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TOURISM - A VEHICLE FOR LOCAL ECONOMIC DEVELOPMENT IN ALIWAL NORTH IN THE EASTERN CAPE

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A dissertation submitted in partial fulfilment of Masters in Development Studies: Faculty of Economic and Management Sciences - Centre for Development Studies

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February 2018

Declaration

I declare that the dissertation hereby submitted by me for the degree Masters in Development Studies at the University of the Free State is my own independent work and has not been previously submitted by me at another university/faculty. I furthermore cede copy rights of the dissertation in favour of the University of the Free State.

Signature

Date

.....

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Acknowledgements

Gloria in Excelsis Deo!

I am grateful to a number of individuals and institutions that made valuable contributions to the fruition of this dissertation.

A special thank you to my supervisor, Prof. Gustav Visser from the University of Stellenbosch for acting as a calm, sound and informed steering wheel throughout the development of this dissertation.

Many thanks are due to the Department of Tourism for time and funding my studies. A special mention to the Responsible Tourism Team for holding the fort during my many absences.

To my right hand, Mamafure Charles, for being me in the most important avenue of my life, that of being a mother to my children. To Ndalo and Kwindla for understanding, even though they do not quite understand.

To my family, you are a special breed. Nono for always encouraging me to reach for the stars: heaven surely has a screen where she can witness this achievement. My mother for always encouraging me to open my laptop and all the prayers from her and my sister Theleka. My sisters Lungisa and Lumka for financial support at one stage and my nieces and nephews for being inspired by my efforts.

A huge shout out to all my friends for their encouragement and support especially my dear friend, Dr Lindani Mbunyuza-Memani for being both an inspiration and a mentor.

Last, but definitely not least, high fives to my XhosaNostra MDS Group (you know who you are). I could not have done this without your encouragement, assistance and general “we are in this together” comradeship.

Nolitha Kontsiwe

February 2018

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Abbreviations

ECPTA Eastern Cape Parks and Tourism Agency

JOGEDA Joe Gqabi District Municipality

IDP Integrated Development Plan

LED Local Economic Development

NDP National Development Plan

NGP New Growth Path

NTSS National Tourism Sector Strategy

RDP Reconstruction and Development Programme

SAT South African Tourism

WSSD World Summit on Sustainable Development

CHAPTER ONE

ORIENTATION OF THE STUDY

1.1 INTRODUCTION

This study explains the existence of a positive link between tourism and local economic development, and it seeks to understand if destinations with tourism potential are utilising tourism to drive economic development in the local sphere. Furthermore, it interrogates the challenges facing the utilisation of tourism to drive Local Economic Development (LED). The study will also recommend interventions to create an environment that is conducive to tourism as a tool for LED.

Tourism has become one of the fastest and largest growing economic sectors in the world (Milne and Alteljecic, 2001; Meyer and Meyer, 2015). According to the United Nations World Tourism Organisation, the global statistics for international tourism increased dramatically from 1087 million in 2013 to 1133 million in 2014, an increase of 4.3% above the average of 3.3% since the global economic crisis. Furthermore, tourism contributes 9% of global gross domestic product (GDP), accounts for 6% of world exports and contributes 1 in 11 jobs globally (United Nations World Tourism Organisation, 2015).

A significant number of destinations worldwide, including South Africa, have realised the potential in tourism to be a driver of socio-economic progress (Brida and Pulina, 2010). Tourism is linked with the creation of jobs and economic revitalisation of localities facing stagnation from traditional sectors or spaces that are looking for secondary sector benefits (Binns and Nel, 2002; Meyer and Meyer, 2015). This has led to destinations investing in tourism and in turn attracting investment in tourism (Milne and Alteljecic, 2001; Rogerson, 2011). Even with all these positive attributes being linked to tourism, one should appreciate that there are challenges imbedded within the sector as realised by the National Department of Tourism (2011), including poor planning for tourism, insufficient tourism resourcing, poor alignment of programmes and a skills gap.

1.2 PROBLEM STATEMENT

Unemployment is a serious development challenge in the world. A report released by the International Labour Organisation (ILO, 2015) on world employment and social trends warned of a spiralling increase in global unemployment. The report stated that globally, the plight of unemployment has escalated by more than 10 million from 201 million in 2015 to 212 million in 2019. Continuing to paint a gloomy picture, this report predicts a continued rise in unemployment as the global economy faces slow economic growth, increased inequality and turbulence. The report further notes that this has led to loss of faith in governments which has in turn led to increased social unrests (ILO, 2015). One country that can attest to the challenges listed above and is plagued by social unrests is South Africa as showcased in the media (Fin 24, 2017).

Unemployment is the biggest challenge towards the goal of universal poverty reduction (Statistics South Africa, 2015). Unemployment has been continually rising in South Africa at an average rate of 25% from the year 2000 to 2017 with the rate of formal unemployment currently being 27% (Statistic South Africa, 2017). The unemployment challenges in South Africa are structural in nature: for example, the mining and agricultural sectors are shedding unskilled labour that cannot be absorbed by the manufacturing sector that requires semi-skilled and skilled labour. This is true mostly for women, the youth and those with low education who are Black and reside in rural areas (Statistics South Africa, 2015). A creative solution is required to tackle this scourge and government legislation in South Africa, such as the New Economic Growth Path (NGP) and the National Development Plan (NDP) (Visser and Hoogendoorn, 2012: 66), highlight the tourism sector as a priority sector with a potential to create jobs (Meyer and Meyer, 2015).

The tourism sector has been noted to perform well in localities that seek to re-orientate their economies due to economic changes and marginalisation (Binns and Nel, 2002). The question arises as to why tourism is then not prioritised for economic development in small towns with tourism potential?

Scholars in South Africa who research and write on tourism-led LED have focused on urban areas, coastal areas, former mining localities and provinces that are already known for utilising tourism to drive LED or already have a stable tourism industry

(Binns and Nel, 2002; Ntonzima and Binza, 2011; Rogerson, 2013; Sitinga and Ogra, 2014). Research in small towns in South Africa has also been focusing on LED activities that are not related to tourism per se (Donaldson, 2017), but have only hinted on tourism activities in small towns. This study will focus on Aliwal North, a land locked small town with tourism potential in the province of the Eastern Cape. The findings of this investigation could be referenced in future planning endeavours of the study area and other areas with a similar environment.

1.3 AIM

The aim of this study was to examine the relationship between tourism and local economic development. Therefore, the study investigated how tourism can be utilised to drive local economic development in a small town with tourism potential. This could then in turn encourage investment from the private sector, create jobs, encourage an enabling environment for local communities to start small businesses, and therefore alleviate poverty.

1.4 OBJECTIVES

The following specific research objectives were investigated:

- Whether tourism can be utilised to drive local economic development:
- Constraints for tourism in a small town: and
- Recommends interventions for creating an environment conducive to tourism as a driver for local economic development.

1.5 RESEARCH METHODOLOGY

Mouton (2001:55) explains that research design is a plan of how research will be conducted. This section on research methodology is subdivided into three parts. The first part explains the research approach adopted, while the second part focuses on data collection. Part three, the final part of this section, deals with data analysis. Also included within the section is the sample, the study area, and a description of the assumed limitations.

1.5.1 DATA COLLECTION STRATEGY

Data collection is an integral part of the research methodology that is concerned with how data is collected. A discussion on the type of data that was collected and the methods that were used to collect data will ensue. Data can either be numeric or textual, can be collected utilising various methods which are aligned to sources of data (Mouton 2001).

The research took a qualitative approach, adopting an exploratory case study strategy. The term qualitative research means research that produces evidence that was not proved utilising statistical procedures (Strauss and Corbin, 1998). Data collection and analysis are two important research processes which Bryman (2012) explains as more textual than numerical in qualitative research. This means that this approach is dominated by an explanation resulting from observation of and interaction with study participants. Both primary and secondary data were collected and analysed, exploring the case of Aliwal North. Primary data is data that is collected for specific research objectives, whilst secondary data refers to data that was initially collected for another goal, but is reused for a different research question or purpose (Hox and Boeije, 2005). More specifically, primary data is data that is specific to the study at hand whereas secondary data is data that was collected for a different objective but is also suitable for other studies or objectives.

A case study, as Eisenhardt (1989:534) explains, is a research strategy that engages various dynamics that can be found within a single setting. The author explains further that case studies can analyse various levels and can cover multiple cases (Eisenhardt, 1989). Case studies can also be utilised to achieve various goals such as the description of concepts, the testing of theory and the generation of theory (Eisenhardt 1989; Bryman 2012). This study utilised an exploratory case study approach.

A case study strategy was selected because the study attempted to uncover and analyse within a single case various levels of the research problem. The levels of the research problem include whether or not in the town of Aliwal North tourism is used to drive local economic development: if not why not: and if yes, what are the constraints

for tourism. In addition, the theory of a relationship between tourism and LED was to be examined, utilising a practical example.

I collected both primary and secondary data to answer the research questions. Primary data was collected because, as explained by Hox and Boeije (2005), it is vital for a researcher to collect their own data as the methods used can be tailored to the specific research questions. Secondary data, which is data that already exists was also examined to explain theory and provide insight to findings emerging from primary data.

The following methods were employed to collect data: secondary data analysis and semi-structured interviews. The selected methods of data collection were chosen because they were best suited to achieve the aim and objectives of the study and are connected to qualitative research as explained below.

Primary Data Collection

Primary data was collected with the goal of adding to the existing body of social knowledge (Hox and Boeije, 2005). Primary data was collected through semi-structured interviews.

