. Lack of integration, marketing and a creative approach to local tourism also need to be addressed (Okhahlamba Municipality IDP, 2006). The tourism industry does provide jobs, but it has not been integrated into the local community. As a result, its socio-economic impact has been limited.

2. Literature Review

Tourism is viewed as a key driver for economic expansion and employment creation in South Africa and therefore integral to strategies aimed at local economic development (Crompton, 1995). Tourism is one of the major industries that have been recognized for its potential to contribute to the economic gain of many regions (Kabirige, 2002). The purpose of economic impact analysis is to measure the economic benefits accruing to a community and to calculate the differential impacts made by visitors from various origins (Viljoen, 2007). These benefits include income, employment, public sector revenue and imports generated in a holiday area by tourist spending. Economic impact studies may be measured as the net economic change in the income of the host residence that results from tourist spending. In this study measurement of economic impact is limited to the effect of tourism on income and job creation in the host communities surrounding tourism establishments (Viljoen and Tlabela 2007). Tourism in most instances has been used as a vehicle for improving the lives of local communities (Poon, 2006). One of the key objectives for national responsible tourism development guidelines for South Africa, issued by the Department of Environmental Affairs and Tourism (2002), is to “ensure communities are involved in and benefit from tourism”. In a speech delivered at the opening of the local government tourism indaba, in 2009 in Cape Town, the Minister of Environmental Affairs and Tourism said “government is an engine room that drives the planning and management of South Africa’s natural and cultural assets. Tourism relies on having these resources in a healthy state. Local government also provides the core utilities and infrastructure on which the tourism industry is based” Local government furthermore manages attractions such as sports stadia, convention centres, parks, events and other amenities and also enables local tourism management through the provision of visitor information and through being the primary source of funding for regional and local tourism organizations(DEAT, 2002).

According to National Responsible Tourism Development Guidelines for South Africa Tourism (DEAT, 2002), tourism still plays a relatively small role in the South African economy and has some areas of improvement if it is to fulfill its potential to significantly contribute to national income. Traditionally the main focus of governments have been on the growth in international arrivals and total foreign exchange earnings and not on fostering entrepreneurial opportunities for the historically disadvantaged, poverty relief, employment on local economic development. Both domestic and international tourism can create employment, it is a relatively labour intensive industry and it employs a multiplicity of skills from accountants and hairdressers to tour guides and trackers. Tourism can provide very good skills development opportunities for local communities (DEAT, 2002). As much as it is a broader perception that tourism provides employment
opportunities, Viljoen and Tlabela (2007) argue that technological advancement has resulted in the decline in employment rates within the tourism industry. Viljoen and Tlabela (2007), further states that most of the jobs are performed by women and are characterized by low pay, poor conditions, low career mobility and limited access to training programmes. The categories where women are employed are housekeeping, waiting and kitchen work. Shaw and William (1998) argue that the actual quality of jobs in tourism is a matter of debate since most jobs are classified as being semi or unskilled and low paying jobs. They further state that most of the jobs created through tourism are seasonal.

The economic potential of tourism as key driver for growth and development in South Africa is based on the competitive advantages that the country has in its natural and cultural resources. South Africa’s tourism industry mostly involves the so called “sea, sun and sand” as perceived by the visitors to South Africa as this represents the ideal holiday. Popular new forms of tourism types include, among others, cultural and adventure tourism. Many of these tourism types are ideally suited to developing tourism in rural localities. The White Paper on the Development and Promotion of Tourism in South Africa (DEAT, 1996) states that the prime tourism attractions are not located in the city centers but in the rural areas. Tourism can offer rural residents business opportunities in activities that cater for the tourist trade. Such locally-operated businesses which may be seasonal can provide local residents with valuable opportunities to develop business skills and can give local crafters, farmers, and food processors, among others, outlets to sell their products to local retail establishments. The rural location of many of these attractions provides rural inhabitants with the opportunity to participate and share in the benefits of tourism development and employment creation.

Types of tourism-related employment: Tourism is perceived as an industry that has the potential to provide jobs, income and economic diversity for rural communities. There are three types of tourism-related employment: direct, indirect and induced employment as discussed below. Tourism also has the power to stimulate the creation of employment in sectors not directly involved with tourism, e.g. the construction of a hotel or any tourism development will, to a great degree, involve construction companies (Youell, 1998). Goodwin, (2002) believes that employment in tourism is not easy to measure on the basis of official statistics. Employment in tourism is important because in the face of global recession, it has been one of the most consistent sources of job growth (Font, 2002). Riley, Ladkin and Szivas (2002) argue that there is a question of whether the jobs created in South Africa through tourism are filled by nationals or by immigrants and this depends largely on the scale of tourism, the types of jobs available, and the labour market alternatives. According to Robinson and Anderson (2004) the actual quality of jobs in the tourism industry in South Africa is a matter of debate, as most jobs are classified as being semi or unskilled. Robinson and Anderson (2004) further state that 54% of jobs in the hotel and catering sector are unskilled as compared to 74% in the economy as a whole. While direct employment in tourism (in bars, hotels and restaurant, etc.) may be mostly unskilled, indirect employment in supply industries and producer services may be highly skilled and well rewarded. Marianna, (2005) also mentions a very critical point, stating that in South Africa the distinction between direct and indirect employment is necessary when considering the gender distribution of jobs.