Interviews

Gill, Stewart, Treasure and Chadwick (2008: 291) list three types of research interviews: structured, semi-structured and unstructured. The comparison that they make of the three interview types is based on how these are administered. For the purpose of this study, semi-structured interviews were administered. In semi-structured interviews, an interviewer produces a list of questions covering topics to be explored but allows divergence from both the interviewer and the interviewee to pursue an idea or response in detail (Gill et al, 2008: Bryman 2012).

A list of questions which Bryman (2012) refers to as the 'interview guide' were prepared in English, designed in a manner that addressed the aims and objectives of the research (Gill et al, 2008:292) and stored on a hard drive which was utilised during the interviews. The questions were prepared in English as it is considered to be the business language of South Africa, but explanations were offered in IsiXhosa where required. A printed copy of the interview guide was utilised during the course of the

interview where it was not practical to utilise a laptop. A neutral venue free from distractions and preferred by the interviewee/s was utilised for the interviews. The researcher conducted the interviews in English but in some cases isiXhosa was employed as it was the language preferred by other interviewees. An audio recorder was utilised during the interviews and the researcher took field notes by hand during and after the interview.

The interviewees included personnel from the LED units within the local (Walter Sisulu) and district (Joe Gqabi) municipalities of Aliwal North, the town under research. Other interview participants included representatives from the following organisations: the Joe Gqabi Economic Development Agency (JOGEDA), the Eastern Cape Parks and Tourism Agency (ECPTA), ex-Chairman of the Community Tourism Organisation and members of the Maletswai Business Forum.

Secondary Data Collection

The advantage of secondary data analysis is that it is cost effective and available for use much more quickly, unlike primary data that is costly and time consuming (Hox and Boeije, 2005). Secondary data was collected from the following data sources: the Integrated Development Plans of both Walter Sisulu Local and Joe Gqabi District Municipalities and other documents relating to development in Aliwal North, planning documents of the Eastern Cape and Parks Agency, Eastern Cape Provincial Department of Economic Development, Environmental Affairs and Tourism and the Joe Gqabi Economic Development Agency. The Maletswai Local Municipality brochure, the Friendly N6 Route brochure as well as the Eastern Cape Highlands brochure are marketing materials that were analysed for the purpose of investigating the marketing of Aliwal North as a tourism destination.

Secondary data that was utilised for analysis was evaluated based on applicability in answering the research questions and its relation to the research theory. This is stressed by Hox and Boeije (2005) when they caution that it is imperative that secondary data be evaluated. Any limitations presented by the secondary data were recognised and guarded against.

1.5.2 THE STUDY AREA

Aliwal North is located in the North Eastern part of the Eastern Cape Province. The town lies on the banks of the Orange River and was placed on the tourism map by the thermal spring, Aliwal Spa, that produces salty water rich in minerals at a temperature of around 34 degrees (Aliwal North, 2016) .

The population of Aliwal North is estimated at 17 000 with approximately 5 000 households (Maletswai Local Municipality, 2013). Unemployment in such a small community is estimated to be a staggering 22% (Maletswai Local Municipality, 2013). The agriculture, retail and service industries are the main economic sectors and employers in the town of Aliwal North. Aliwal North was extremely affected by the El Nino induced droughts experienced across South Africa and therefore the local agricultural industry is not performing well and jobs have been lost leaving the community in dire conditions (Maletswai Local Municipality, 2013).

Aliwal North has good potential for tourism. It is accessible by road and lies in-between two cities that are accessible by air: East London and Bloemfontein. Aliwal North also acts as a gateway to the province of the Eastern Cape from the north. Situated almost in the middle of the Friendly N6 Route it serves as a convenient transit stop and overnight destination for travellers to and from the Eastern Cape Coast.

Aliwal North, as the major economic hub within the district, also serves as a meeting and conference destination especially for the public sector (Maletswai Local Municipality, 2013). It boasts a portfolio of tourism products such as various accommodation facilities, culture and heritage sites, eco-tourism facilities and entertainment facilities. These tourism products are supported by an infrastructure of services such as retail stores, banking services and transport services (Maletswai Local Municipality, 2013).

1.5.3 SAMPLING DESIGN

How big or small a sample size is in qualitative research is determined by the study aims, what can be performed with available resources, what is at stake and the consideration of whether or not credibility will be achieved (Paton, 1990;184 in

Nieuwenhuis, 2016). Scholars make a connection between the sample size and data saturation (Bryman, 2012; Nieuwenhuis, 2016). They state that the number where data saturation can be reached tends to be the minimum sample size (Nieuwenhuis, 2016). Caution is raised that researchers should not select a small-scale sample size due to reasons such as inexperience, wanting to finish quickly or limited resources, as this could lead to data saturation not being realised (Nieuwenhuis, 2016).

This study followed a purposive sampling strategy. According to Strydom and Delpont (2011:232) a researcher's individual judgement is vital in purposive sampling, as the researcher decides on people, organisations or documents that the researcher perceives as significant and characteristic in meeting the research objectives. Participants from organisations that were significant in answering the questions of this study were selected. The research objectives acted as a guide on the selection of participants from the LED units within the district and local municipalities, the development manager and marketing manager at Eastern Cape Parks and Tourism Agency as well the business development manager at Joe Gqabi Economic Development Agency. These participants were considered to be relevant to the research purpose (Bryman, 2012).

For this study, two approaches of purposive sampling were utilised: stratified purposive sampling which was utilised to select participants for the semi-structured interviews and theoretical sampling to examine the hypothesis that already exists as one of the objectives to be investigated. Stratified purposive sampling is a targeted selection of research units based on their relevance to the questions asked by the research and theoretical sampling is concerned with the selection of data based on the contribution data makes in developing or testing theory (Bryman, 2012). The process was followed until data and theoretical saturation was realised.

In this study, the researcher utilised her own judgement in sampling the population for the study by selecting participants from organisations that were characteristic in meeting the research objectives (Strydom and Delpont, 2011). Research objectives included whether or not tourism can be utilised in Aliwal North to drive local economic development and investigating constraints for tourism in Aliwal North. To answer these questions, participants were sampled from the personnel within local and district municipalities, personnel from the Eastern Cape Parks and Tourism Agency, the local

business forum and a number of stakeholders involved in and affected by tourism, such as members from the former local tourism association as the association is currently disbanded. Planning documents such as the Integrated Development Plans (IDPs), annual reports and other specific forms of reports and marketing materials were also analysed as these documents provided insight into and answers to some of the research questions.

Demographics of the study participants

Table 1 below showcases the participants that were purposefully selected to take part in the study based on organisation represented, the role of that organisation and the issues that came out of the interviews.

Table1

Represented Organisation	Organisation Mandate	Issues Raised
Walter Sisulu Local Municipality Local Economic Development Unit - Manager	Local Economic Development	<ul style="list-style-type: none"> ○ Limited funding for tourism development and LED implementation.
Joe Gqabi District Municipality – Local Economic Development Unit – Manager responsible for Tourism	Regional Economic Development	<ul style="list-style-type: none"> ○ Red Tape ○ Unorganised business ○ Limited budgets
Joe Gqabi Development Agency – Business Development Manager	Regional Economic Development	<ul style="list-style-type: none"> ○ Limitations in capacity and funding for tourism development implementation ○ Lack of Marketing initiatives

		<ul style="list-style-type: none"> ○ No policy to guide development
Maletswai Business Forum – four members of the forum	Private sector – business development	<ul style="list-style-type: none"> ○ Strained relations with the local municipality ○ Environment not conducive for small business development
Community Tourism Organisation – Ex Chairperson of the organisation. (Organisation currently not functioning)	Holistic economic development	<ul style="list-style-type: none"> ○ Local assets are under utilised ○ No driver/leader for tourism ○ Fragmented implementation of initiatives
Eastern Cape Parks and Tourism Agency – The Joe Gqabi District Development Manager and the Marketing Manager	Marketing and Tourism Development	<ul style="list-style-type: none"> ○ Lack of marketing material ○ Strained stakeholder relations ○ Lack of tourism research

1.5.4 RESEARCH ETHICS

Research ethics refer to the right and wrong of conducting research (Mouton, 2001:238). Bryman (2012) explains that research ethics are concerned with issues around the subjects of research, people, how they are treated and whether or not there are actions barred when relating to the study participants. In relation to the practice of

science, in the interaction with society and the participants, the following research ethics were considered:

Integrity was mindfully observed when the research was conducted. The obligation to freely and openly disseminate research results was kept in mind. In addition to this, the researcher refrained from any form of falsification of data and plagiarism (Mouton, 2001).

Informed consent forms were developed and shared with the participants before engagement and the researcher did not utilise participants from vulnerable groups such as children, the disabled, and older people (Mouton, 2001:238; Bryman, 2012). To maintain confidentiality, the names of the research participants were not utilised, but rather codes were given and utilised.

1.5.5 DATA ANALYSIS

The reason for conducting research is to develop findings. Data analysis is the tool which transforms research data into findings (Schurink, Fouché and De Vos, 2011:397). Mouton (2001:8) provides three reasons why data analysis is done: to understand the different elements contained in the data, to investigate an existence of trends that need to be grouped or isolated, and lastly to detect themes within the data. Data analysis is also about relating the findings to existing theoretical perspectives to ascertain whether the new findings support or contradict them (Mouton, 2001).

There are two strategies for data analysis in qualitative research that come out of existing literature: analytic induction (AI) and grounded theory (GT) (Strauss and Corbin, 1998; Schurink et al, 2011; Bryman, 2012). AI involves rigorous data analysis that departs with a research question that is tested against a hypothesis and if the selected case rejects the hypothesis, the hypothesis is either reformulated or redefined (Bryman, 2012). GT utilises coding as the main tool for analysis (Strauss and Corbin, 1998; Bryman, 2012). Coding is the breaking down of data into parts and naming them and it begins immediately after the collection of initial data.

The researcher analysed data at various stages of the research process. Data was analysed prior to, during and post data collection. It was analysed in the field, away

from the field, and in-between visits to the field. This chosen approach exposed the researcher to multi stage and multi-level data analysis because Schurink et al (2011) emphasize that preliminary analysis should be conducted simultaneously with data collection, as this will detect the need for more information collection.

The collected data was coded thematically utilising both inductive coding and deductive coding. Inductive coding is data driven coding, working from the ground up, while deductive coding is theory driven coding, working with the already existing hypothesis of a relationship between tourism and LED. (Bryman, 2012). Codes were named then clustered into themes and the themes were then connected to existing literature to unify or contrast findings. Drawing on what Bryman (2012) presents as a tool of grounded theory – theoretical saturation – data was collected and analysed to a point where no new data could be found to illuminate theory and the coding could not exceed the point reached in relating the data to existing concepts. The researcher employed manual data analysis.

1.5.6 LIMITATIONS

The researcher encountered the following limitations in the proposed data collection strategy: scarcity of secondary data to examine the theory of tourism led LED in practice and a shortage of documents that could assist in answering the following research questions – the allocation of human and financial resources for tourism in Aliwal North, and if tourism was being utilised to drive LED.

Based on the limited number of employees responsible for local economic development and tourism specifically within the local and district municipality, the researcher encountered difficulty in acquiring a huge sample size of participants for the interviews. Focus groups could not be conducted, as members of the chosen groups were almost never available at the same time and some were not willing and, therefore, the organisations targeted for focus groups ended up taking part in the semi-structured interviews.

The fact that results of the research cannot be generalised is also a limitation because different localities are structured in unique ways. The findings and recommendations

can act as a guide to other similar localities and as a comparative platform to similar studies in different cases.

1.6 CONCLUSION

Even as a positive relationship between tourism and local economic development is demonstrated by scholars Binns and Nel (2002) and Meyer and Meyer (2015), appreciation of the constraints surrounding LED practice should be considered. According to Ntonzima and Binza (2011) and Hristova and Tast (2015) institutional capacity and support from national government can promote LED. Furthermore, tourism should not be seen as a fixed solution to LED in all destinations, as some destinations lack tourism potential or are faced with institutional weaknesses (Hyytia and Kola, 2013). Local authorities implementing LED need to evaluate whether or not tourism is the best vehicle to drive LED before implementing it, by interrogating the preconditions and through upgrading and prioritising communication with relevant stakeholders in order to make informed decisions and leverage on partnerships.

CHAPTER TWO

LITERATURE REVIEW

A THEORETICAL PERSPECTIVE ON THE RELATIONSHIP BETWEEN LOCAL ECONOMIC DEVELOPMENT AND TOURISM

2.1 INTRODUCTION

Globalisation has been noted as the reason for the emergence of new ways of economic planning (Wilson, 1995). Globalisation has brought about positive and negative impacts. Positive developments include the fall of economic boundaries, increased access to markets both locally and internationally and business friendly trading regulations (Wilson, 1995). The negatives are economic inequalities between continents, countries and localities, increased competitiveness between localities and further marginalisation of poor communities (Wilson, 1995; Hristova and Tast, 2015). As a result, nation states and localities have found new means for economic development (Wilson, 1995; Hristova and Tast, 2015). Central government acts as a facilitator for economic development, while local stakeholders have taken over the role of development planning and implementation as a means to counteract globalisation (Hristova and Tast, 2015). This locality based economic planning appreciates the uniqueness of each local area regarding needs, opportunities, skills and financial resources (Rodriguez-Pose and Tijmstra, 2005).

Local economic development as a development strategy in Africa came about as a result of political and economic shocks such as the debt crisis, currency devaluations and the structural adjustment programmes that were imposed by the World Bank and the International Monetary Fund (Rodriguez-Pose and Tijmstra, 2005). To find solutions to these problems, government, the private sector, business groups and civic organisations have come together to discuss matters of local interest in a manner that puts local resources at the centre of planning and implementation (World Bank, 2016).

The trends noted above are the same to those noted by Nel (1999) in the development of local economic development in South Africa. Nel (1999) emphasises that redefining the role of central government in economic planning and the need to maximise local

opportunities and resources motivates urban and rural South Africa to pioneer economic development. In the past, economic development took a sectorial approach with different countries utilising their high economically performing sectors as tools to drive the economy (Rogerson, 2002). Focus was on infrastructure, mining and industries. With these sectors facing stagnation and decline in various localities, secondary sectors such as tourism, technology, marine economy and the green economy are being considered as new strategies for economic development (Rogerson and Nel, 2016).

This chapter provides a theoretical review of literature on tourism studies in South Africa, specifically those that relate to LED. Following this cursory review, the tourism and local economic development nexus will be discussed by looking at the relationship between tourism and local economic development and the challenges that inhibit the relationship that is at play between the concepts. Lastly, the review will give a brief overview of tourism in the Eastern Cape.

2.2 OVERVIEW OF LOCAL ECONOMIC DEVELOPMENT

Introduction

In various areas such as North America, Latin America, Europe and South Africa, a redefinition of roles by actors in the economic development space has been acknowledged by scholars (Wilson, 1995; Nel, 1999; Hristova and Tast, 2015). Local stakeholders including local government, private businesses, civic organisations and communities have come together to form partnerships with one another with the goal of revitalising the local economy in order to find new ways to create employment and generate income for their localities (Rogerson, 2011; Rogerson: 2014). This section will examine Local Economic Development by defining what is meant by Local Economic Development, by looking at policy regarding LED in South Africa, and by considering the implementation of LED and the challenges it faces.

Defining Local Economic Development

There is no universal definition of Local Economic Development in literature. Scholars and various international organisations present LED as a strategy for economic

development where planning shifts from the national sphere to regional and local spaces of development. Local stakeholders play a vital role in identifying and exploiting local skills and opportunities to create a competitive advantage for the local economy. In other words, the goal is to create a conducive environment for business development, enhancing local skills and engaging various stakeholders for planning and implementation (Rogerson and Nel, 2016).

Scholars and organisations in the field of development define LED in different ways, but common characteristics exist within the varied definitions as evidenced in the definitions presented below:

Zaaijer and Sara (1993:129) define LED as a way in which local stakeholders and government come together to plan, combine resources, rope in other suitable partners such as the private sector with the aim to increase economic activity which will in turn result in the creation of employment in a locality. Similarly, Hristova and Tast (2015:385) define it as: *“Local Economic Development [is] a process in which the local authorities cooperate with the public sector, business community, and NGO’s, in order to create a more appropriate environment for economic development and for unemployment decreasing. Its objectives are to stimulate investments that will promote sustained high growth in local communities.”* Rogerson (2014:204) presents LED as economic planning that is specific to a locality with the purpose to protect itself from the global and national environments while at the same time maximising opportunities provided by these environments. The World Bank (2016 n.p.n) defines “an ongoing process in which various sectors, public, private and non-governmental work together to find solutions to local challenges such as unemployment and improved economic conditions”. Going further, the World Bank (2016 n.p.n) explains that the purpose of LED “is to take action to enhance the economic capacity of a locality in order to grow the local economy and provide a better life for everyone”

The South African Local Government Network (2017) utilises definitions coined by various international organisations such as the German Corporation for Development, the International Labour Organisation and UN-Habitat. The definitions by these organisations have the following characteristics in common: they are purpose based, they highlight the importance of stakeholder engagement and their aim is to achieve enhanced economic development.

Looking at the above definitions one can conclude that LED acknowledges the uniqueness of localities, it emphasises the importance of stakeholder relationships and it underscores the maximisation of local resources to achieve economic development.

Having considered what scholars and organisations understand local economic development to be, attention will now focus on the policy framework and the implementation of LED in South Africa.

Local Economic Development: a glance at policy and practice

The conventional approach to local economic development has been challenged by globalisation due to the tearing down of trading barriers between nations and localities, exposing localities to vulnerabilities (Wilson, 1995; Hristova and Tast, 2015). These include the transfer of local services such as goods and services from poor communities to stronger markets. Rural areas, due to underdevelopment and local pressures, lose local produce and skills to much more stable, strong and vibrant economies like big metropolitan areas (Rogerson and Nel, 2016). This cripples the local economy even more.

These challenges require an evolution in economic planning and decision making. Roles need to be shifted and resources reinvested (Reddy and Wallis, 2012). These authors reckon, government has not been stripped of its role as the main implementer of LED, but rather has been offered a facilitator role. The new role will be achieved through policy, delivery of social services and the creation of an enabling environment for communities and the private sector (Reddy and Wallis, 2012). Since the birth of democracy the South African government has introduced a number of policy interventions relating to local economic development, which are discussed below.

Policy Considerations

Africa is a unique tourism space because of the continent's history and ensuing development. There is a seeming worldwide consensus on the uniqueness of Africa regarding policy interventions relating to development (Reddy and Wallis, 2012). Policies developed for other parts of the world are believed to yield different results in Africa and even policies developed for the continent fail to take into consideration the

diversity within the continent and end up failing (Reddy and Wallis, 2012). Rodriguez-Pose and Tijmstra, (2005) similarly to Reddy and Wallis (2012) suggest that LED success in Africa is elusive, with South Africa hailed as an anomaly because of some degree of success being achieved in LED (Nel, 2009; Rogerson and Nel, 2016).

The fall of apartheid in 1994 brought a turn of events regarding LED planning in South Africa (Rogerson, 2014). LED was made mandatory and the concentration has spread broadly from big metropolitan areas to include smaller cities and rural towns (Rogerson and Nel, 2016). The new democratic government has developed a plethora of policy legislation pertaining to LED, has assigned roles for LED and has committed resources for the implementation of LED programmes.