Direct employment for local communities: Direct employment in tourism occurs in hotels and other types of accommodation, transport operations, travel agencies, tourist attractions, government departments and tour operators. Considering the different types of services people can offer to 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 labor force. In this way tourism can create many jobs within a short period of time. Gray, (2004) pointed out that direct employment is created for those people working in different sectors of the tourism industry travel and tourism, accommodation, and catering, tourist attractions and business facilities and tourism promotion and information. These can be the front line staffs that come into direct contact with visitors, or behind the scenes staff who cook, clean and do office work related to tourism. According to Ward (1997) direct employment entails working in hotels, restaurants, souvenir shops, bars, and clubs and tour businesses. It also provides goods and services to tourists such as fruit sellers, taxi drivers, unofficial tour guides and market traders. Meyer (2007) states that it is difficult to create an accurate indicator of direct employment in tourism, as all sectors except hotels serve local residents as well as visitors.
**Indirect employment for local communities:** Ward (1997) depicts indirect employment as the selling of goods and services to tourism businesses, e.g. a farmer selling milk and eggs to restaurants, a small manufacturer supplying furniture for hotels, crafts people supplying souvenir shops, musicians etc. Direct employment and indirect employment work hand in hand, they depend on each other. For a tourism company to run, it needs equipment, resources and materials that can be used to accomplish the mission of the company which is to provide services to its guests. Indirect employment created by tourism refers to the jobs of those people who manufacture the goods and provide services which are purchased by the businesses and organizations which serve the tourists directly (Davidson, 1993). Companies that provide indirect employment is those in economic activities that serve and support direct employment companies. Such companies include construction firms and suppliers of equipment (Keyser, 2002). Meyer (2007) also believes that the demand for new employees is also created in other areas such as agriculture, horticulture and different manufactures. The amount of indirect or secondary employment generated depends upon the level at which the tourism industry is incorporated with the local economy (Raina and Agarwal, 2004).

**Tourism Multipliers:** According to Thomas (2004) the money paid by the tourist to a hotel or attraction will be used by the owners in different ways. Employees will receive wages, which they in turn will spend in the local economy on goods and services. The hotels and attractions pay for operational costs, e.g. hotel supplies of food and beverages and services will be paid out of revenue. Some of the money may be passed to banking institutions to pay debts or to the government, in the form of taxation. Money can also leak out of the local economy through imports, savings and outward investment and taxation; this means that money does not stay directly within the local economy to be spent by local people on indigenous goods or services (Lew, 2005). Burns (2000) states that tourism expenditure is not solely limited to direct expenditure. Employees will receive wages which they will spend on the local economy on goods and services thereby generating opportunities for further employment and income. Tourism activities and development result in economic development for the area concerned (Keyser, 2002). Tourism provides direct benefits through tourist spending on goods and services at the destination. Indirect benefits are generated through circulation of tourism expenditure at the destination as most of the industry is interdependent; for example the hotels depend on the fresh produce from local suppliers, thus the fresh producer is benefiting indirectly. Therefore jobs are created directly (tourism companies) and indirectly (like suppliers) and consequently the income generated from tourism is being spread through many sectors (the so called “multiplier effect”). The circulation of money within the local communities allows the improvement of economy and it creates more employment opportunities, not only to the tourism sector but across various sectors of the economy (Burns, 2000). According to Mankiw (2007), multiplier effects also benefit government because, as more jobs are being created, consumer spending rises and there will be a higher demand and more people will be hired. Mankiw (2007) further states that when local firms buy from local suppliers, this will result in faster circulation of money. Meyer (2007) argues that the initial tourism investment could circulate indefinitely in the economy but it does not. One of the reasons is the fact that money leaks out of the economy, therefore foreign exchange earnings from tourism do not reveal its true economic benefits.