The first policy programme was the Reconstruction and Development Programme (RDP) of 1994. The RDP was an ambitious programme that set its focus on both the social and economic development agenda (Rogerson, 2014). The aim was to build the country by employing resources in an equal manner to avoid the segregation of the past and to ensure a better life for all South Africans (Republic of South Africa, 1995). Despite its good intentions to implement equal development, it further exacerbated unequal development between urban and rural areas. This was largely because it was implemented on an already uneven terrain inherited from apartheid. This resulted in urban areas leading in development, while rural towns battled to catch up (Rogerson, 2014; Rogerson and Nel, 2016).

In 1996 a significant and influential document was introduced in the country, The Constitution of the Republic of South Africa. The Constitution mandates local government to promote economic development in their localities (Republic of South Africa, 1996). Subsequently, in 1998, The White Paper on Local Government graced the policy platform and presented the concept of 'developmental local government'. It defines a "developmental local government" as "Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives" (Department of Provincial and Local Government, 1998).

The redefinition of the role of local authorities is a mandate that has also been considered internationally and is evidenced by Ruhanen (2013) in her study on the

role of local authorities in sustainable development. She notes that the role of local authorities has shifted from that of servicing infrastructure, roads and refuse removal to a broader, more developmental one that involves development planning and implementation (Ruhanen, 2013).

In 2000, the Local Government Municipal Systems Act introduced the Integrated Development Plan (IDP). The IDP is a master plan, unique to each locality that captures the development objectives of that locality and actions aimed at reaching those goals (South African LED Network, 2017).

Scholars such as Reddy and Wallis (2012) and Rogerson (2014) deem the release of the 2006 Policy Framework Document “Stimulating and Developing Sustainable Local Economies” as crucial in the development of LED policies and they suggest that it has shown maturity in policy legislation within the country. The policy encourages localities to enhance economic inclusivity, ensure the best investment of local resources, maximise the exploitation of local opportunities, and increase the locality’s competitive advantage to address local challenges such as unemployment (Rogerson, 2014).

This policy document came out in a period when the country was riding a wave of high economic growth and could not have predicted the international and national challenges that impacted on LED. These challenges included the effects of the global economic meltdown, the volatility of the Rand, the rearrangement of economic zones and the birth of BRICS, the decline of traditional economic sectors and the need to re-establish economic activities (Rogerson, 2014).

The stagnation and decline of South African economic sectors such as industries, mining and agriculture contributed to the increase of unemployment and the decline and stagnation of many local economies. Government and affected stakeholders needed to find new ways to revitalise the economies and create jobs. The New Growth Path of 2009 came as a plan on how to create a high number of jobs in a limited space of time. The mandate was to be achieved by utilising government policy to untangle structural challenges from the past (Rogerson, 2014). The NGP was criticised for its central planning based nature which failed to bring local authorities to the planning table (Rogerson, 2014). Due to this it failed to take into consideration the uniqueness of localities and the different strategies required for implementation.

The National Development Plan: Vision for 2030 is the current policy document that contains the development goals and actions of the country. The NDP advocates for development that is inclusive, benefits a broader range of the population and introduces creative solutions to development challenges (National Planning Commission, 2011). Similar to the NGP, the NDP targets a highly labour absorbing economy. Critics label the NDP as lacking in addressing issues on LED (Rogerson, 2014).

The development of policy legislation is key in addressing developmental problems. Policy acknowledges challenges, devises strategies for addressing these challenges and draws a pathway on how the challenges should be addressed. Next, the implementation of LED will be critically evaluated.

The Implementation of Local Economic Development

According to Nel (1999), the difference in LED application in the North and South is that LED in the North targets the promotion of self-reliance in local spaces whereas in the South it is applied as a coping strategy. Reddy and Wallis (2012) note that in Africa, national government still acts as the main player in the implementation of LED. They claim that national government initiates economic development through targeted policy interventions and infrastructural developments, but conclude that in practice it is the private sector that is responsible for delivering economic growth and poverty alleviation in a locality (Reddy and Wallis, 2012). This practice, noted by Reddy and Wallis above, represents a market led approach to LED and has been the reality of many African countries including South Africa (Reddy and Wallis, 2012; Rogerson, 2014).

South Africa shows, and is recognised for, a high commitment to LED (Rodriguez-Pose and Tijmstra, 2005; Reddy and Wallis, 2012). The implementation of LED in South Africa is traditionally market led, but is evolving towards a pro-poor approach. The leaning towards a pro-poor approach is considered by Rogerson (2011) to be in contrast with international principles which lean towards a market led approach. The preoccupation of the market led approach with economic elements such as employment creation, income and wealth creation and growth at the opportunistic cost of social and environmental factors is unsustainable. The evolution to a pro-poor

approach in South Africa is evidence that a market led approach has not lived up to its expectations (Rogerson, 2009). Rogerson (2011) is not convinced that the pro-poor approach is the best strategy, as he suggests that it leaves unanswered questions around economic growth.

In South Africa, the application of LED subscribes to a project based approach which Rogerson (2011) aligns to how the Local Economic Development fund was implemented. The roll out of the fund was based on municipalities applying for funding to implement projects in sectors such as SMME Development, business incubation and tourism development. The outcome of the implementation of the fund was small unsustainable projects, with most failing once funding came to an end (Rogerson, 2011). In South Africa's metropolitan areas, the trend now follows that of North America and Western Europe, which prioritise competitiveness and economic growth that is sustainable (Rogerson, 2011).

The White Paper on Local Government (1998), which was presented in brief detail above, urged local government to take on the responsibility for LED and encouraged local government to take over a developmental role that includes economic development. The decision resulted in local authorities finding themselves saddled with the responsibility for LED. The observation made by scholars Wilson (1995); Rogerson (2011) as well as Hristova and Tast (2015) is that international experience has shown that local authorities should play the facilitator role for LED by bringing suitable stakeholders together for planning and implementation.

The main stakeholders in LED implementation in South Africa are government departments and agencies, financial institutions, international institutions, donors and civil society. The obvious role-players are the Department of Cooperative Governance and Traditional Affairs, the Department of Trade and Industry, the South African Local Government Association, the Development Bank of South Africa, the Industrial Development Corporation, the World Bank, The United Nations Development Programme and the German Cooperation for Development (South African LED Network, 2017). The key aspect regarding these stakeholders is the overlap in the functions that they carry out pertaining to local economic development. The end game is the duplication of efforts which narrows the ground covered by their interventions.

Efforts need to be coordinated and resources combined if broader success and impact is to be experienced (Rogerson, 2011; Rogerson and Nel, 2016).

Pretorius and Blaauw (2008) recognise the role played by the Local Economic Development Agencies in the realisation of LED. They were a result of economic development cooperation between the national government and international donors and their aim was to identify, exploit and enhance the economic opportunities of a region (Pretorius and Blaauw, 2008). The development of LEDAs has since been expanded. Initially they were initiated in four provinces, whereas now they have been expanded to almost all district municipalities in South Africa.

Previously, the implementation of LED focussed on sectors like mining, industries and agriculture. The implementation was carried out through business friendly regulations and infrastructure development by national government (Rogerson 2009). The second wave of LED, according to Rogerson and Nel (2016), prioritised enterprise development and incubation with the aim of growing the enterprises to create employment. The reliance of LED on SMME development is further evidenced by the decision of the government to establish a separate Department for Small Business Development. The mandate for the department is to support small businesses by creating an environment that is conducive to growth (Rogerson and Nel, 2016).

The stagnation and decline of economic sectors such as agriculture and mining has led to the shift in focus to second economies to drive LED. Aquaculture, agro-processing, tourism, technology and the green economy are now considered and utilised as strategies for LED implementation (Rogerson and Nel, 2016). There have been notable cases of success in LED implementation in South Africa (Nel, 1999; Rogerson, 2011). There have also been challenges that have been encountered, including resource constraints, a skills gap and a lack of strategic guidance (Reddy and Wallis, 2012; Rogerson and Nel, 2016). These challenges listed above and much more will be discussed in detail below.

Challenges Facing LED

A number of challenges face LED practice, varying from local to national scales of analysis. Scholars in the field of local economic development Ntonzima and Binza

(2011), Hristova and Tast (2015), as well as Rogerson and Nel (2016), raise a number of concerns regarding the implementation of LED. On examination of these concerns, it can be concluded that they are also the obstacles to successful implementation of LED.

Ntonzima and Binza (2011) raise the lack of integration and cooperation between stakeholders as a huge concern. Various government departments, funding institutions and international donors have vested interests in the LED programme, resulting in duplication of efforts and limited impact. They further note that the role of national and provincial government is not absolutely clear and needs to be redefined to ensure efficient and effective implementation of LED. Ntonzima and Binza (2011) also raise the issue of scarce accurate data that can be utilised by local authorities to make decisions and develop policy regarding LED.

It would seem that the concerns raised above are not exclusive to the practice of LED in South Africa. In their research on localisation of socio-economic development as means to counteract the negative effects of globalisation, Hristova and Tast (2015) investigate the case of the Republic of Macedonia. They note and applaud the introduction of policies that increased the responsibilities of local government and made LED a priority of local government, but note that in practise LED has shown slow progress owing to financial and institutional constraints, such as lack of support from national government, lack of finance to implement projects and disconcerted planning.

Studying the role of local government in sustainable development, Ruhanen (2013) suggests an extended role. In trying to achieve their development mandate, local governments are faced with challenges such as institutional weakness, and limited capacity and skills to perform. It is recommended that capacity building is addressed. Rogerson and Nel (2016) add the following as challenges faced by the distressed municipalities of South Africa: capacity challenges, insufficient personnel in economic development, a weak institutional capacity and the inadequacy of data that can be utilised for planning and decision making.

Arguing on the implementation of LED in South Africa, Ntonzima and Binza (2011) recommend that the approach should be adapted from the one size fits all approach that is currently being employed to a more targeted approach that appreciates the

uniqueness of localities and the need for different strategies to be considered to drive LED. A requirement for localities to be able to make decisions on particular strategies for LED has also been noted by Rogerson and Nel (2016). In their study on planning for LED in 'distressed areas', they provide a list of tools that municipalities are considering for LED, such as: agriculture, SMME development, tourism, investment attraction, and skills development (Rogerson and Nel, 2016:133). Approximately 85% of the 161 district and local municipalities studied considered tourism as the vehicle to drive their local economic development (Rogerson and Nel, 2016).

2.3 OVERVIEW OF TOURISM

The potential within tourism to enhance economic growth and create employment has been demonstrated globally (Rogerson and Visser, 2004; Meyer and Meyer, 2015; Visser and Hoogendoorn, 2012; Shaaban, Ramzy and Sharabassy 2013). The development of the tourism industry globally and more specifically in developing countries is recognised as a significant tool for enhancing economic growth, protecting the environment, alleviating poverty and creating multi-cultural understanding and peace (Phiri, 2016).

The South African government has, through various policy documents such as the New Growth Path (2009), the National Tourism Sector Strategy (2011) and the National Development Plan (2011), prioritised the tourism sector to contribute to inclusive economic growth and the creation of jobs. This positive interest in tourism raises optimism that financial and human resources will be deployed to support tourism growth (National Department of Tourism, 2011).

At the 2015 local government conference convened by the Department of Tourism, speakers emphasised the importance of the tourism sector reflecting in the 2014 World Bank Report titled *Tourism in Africa: Harnessing Tourism for Growth and Improved Livelihoods* which concluded, "Tourism is a powerful vehicle that can fuel the economic transformation of countries; create decent jobs; accelerate reforms; provide opportunities for the development of remote regions; diversify exports; increase domestic consumption; enable infrastructure improvement; empower young women, young people, marginalised populations; stimulate cultural heritage and environmental conservation and improve the national image" (Department of Tourism, 2015:10). The

National Chairperson: South African Local Government Association, hailed tourism as the only sector that has generated growth in recent years despite depressed global economic conditions and therefore called on the recognition of tourism as an economic niche which needs to be strategically and jointly exploited (Department of Tourism, 2015:9).

The economic contribution by the tourism sector explained above is also confirmed by various data. The United Nations World Tourism Organisation (2017) noted a decline in international tourist arrivals in Africa in 2015 due to health and security challenges and, in South Africa specifically, the decline is attributed to the introduction of new visa regulations. Statistics South Africa (2017), against the backdrop of a tourism sector that has been growing since the dawn of democracy, reported that it is not all doom and gloom as tourism spending actually increased in 2015.

Tourism continues to create jobs that positively contribute to the economy. In 2015, 1 in 22 employed people within the South African economy were employed in the tourism industry, a 4,5% representation of the overall workforce (Statistics SA, 2016). Tourism outperformed mining in the supply of employment in 2015 (Statistics SA, 2016). Tourism contributed 3,1% to the economy, outperforming agriculture that contributed 2,5% in 2015 (Statistics SA, 2016).

An example of successful tourism-led local economic development is presented by Binns and Nel (2002) as the coastal resort of Still Bay. Still Bay is a seaside town that previously depended on fishing as an economic activity. The fall of the fishing industry in the 1980s due to resource depletion and tough competition with other seaside towns led to the need for economic restructuring in Still Bay (Binns and Nel, 2002). These challenges led Still Bay to look at tourism-led LED as a solution.

Binns and Nel (2002) attribute the following factors to the success of tourism-led LED in Still Bay: an existence of a portfolio of tourism products, the existence of key community leaders and entrepreneurs; and the establishment of community organisations. The local leaders drove the development and management of tourism and encouraged community participation. These endeavours were further supported by the existence of institutions such as the business chamber and the tourism and economic forum (Binns and Nel, 2002). The tourism and economic forum aggressively

marketed the destination, not only to tourists, but also to investors and second home buyers which resulted in Still Bay's enhanced position as a tourist attraction, attraction of private investors, and creation of jobs and opportunities for enterprise development (Binns and Nel, 2002).

The potential of tourism to contribute to economic growth has been advocated, statistics on the stability of tourism have been presented and a case of successful use of tourism as a tool to drive local economic development has been presented above. In the next section, the relationship between tourism and local economic development will be interrogated further.

2.4 THE TOURISM AND LOCAL ECONOMIC DEVELOPMENT NEXUS

Introduction

The relationship between tourism and economic growth is interdependent. Is it tourism development that results in economic growth or does economic development enhance tourism growth (Brida and Pulina, 2010)? In a study of tourism within the global-local nexus, Milne and Alteljecic (2011) attempt to theoretically connect visible dots that link tourism and the process of local economic development. They believe that tourism is a global phenomenon that is driven by priorities from multinational organisations and is influenced by global activities such as geo-political forces and broader forces of economic change (Milne and Alteljecic, 2011).

Agreeing on the importance of tourism, presenting the European dynamic, Briedenhann and Wickens (2004) noted that many Western nations have adopted tourism as an alternative strategy for socio-economic revitalisation of rural areas owing to the spiralling down of economic activities, the weakness of the agricultural sector and the collapsing of rural industries. They highlight the plight of unemployment in Eastern Europe, where tourism has then been identified as the sector with the potential to stimulate economic growth in this region (Briedenhann and Wickens, 2004).

According to Rogerson (2013) in response to the challenges of globalisation, many nation states have considered LED policies and initiatives as an economic development strategy, particularly in poor developing countries such as those in Latin

America and Sub-Saharan Africa (Rogerson, 2013). Traditionally, in South Africa, LED activities concentrated on sectors like industry, mining and agriculture, but recently there has been a noted shift to secondary sectors like aquaculture, agro-processing, technology and tourism (Rogerson, 2013; Rogerson and Nel, 2016). The motivation for tourism to be elevated to a priority economic sector as highlighted above is based on the worldwide view that tourism is a vital tool for economic growth globally and locally in South Africa (Phiri, 2016).

The role that tourism can play in poverty reduction in a locality can be measured through employment and training opportunities, outputs from tourism value chains and the creation of a conducive environment for small business development (Milne and Alteljecic, 2011). Shaaban *et al* (2013) agree that the attributes and contributions that make tourism attractive to least developed countries is tourism's labour intensive nature, its diversity and because tourism is a leading export sector.

This section of the chapter will interrogate the cause and effect of successful tourism spaces, the economic benefits of tourism and lastly the limitations of those benefits.

Pre-conditions for successful tourism spaces

Rogerson (2002) proposes three ways in which local spaces emerge as tourism spaces: firstly, as seaside resorts that are identified by private developers as business opportunities; secondly, by default due to demand for new tourism experiences; and lastly, as a new economic activity to create jobs and revitalise a local economy due to the decline or stagnation of traditional industries (Rogerson, 2002). These are purely based on the supply of tourism, but local spaces can be based on demand for tourism.

Rogerson (2002) noted a shift both internationally and locally in the utilisation of local spaces to places for consumption rather than places of production. Phiri (2016) presents positive attributes regarding tourism as a consumption sector. He makes a claim that the consumption of tourism is directly linked to the development and expansion of industries such as aviation, accommodation, food, technology and the development of tertiary services such as finance, logistics, conferences and entertainment.

According to scholars Rogerson (2002) and Brida and Pulina (2010) there are a number of preconditions that should be in place for a locality to be considered as a successful tourism destination. There needs to be a tourism product or a collection of products to attract visitors and, subsequently, services are required to enhance the existing products (Rogerson, 2002; Brida and Pulina, 2010). The more diverse the tourism products and services on offer in a locality, the more attractive a locality becomes (Rogerson, 2002).

Tourists are usually attracted to destinations of natural beauty within a rural setting and therefore tourism could be a driving force in non-industrialised rural settings with some agricultural value (Rogerson, 2002; Brida and Pulina, 2010). Tourism can be promoted if the area is properly marketed, well maintained and if it has a quality environment (Meyer and Meyer 2015). In their quest to showcase the importance of effective marketing, improved networking and overall efficiency, Hyytia and Kola (2013) explored two cases in Finland. These cases conducted a simulation of tourism policies that supported effective marketing initiatives, improved networking and overall improved efficiency and the result was a high demand for tourism. It is imperative that destinations are packaged and marketed in a manner that enhances their attractiveness (Rogerson, 2002).

Agreeing on the significance of marketing in tourism, Visser and Hoogendoorn (2012) note that the destinations visited by tourists, particularly international tourists, in South Africa reflect the marketing strategy of South African Tourism (SAT). In their research *Uneven Tourism Development in South Africa: Another Ongoing Struggle* they explain that South African Tourism has a mandate to improve the regional distribution of tourists throughout the country in order to spread the investment and access to benefits of those investments. They further prove that there are limitations to SAT achieving this mandate, primarily based on limited resources to develop the international markets that were found to be the backbone of inbound tourism to South Africa (Visser and Hoogendoorn, 2012).

For tourism to be successful there are certain preconditions that need to be met by localities in terms of product offerings (Rogerson, 2002; Rogerson, 2013). These preconditions include a portfolio of products to attract visitors, effective planning and management at destinations, marketing of a destination and lastly a formation of

partnerships with relevant stakeholders (Rogerson, 2013). Supporting this argument Hyytia and Kola (2013) note that even though Finland has the right product mix in terms of tourist attractions, weaknesses in the skills capacity, customer service, and weak marketing initiatives challenge the positive outlook of tourism. Destinations need to have a mix of tourism products that will attract visitors to their area, keep them entertained, motivate them to come back and motivate them to market through word of mouth to friends and family supported by effective planning for and management of tourism (Rogerson, 2013).