**3. Methodology**

This research is an empirical study that concerns the economic impacts of tourism in the communities of Bergville. The tools used for information gathering were questionnaires and semi-structured interviews. Two different sets of questionnaires were constructed and administered to the local communities of Bergville and the tourism establishments of Bergville and the sample size for them is succinctly put below. Responses to the questionnaires provided data for both qualitative and quantitative analysis. Since many of the respondents were semi-literate, the process of administering the surveys became semi-structured interviews; the respondents discussed a range of issues and concerns around tourism and employment in Bergville. Thus the mixed method approach was appropriate in achieving the objectives of this research. The researcher administered the questionnaires to 14 tourism establishments. Ten (10) participants were hotel/resorts which are in the Bergville area. Sample size was influenced or rather determined by the existence of the above mentioned establishments. This was in both tribal areas of Amazizi and Amangwane and included big and small hotels. The hotels cannot be identified by name as anonymity was a pre-condition for participation in the study. Three (3) establishments were bed and breakfasts and 1 art and craft centre. Thus, at least 75% of tourism establishments in the Bergville area were sampled. 25% could not return the questionnaires. The
tourism establishment questionnaire focused on the role played by these establishments in the employment of local communities. The first part of the questionnaire identified the type of employer e.g. hotels/resorts, bed and breakfasts, arts and crafts; as well as length of time in operations. Other aspects of the questionnaire included the average occupancy rate in the area, the average percentage of occupancy during peak and off-peak seasons, average wages paid to employees, and the number of part-time and permanent employees. The last part of the questionnaire touched on the assistance and type of assistance that the local tourism authority gives to the local tourism businesses.

The community questionnaire focused on community demographics, which addressed the gender, age, and level of education of the respondents. The second part of the questionnaire looked at community occupation. The main focus in this part of questionnaire was to find out whether participants are employed; the sector within which they are employed and the income earned. Community involvement in tourism in the area was also an aspect that was studied. This section of the questionnaire considered the involvement of the community in tourism in terms of types of jobs that they get within the tourism sector in the area; the level of satisfaction of the tourism employees; and qualifications of the people who are working in tourism. The last part of the questionnaire addressed the level of tourism development that has taken place in the area. 307 questionnaires were administered members of the Bergville local community and 14 local tourism establishments including hotels, Bed and Breakfasts and community tourism organizations. As this community was in a large geographical area, the researcher had to visit people at their homes to obtain more information. Convenience sampling was used for collecting the community data. The researcher went door to door and those residents who were at home and who were willing to be interviewed participated in the study. The first set of questionnaire was administered by the researcher to the community of Bergville, which comprises of two tribal authorities (Amangwane and Amazizi). 307 questionnaires were answered by the members of the community who were randomly selected. The head-men of the two authorities were interviewed to get more insight and perceptions about the economic impact of tourism on the local communities

4. Results and discussion

The result of the study explores how tourism could contribute in a more meaningful way to improving the lives and circumstances of the local communities. The first part of the study focused on the demographics of the study area. Of the 307 respondents, 45.9 % are males and 54.1 % are females in this community survey on the impact of tourism. The occupation category of the Bergville community shows that the area is mostly dominated by scholars/students with a high percentage of almost 42% between the ages of 16 – 30 years. It was expected that there will be a high level of unemployment in the area. However, 30% of the population is employed in different sectors such as agriculture, security, education and retail in the area. There are those that are unemployed but they receive income from government grant. Even though a third of the population is employed, almost 24% of those employed are earning below R1000. This is not enough to maintain their families. This shows that there is a lack of economic activities in the area even though it is characterized by commercial farming. The level of income tells about the quality of jobs in the area. There were very few who were earning above R4000 and they are mostly employed as teachers from outside of Bergville.

When one looks at the main source of income of the area, one sees that almost 44% of the sample relies heavily on government grants. This means that there are no employment opportunities that can sustain the wellbeing of the area; it also shows that the area is poor in general with no major development to attract major investment. This is proved by the fact that even though some people were employed, they also continue to receive government grant. This is because the types of jobs that they are in are not giving them enough to support themselves. The area that has sustainable economic activities would provide quality and sustainable jobs to the community. However it is not the case with the Bergville area. Looking at the nature of employment for the area, people are employed in sectors such as farming, retail, tourism and other such as government offices, the security sector, construction, education etc. The nature of employment and age of the population of the area shows that almost 46% of the population is employed in other sectors and almost 38% is employed in tourism. The “other” sector and tourism are the major employers in the area.
It is a fact that the income of respondents could be highly influenced by their occupation. Of the 160 respondents for whom data were available, almost 46% earn less than R1000 per month. Out of all respondents that are earning less than R1000, Almost 29% of them are employed and about 6% are self-employed. The low income could be caused by the fact that some of the respondents are not employed permanently. As a result they do not have sustainable income for their families. Looking at the respondents that are earning above R4000, 92% of the respondents earning this amount are employed. Most of the group that is earning more than R4000 per month is working as teachers in the local schools. There are about 4.2% of students that are employed. These are the students that are studying at the higher institutions who are experiential learning around the area. Some are working as teachers and some, of course, are working in tourism establishments. About 42% of respondents did not report their level of income and therefore the results need to be interpreted carefully and cannot be generalized. Pensioners generally earned less than R3000 as they relied on pension and other government grant. About 22% of respondents are mainly occupied in administrative positions. A small number (5, 9%) reported doing “other” types of jobs. This category includes waitresses, chefs, drivers, tour guides etc. Almost 30% of the respondents working in tourism are employed as gardeners most of the time. This was not surprising because the findings of this study revealed that most of the respondents do not have any formal education to claim higher positions within tourism establishments.