The demand for tourism can also act as a justification for the supply of other services within a locality. Services such as roads, electricity, water supply and safety measures. When tourists visit a destination, they do not only spend money on tourism products such as accommodation, restaurants, and museums. They also make use of other related services such as petrol stations, banks, transport services and other service stations (Rivett-Carnac, 2009). This is evidence that tourism can make a meaningful economic contribution in a locality.

The contribution of tourism to the local economy

Tourism led local economic development brings benefits to the local economy and could go a long way in reducing poverty. These benefits include wages earned from jobs created by tourism, skills as a result of training, earnings from indirect sectors with a link to tourism and revenue generated by small businesses as a result of tourism (Meyer and Meyer 2015). The connection that tourism shares with sectors like agriculture, construction and transport raises the significance of the tourism value chain (Shaaban *et al* 2013). Osmankovic, Zrnica, and Kenjic (2010), supporting the perspective on tourism and local economic development, claim that for regional and local development tourism is key. Furthermore, in their conference paper, *Tourism – creator of the local and regional development*, they investigate the case of Bosnia and Herzegovina in Eastern Europe and hypothesize that tourism is the path to achieve local and regional development (Osmankovic *et al*, 2010). They note that the universal impact of tourism lies in its ability to contribute to regional and local economies which is a direct result of a rise in tourist arrivals which is further linked to the rise in Gross Domestic Product (GDP), the rise in employment rates, the rise in exports and economic activities in general (Osmankovic *et al*, 2010).

These scholars make a convincing argument for a positive relationship between tourism and LED. It is important to note, however, that there are challenges to tourism development. The next section will look at some challenges to tourism development.

Rogerson (2013:11), who contradicts the conventional view of tourism being the saviour of local economic development, cites Stobart and Ball (1998) who question the promotion of tourism in destinations that lack the potential of attracting tourists. This is supported by the submission already made by scholars such as Binns and Nel (2002); Rogerson (2002), as well as Brida and Pulina (2010), that for tourism to be successful there are certain preconditions that need to be met.

Rogerson and Nel (2016:133) in their research on LED planning in South Africa's distressed areas, provide findings relating to policy and planning. Their research highlights the following findings, specifically related to tourism as a strategy for local economic development. Out of the 161 district and local municipalities studied, 85% focussed their strategic planning and decision making on tourism as the best tool to drive their local economic development. The focus on tourism exceeded that of agriculture in local municipalities and was a match in district municipalities (Rogerson and Nel, 2016). Considering the performance of tourism in the economy in 2015 against agriculture this could be acknowledged as an informed move. Rogerson and Nel (2016) present the tourism profile of the studied areas as centred on domestic tourism instead of international tourism and is mainly characterised by VFR (visiting friends and family) activities with leisure tourism as a secondary activity (Rogerson and Nel, 2016).

Findings on the geographical variations show that the province of the Eastern Cape prioritises tourism as a number one driver for LED to the same extent as agriculture. Joe Gqabi District Municipality and Maletswai Local Municipality were among the 161 distressed municipalities that were studied. Aliwal North falls within these two municipalities.

When comparing distressed areas to the rest of the country, tourism came out on top as the preferred strategy for LED in both scenarios, with distressed areas being at 85.5% and South Africa at 87.1% (Rogerson and Nel, 2016). These numbers prove

the popularity of tourism as a choice, but they do not accurately reflect its implementation.

Nel and Rogerson (2016) found it difficult to gauge the extent to which the identified and preferred LED activities were supported and implemented. Data relating to the strategies selected for LED was sporadic and incompatible. As a point of interest, they noted that funding for tourism was not set aside in these municipalities. The utilisation of existing operational budgets to drive tourism activities was assumed (Rogerson and Nel, 2016).

Limitations of tourism benefits

Tourism has been identified for its potential to create jobs, stimulate the economy and to a certain level enhance service delivery (Rivett-Carnac, 2010; Rogerson, 2013; Shaaban et al, 2013; Phiri, 2016). Some scholars in the literature pose arguments that challenge what they propose as being an idealistic view of tourism.

Rogerson (2013), for instance, challenges the quality of jobs that the tourism sector creates by citing William and Shaw (1998), saying the sector creates unstable and low quality jobs. Shaaban et al (2013:129) do not perceive the claim of low quality jobs as a bad thing because they concede that “many tourism jobs are potentially quite accessible to the poor as they require relatively few skills and little investment”. This observation reflects a scenario within the South African economy where unemployment is high among unskilled workers who have been rejected by the mining and agriculture sectors and need to be absorbed somewhere (Rogerson, 2013). Shaaban et al (2013:134) continue to defend the labour intensiveness of the tourism sector, suggesting that, since tourism is considered a labour generating industry, implementing an appropriate tourism strategy may help reduce unemployment, especially unskilled unemployment. In South Africa specifically this could be aligned to the prioritisation of the tourism sector by policy legislation such as the New Growth Path and New Development Plan.

Scholars such as Rogerson (2002); Shaaban et al (2013), as well as Meyer and Meyer (2015), promote tourism as a potential driver of economic growth, spinner of employment opportunities, a creator of value chains with other sectors and a number

one export sector. Ruhanen (2013) from her Australian research on the role of local government in sustainable tourism development, raises a concern with regards to the obsession about the economic impacts of tourism. She claims that the economic benefits of tourism come at a high cost to sustainable development (Ruhanen, 2013). In tourism driven economic development, social and environmental issues should be considered, agrees Rogerson (2013). Ruhanen (2013) suggests that in making their decisions, local authorities, policy makers in particular, should be informed of the benefits of sustainable development even though they may seem long-term when economic benefits are here and now. This suggestion should be taken seriously as tourism utilises the environment and thus if the environment is degraded, tourism will not be viable.

Visser and Hoogendoorn (2012) noted a trend of geographical disparities regarding the development of tourism in South Africa. They concede that tourism spending in South Africa is hugely concentrated in the big cities, in the game park provinces of Limpopo and Mpumalanga and along the Garden Route in the Western Province. They make the following conclusions: the benefits of tourism are concentrated in the above mentioned tourism zones, with few benefits being spread outside. Because of this, not every destination in South Africa has tourism potential and is viable for tourism development (Visser and Hoogendoorn, 2012).

2.5 AN OVERVIEW OF TOURISM IN THE EASTERN CAPE

The Eastern Cape Province is endowed with natural beauty, a rugged wild coastline, sandy beaches, a rich culture and heritage and a diversified climate. To complement the natural gifts, man-made attractions and infrastructural developments such as accommodation, conference facilities and places of entertainment also render the province an attractive tourism destination. The province links the tourism renowned destinations of KwaZulu-Natal and the Western Cape (Department of Economic Development and Environmental Affairs, 2009).

The Eastern Cape Province is one of the poorest and most underdeveloped provinces in South Africa. According to the Eastern Cape Socio- Economic Consultative council (2016), formal unemployment in the Eastern Cape is 28,2%. This is a number that is 1,2% higher than the overall unemployment rate within the country. The Eastern Cape

economy is heavily reliant on tertiary sectors such as community and social services, trade and construction.

The natural beauty of the province, the decline in agriculture and industries and the high unemployment rate make tourism attractive as a strategy to be explored for economic development because of its potential to revitalise stagnant economies and create jobs.

2.6 CONCLUSION

Although literature demonstrates that tourism has been utilised to drive economic growth successfully in some instances, there needs to be an appreciation for the constraints surrounding LED practice. Scholars such as Binns and Nel (2002); Rogerson (2002), as well as Brida and Pulina (2010), have made a case relating to the need to have a number of elements in place before promoting a destination as a tourism destination. A portfolio of tourism products is required to be available, there needs to be successful management of tourism development, as well as the existence of strong leadership and institutions in place to drive tourism, good management of stakeholder relations and aggressive marketing of the destination.

According to Ntonzima and Binza (2011), as well as Hristova and Tast (2015), institutional capacity and support from national and provincial government can promote LED in local spaces. Furthermore, decision makers need to take into consideration the fact that tourism is not a fixed solution to LED in all destinations, as some destinations lack tourism potential and/or are faced with institutional weaknesses (Hyytia and Kola, 2013). Local authorities implementing LED need to evaluate whether or not tourism is the best vehicle to drive LED before implementing it, by interrogating the preconditions for tourism development and through upgrading and prioritising communication with relevant stakeholders in order to make informed decisions.

The following section presents the policy interventions that advocate for the use of tourism to drive local economic development.

CHAPTER 3

THE POLICY CONTEXT FOR TOURISM AND THE UTILISATION THEREOF TO DRIVE LOCAL ECONOMIC DEVELOPMENT

3.1 Introduction

The aim of this chapter is to discuss policy interventions in South Africa in order to present a policy context for the suggestion of the use of tourism as tool for LED. Tourism has internationally been recognised as a strategic tool to drive economic development in regions and localities (Milne and Alteljecic, 2011; Meyer and Meyer, 2015)). In the preceding chapter, a case for tourism based local economic development was made alongside the assertion that there are also challenges impacting on maximum benefits of utilising tourism for economic development.

Rogerson (2002) traces tourism development in South Africa. He theorizes that it was discovered by private sector developers who utilised tourism development for profitable investment, followed by development in small towns and rural settings which was motivated by the need for new pleasurable tourism experiences. Rogerson (2002) concludes that targeted initiatives for the development of localities only started in the 90s and was termed tourism led LED.

The South African economy space has long been characterised by uneven development (Rogerson, 2015). Expanding on this, Rogerson (2015) raises the core-periphery paradigm in the South African geographical patterns of development. He notes that economic activities such as hotel and tourism activities development are more concentrated in big cities such as Johannesburg, Cape Town and Durban. Secondary cities and towns on the periphery are weak and struggle to keep up, as further resources are moved from the periphery to the core (Rogerson, 2015).

Supporting the reality highlighted above, policy direction since the dawn of democracy has been focused on the redistribution not only from white to black, but also from core to periphery. Policy directions as noted by Turok (2011) have converged at a point where there is recognition of the need to address the spatial inequalities in economic

growth. Against the background of international policy perspectives, tourism has been highlighted as one significant vehicle to drive regional development in South Africa.

This chapter will consider policy documents that outline the utilisation of tourism for development in South Africa. The chapter will also review policy documents such as the Local Economic Development Strategy and the Integrated Development Plans of both the District and Local Municipality within which the town of Aliwal North belongs.

3.2 National Policy

During the apartheid regime, tourism was an activity reserved for the privileged (Rogerson, 2015). The focus was on domestic tourism, as sanctions against South Africa limited inbound tourism. Democracy in South Africa opened flood gates to international tourism to South Africa. High numbers of international tourists from Europe and the Americas were recorded (Rogerson, 2015). Tourism development increased, new jobs were created and tourism started receiving great attention as a contributing sector towards the Gross Domestic Product (Rogerson, 2015).

In 1996 The White Paper on the Development and Promotion of Tourism Development in South Africa was developed. It highlighted the importance of developing and managing tourism in a responsible manner in order to maximise benefit derived from the contribution of tourism towards employment, small business development, income and foreign exchange earnings. It envisaged the role of tourism in the economy as that of increasing its contribution to the national income and increasing foreign exchange earnings (The Department of Environmental Affairs and Tourism, 1996).

The 2002 World Summit on Sustainable Development (WSSD) that was held in Johannesburg acknowledged that tourism can play a vital role in the achievement of several Millennium Development Goals. These goals particularly related to environmental conservation, creation of sustainable employment opportunities for women, youth and indigenous communities and poverty alleviation (United Nations, 2002).

The National Tourism Sector Strategy of 2011 was developed by the then newly established separate Department of Tourism. It acts as a blueprint for the tourism

sector in actions such as tourism development, marketing of tourism, contribution that tourism has to make nationally and in localities, and the importance of engaging and forming relationships with stakeholders related to the tourism sector to harness the value chain links that transpire as a result of this (Department of Tourism, 2011).

In response to the disproportionate, fragmented nature of tourism development, the Department of Tourism developed the Domestic Tourism Strategy and the Rural Tourism Strategy. The former was aimed at increasing the importance of domestic tourism as a means to achieving economic growth in periphery areas, thus addressing the question of disparities between regions, addressing seasonality and entrenching the culture of travel in South Africa (Department of Tourism, 2012). The latter focused on rural tourism development. It identified new rural nodes for tourism development outside the traditional tourism nodes (Department of Tourism, 2012a). The strategy highlighted the following challenges in rural areas: the inadequate resourcing and funding of tourism, the limited or non-existent involvement of local communities in tourism development and the fragmented nature of tourism benefits for rural areas (Department of Tourism, 2012a).

Rogerson (2015) argues that the implementation of these policies has been fraught with more challenges than successes, as tourism development continues to happen in the core while the peripheries still struggle to get a share of South Africa's 'new gold' (Rogerson, 2009). Explaining further, Rogerson (2015) explains that tourism is still facing resource and funding limitations, and communities are still minimally involved in tourism development and its benefits.

The New Growth Path (2009), launched as a vision to structure decent employment opportunities at the centre of the country's economic policy, was intent on driving job creation, economic inclusion and recognising the urgent need to develop new policies to tackle the "spatial concentration of economic growth" (Rogerson, 2015:1).

The NGP further set an ambitious target of creating five million jobs by 2020 through outlining key job drivers and priority sectors to exploit within the economy. It also identified activities cross cutting sectors and analysed policies and institutional capacity that is needed to exploit these opportunities. Tourism is listed in this policy document as one of the priority job drivers. The vision for tourism is the creation of

jobs and contribution towards regional development. Basic plans laid out for the tourism sector focus on tourism infrastructure development, encouragement of targeted marketing campaigns, management of costs, quality assurance and logistics (Republic of South Africa, 2017). There is lack of detail around policies, strategies and institutional frameworks that are required for tourism to achieve the mandate above.

The Industrial Policy Action Plan (Department of Trade and Industry, 2013) identified the tourism sector as an opportunity to expand exports into non-traditional markets – driven by industrial and tourism development in emerging markets, particularly those of sub-Saharan Africa and the Middle East. Once again there is no indication within the IPAP how the above listed actions will be achieved. Moreover, there is no specific policy, document or project plan from the Department of Tourism that highlights how this order will be achieved.

Policies are developed by national government, assisted at times by the involvement of provincial stakeholders. The provinces also develop their own policy guided by national policy, but at times autonomous from national policy which results in non-coordination. The next section will consider provincial policy on tourism as a tool for development.

3.3 Provincial Policy

The provincial tourism mandate within the province of the Eastern Cape lies with the Department of Economic Development, Environmental Affairs and Tourism. The marketing of the province falls within the mandate of the Eastern Cape Parks and Tourism Agency together with the management of government owned provincial parks. In attempts to achieve its mandate, the provincial department sourced the services of an external organisation for the development of a plan for tourism. The result was the development of the Eastern Cape Tourism Master Plan 2003-2007 through a consultative process with industry stakeholders. The plan is reviewed every five years.

The Eastern Cape Tourism Master Plan is a strategy for tourism development and management within the province. It sets out identified priorities for the province, such as the development of tourism products, marketing of tourism products, human

resource development, radical transformation of the tourism sector, and safety and security within tourism and research (Department of Economic Development, Environmental Affairs and Tourism, 2009). The strategy further identifies key stakeholders to be engaged as well as development strategies that can inform implementation and provide an action plan of long term and short term actions.

According to the Eastern Cape Act (2003), the broader functions of the Eastern Cape Parks and Tourism Agency (formerly known as the Eastern Cape Tourism Board) include but are not limited to the following: marketing of the tourism products; development and management of tourism within the province; enhancement of opportunities for Small Medium and Micro Enterprises to be involved in tourism; undertaking tourism research; and the quality assurance of tourism products within the province. As an initiative to find a way forward in the tourism development conundrum within the province, The Eastern Cape Parks developed the Trade Led Tourism Growth Strategy for the Eastern Cape in 2010 (Eastern Cape Parks and Tourism Agency, 2010). The impasse came as a result of the limited number of international tourists visiting the province and the benefits attached to that – such as revenue generation, creation of jobs and the development of new tourism and related products as a result of demand (Eastern Cape Parks and Tourism Agency, 2010).

The strategy proposed a number of actions to be undertaken to increase visitor numbers, particularly international visitors to the province. A proposal was made that a budget should be availed and set aside for marketing initiatives specifically targeting the inbound market. The plan was to form joint marketing ventures with international and local tour operators to achieve this, as well as the employment of services of external organisations that could service the various identified markets by creating market specific strategies with clear plans. Due to the restructuring of the organisation and funding limitations, the plans were halted. Currently the organisation is focused on marketing initiatives, management of biodiversity and the execution of ad hoc projects being rolled out by the National Department of Tourism.

The focus of this research now shifts to policies within the district and local municipalities on economic development. The interest is the provision for tourism as a tool for development and the strategies and plans which are in place to realise the utilisation of tourism as a vehicle for local economic development.

3.4 The policy context within the regional and local sphere

The focus of the study is on the town of Aliwal North which is situated within the Joe Gqabi District Municipality and the newly formed Walter Sisulu Local Municipality (which is a result of the amalgamation of Maletswai Local Municipality and Gariep Local Municipality). The Integrated Development Plans from the district and local municipalities together with the district municipalities' Local Economic Development Strategy will be examined.

The Joe Gqabi District Municipality's IDP highlights the significance of Aliwal North as a tourism destination in relation to its tourism products: the Aliwal Hot Springs, the local heritage resource and the Buffelspruit Nature Reserve. Furthermore, it is highlighted by its general attractiveness and its location between inland and coastal cities, forming opportunities for marketing and further tourism development within the area (Joe Gqabi District Municipality, 2015). It cautions though, that the current offering in Aliwal North might not be enough to map Aliwal North as a sole destination and suggests linkages with other tourism towns and attractions within the area. Within the document there is no specific link made to the use of tourism as the main economic driver within the district. The main words used are the investigation of tourism potential in various nodes within the district.

The Maletswai Local Municipality's IDP highlights ambitious plans for tourism development within the locality so that the positive benefits of tourism such as employment creation, small business development and improvement in service delivery could be achieved. Further detail provided in the document is copied from the Maletswai Tourism Master Plan. This plan makes a case for tourism development within the area and lists a number of tourism projects that could be implemented to achieve the goal of developing tourism in a sustainable manner. In this way, the area would be developed as a tourist destination which allows all local people to reap the benefits brought about by tourism.

The Joe Gqabi Local Economic Development Strategy acts as a guide for where, how and why local economic development within the region will be achieved. It raises the importance of tourism as one of the strategies to be used for economic development within the district. It provides a list of projects that could be undertaken to develop

tourism products that could catalyse economic development within the region. Reporting on the implementation of local economic development and tourism activities within the district, the district municipalities' annual report reported that tourism within the district plays a key role in economic activities such as the creation of jobs, self-employment creation of links with supply industries, as well as poverty reduction (Joe Gqabi District Municipality, 2015).