Respondents were asked about the length of time they had been working within tourism. Of 47 respondents for whom valid data was obtained, almost 32% had worked for their current employer up to 3 years. Those working in tourism for 4 – 6 years comprised 48.9% while 19.1% had been working for longer than 6 years. One person had extensive experience of 24 years working in tourism. The table below provides information on whether those working in tourism possess an appropriate tourism qualification. Those that are indirectly employed and those that are working for private companies (cleaning companies) are not allowed to live in-house. About 26% of the people working in tourism are very satisfied. This level of satisfaction could be determined by factors such as salary and the type of job or maybe just job security. Also, their earnings are sufficient to support their family members as they are based in the rural areas and the cost of living is not high. The 14.9% are unsatisfied and 25.5% very satisfied. One of the main reasons for dissatisfaction was low salary that is paid to the people working within these tourism establishments, as a result they cannot provide for their families in an acceptable way. Another issue that was raised was the fact that there is no recognition for the effort that they put in. They feel there is no career development for them (employees). Some were not satisfied because they have been working there for a long time but they are still not permanent, so there is no recognition of the efforts and as a result there is no motivation to go to work at all. Some believe that even if there are opportunities they are not given a chance to prove their ability to perform better at work.

The results show that there is a difference in wages paid by the establishments to their permanent and part-time workers. Those that are employed permanently are earning more than those that are part-time. Almost 36% of employers pay their workers more than R4000 per month compared with 14% who pay similar amount to their part-timer employees. This was not surprising because permanent employees are working almost every day and they have fixed salary; above the fixed salary, they earn more for over time. The part-time employees are only employed during peak seasons and some of them are employed as relief staff for particular days if one of the employees is not available for different reasons. However, it is also possible for part-timers to earn well, especially during peak season. Through the discussion with the community members, they agreed “yes, people from the local communities are employed in the hotels or any tourism establishments, but they only work in the maintenance department”. They do acknowledge the fact that most of them do not have the required qualification but even if other opportunities do come they don’t get them. It is given to outside people. When there is a major development taking place, they believe that almost 90% of workers in the construction phase are from the community. Once the development is completed they are not recognized to be part of that development. Not all of them can be employed but even those that are eligible for employment e.g. those with matric, they don’t get opportunities once the development is completed. One other aspect that was indicated is that no one from the local community is being employed at a management level. This could be because the majority of the community members have high school education and to be in a management position requires a certain degree of knowledge, skills and qualifications.
5. Conclusion

The opportunity exists to re-orientate the traditional Drakensberg tourism industry to one that is globally competitive, environmentally sensitive and directly linked to promoting socio-economic development within rural communities (Okhahlamba Municipality IDP, 2006). International trends towards ecotourism and cultural tourism provide an opportunity for specialized tourist development that provides livelihood opportunities for poor rural communities. Community based tourism initiatives, if properly planned and implemented, could make a considerable impact on the local economy (Kabirige, 2002). Through the discussion with the community members, they agreed "yes, people from the local communities are employed in the hotels or any tourism establishments, but they only work in the maintenance department”. They do acknowledge the fact that most of them do not have the required qualification but even if other opportunities do come they don't get them. It is given to outside people. When there is a major development taking place, they believe that almost 90% of workers in the construction phase are from the community. Once the development is completed they are not recognized to be part of that development. Not all of them can be employed but even those that are eligible for employment e.g. those with matric, they don't get opportunities once the development is completed. Tourism is regulated at a national level, provincial level and at a local level. For tourism to flourish, the local tourism authority has a vital role to play in developing their areas. This is because they have to identify the area with potential and develop them, as they are close to all the activities taking place. Therefore they should take the initiative of tourism awareness. In the case of Bergville, locals are aware of what tourism is, but they do not understand what tourism can bring to their lives. As indicated earlier, to be aware of tourism does not mean that one has to know the hotels in the area or beautiful scenery. They should take ownership of activities taking place and use their own resources.

References


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