3. 5 Conclusion

Tourism led economic development has been on the policy agenda within the global context via development efforts such as the Millennium Development Goals and its successor the Sustainable Development Goals. Tourism has been highlighted as one of the tools that can be utilised to drive development and alleviate poverty (United Nations Organisation, 2002).

Within the national context, a number of policy documents, as discussed in section 3.2 above, raise the importance of tourism as a tool for economic development. Policies such as the New Growth Path and the Industry Policy Action Plan identify tourism as a key sector to achieve job creation but fail to provide a plan on how tourism can be utilised to drive economic development. The National Department of Tourism has also developed strategies on how to grow and manage sustainable tourism in order to achieve job creation, small business development, foreign exchange earnings and transformation. Attempts have been made, but there are still pertinent challenges.

Provincially, regionally and locally, policy documents such as the provincial tourism master plan, the integrated development plans and various strategies have been developed to drive the development and management of tourism so that benefits associated with tourism could be realised. Some of these documents have elevated planning to the level of action plan development, with a number of activities listed on how to develop tourism and use that for economic development. The implementation of these has been fraught with challenges such as limited capacity and funding to drive the work that needs to be done. Reports providing detail on how the strategies have been implemented and what the result of that was are scarce.

The development of policy to provide direction for tourism development is important as part of a process. Plans need to be drawn on implementation and various resources need to be set aside and deployed towards the achievement of set goals. Reports need to be developed detailing how the implementation was done, outlining whether the goals were or were not reached and making recommendations on the way forward for other policy considerations.

The next chapter will consider what the policy context outlined above presents and the actual reality on the implementation of tourism-led LED in the small town of Aliwal North.

CHAPTER 4

RESEARCH FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This chapter will discuss the findings of the study which was carried out in Aliwal North. The findings are a result of primary data that was collected through semi-structured interviews that were conducted with selected representatives from the Joe Gqabi District Municipality, the Walter Sisulu Local Municipality, the Maletswai Business Forum, the Joe Gqabi Development Agency, the local community tourism organisation and the Eastern Cape Parks and Tourism Agency. Findings are also based on secondary data that was collected and analysed from documents such as the local economic development strategy, the integrated development plans and other strategies discussed in chapter 3.

Unemployment is a serious development problem of the 21st century (International Labour Organisation, 2015). Globally, unemployment statistics are increasing because of factors such as globalisation, technological advancements, decline and stagnation of traditional sectors and other economic shocks (International Labour Organisation, 2015). In South Africa, unemployment has been increasing and according to a narrow definition of unemployment currently is 27%. This would probably be much higher if the classification were according to a broader definition (Statistics South Africa, 2017).

Kingdon and Knight (2005) explain the two definitions of unemployment as follows: the narrow definition refers to people that are actively looking for employment and the broad definition includes those people that have not actively searched for a job within a 4-week period, but would accept a job if offered. They advocate for the use of the broad definition because people in South Africa are not purposefully or actively looking for employment due to a lack of desire or because they are discouraged due to the unlikelihood of a positive outcome from the search and the cost associated with searching for a job.

This unemployment challenge needs a creative solution. International organisations, national governments, local authorities and some private sector organisations have considered the tourism sector as a tool that could be utilised to drive job creation and economic revitalisation (Rogerson, 2013).

The purpose of this study is to examine the relationship between tourism and local economic development. It is to investigate how tourism can be utilised to drive economic development in a small town and to look at the constraints acting as obstacles to tourism. Recommendations are to be made on how to create a conducive environment for tourism to be utilised positively and sustainably to drive economic development in small towns. As explained in the research methodology chapter, for confidentiality purposes the names of the study participants have been coded.

The chapter will be presented in four sub-headings, namely: the tourism portfolio of Aliwal North, poor marketing of the destination of Aliwal North, strained stakeholder relationships and the lack of capacity and financing for tourism.

4.2 PORTFOLIO OF TOURISM PRODUCTS IN ALIWAL NORTH

The development of Aliwal North as a tourism destination can be analysed according to the suggestion made by Rogerson (2002). He asserted that the development of tourism spaces in South Africa is through discovery by private sector developers, who develop small town/rural tourism products as a result of new experience seekers for the purpose of pleasure and targeted tourism-led LED initiatives (Rogerson, 2002). Aliwal North has evolved based on two of the options provided above. When the hot springs with healing potential were discovered, a resort was developed around them to offer experiences for pleasure (Aliwal North, 2016). With growth in the popularity of the resort, other services were developed to support the demand from tourists. When the new democratic government came into power in South Africa, it mandated local government with the task of economic development within their localities. Tourism in Aliwal North was purposefully targeted in policy documents by local and district authorities as one of the means to drive local economic development (Maletswai Local Municipality, 2013; Joe Gqabi District Municipality, 2015).

During the conducted interviews, study participant M1 (2017) pointed out that the decision to utilise tourism as a tool for LED in Aliwal North came as a result of the success of tourism in the town in the past. Study participant E1 (2017) from the Eastern Cape Parks and Tourism Agency estimated that the number of tourists that previously visited Aliwal North during its peak period as a tourism destination was up to 60 000 people per year. This number should be considered within the context of the apartheid government where only a certain group of people were allowed to travel and enjoy the product (Rogerson, 2015). Other reasons stated for the consideration of tourism led LED strategies in Aliwal North were the existence of a variety of attractive tourism products, the existence of services that enhance the tourism product portfolio and the fact that the town is the gateway to the Eastern Cape Province from the Northern provinces. An interesting motivation that was also offered was that tourism as a strategy for LED had worked in other regions and therefore Aliwal North wanted to replicate that success (M1, 2017)

The significance of the existence of a portfolio of tourism products and services that further complement these products was also noted by Binns and Nel (2002) and Rogerson (2002), as well as Brida and Pulina (2010) in their own researches. Based on their own findings, Binns and Nel (2002) and Rogerson (2002), as well as Brida and Pulina (2010) advise that destinations should consider a number of conditions when deciding to utilise tourism as vehicle for LED. The destination needs to have a portfolio of products that will attract visitors and services to enhance the tourism products. Diversity of the products on offer is key as it keeps visitors entertained for longer, leading to longer stays and higher spending (Rogerson, 2002).

The first theme that emerged from the study was that there is a portfolio of tourism products available in Aliwal North as presented in the table below, segregated according to type of product and category of product:

Table 2

TYPE OF TOURISM PRODUCT	CATEGORIES

Accommodation Facilities	Hotels Guest Houses and Lodges Bed and Breakfast Camping Facilities Caravan Facilities Farm Stays
Meeting venues	Conference Centres
Leisure Facilities	Aliwal Spa Resort Thaba Nkulu Resort
Culture and Heritage	Museums Garden of Remembrance Arts and Crafts Rock Paintings Anglo Boer War Memorial
Nature Reserves	Buffelspruit Nature Reserve Privately Owned Game Farms
Activities	Fishing Hiking Hunting Game Drives
Festivals	Sondela Festival
Restaurants	Catering service

	Fast Food outlets
	Pubs and Grills
Nightlife	Bars
	Night Clubs
	Taverns

Table 2 above shows that the town of Aliwal North boasts varied tourism products. This means that the town satisfies the pre-condition for tourism development that requires a destination to have a variety of tourism products available to attract visitors.

Study participant M1 (2017) asserted that the Aliwal Spa Resort is considered the backbone of the tourism offerings of Aliwal North. C1 (2017), interviewed as part of the data collection, stated that this was a resort that deteriorated about 15 years ago and has not been fully restored, even after millions of rands have been invested by donors such as the Department of Tourism. C1 (2017) further explained that the resort remains closed most part of the year with limited operations resuming during December holidays because of demand from the community. This statement regarding the limited operations of the Aliwal Spa Resort is a concern, taking into account the claim by M1 (2017) that the resort is the backbone of the local tourism industry. Agreeing with this claim, C1 (2017) voiced a concern that the non-operation of the Aliwal Spa resort was holding back the success of tourism in the town, as other tourism activities relied on the operation of the spa to be successful. Activities such as the health spa and training facility that are situated within the Aliwal Spa complex were listed as those that suffer owing to the limited operation of the Aliwal Spa Resort.

Another observation made by C1 (2017) was that tourists were not willing to stay long in Aliwal North because of the non-operation of the Aliwal Spa. This observation leads to a question that seeks to find out whether tourism is the best strategy for the town to drive LED, if what is considered to be the main attraction of the town is non-operational. The operation, or non-operation, of the Aliwal Spa Resort is also linked to the success of other tourism activities within the town.

The availability of tourism products is not the only requirement, and it should be supported by the availability of services needed by visitors (Rogerson, 2002). Aliwal North, as the major economic sector of the region, offers services that complement the tourism offerings (Joe Gqabi District Municipality, 2015). Transportation, banking services, fuel services, and retailers are some of the services on offer to tourists visiting the town.

The discussion above points to a seeming mismanagement of the strategic tourism product of Aliwal North which is the Aliwal Spa Resort. This is interpreted as a negative factor, as Binns and Nel (2002) found that proper management of tourism services in Still Bay was one of the conditions for the success of tourism as a LED strategy. Binns and Nel (2002) found that a leader or a champion for tourism (Binns and Nel, 2002) had a key role to play in the management of tourism as a whole in a destination. Emerging from the interviews with participants is the fact that there is no leader or champion for tourism in Aliwal North. The trend is that the private sector focuses on the management of their own businesses, the community is powerless and does not know what to do and government does what they can in implementing policies amid limited budgets (C1, 2017; F1, 2017; F2, 2017). This means that there is no coordination of efforts between stakeholders.

A portfolio of different tourism products is not enough on its own. The availability of services to complement the tourism products, the proper management of tourism within a destination and the availability of a tourism leader should also be accompanied by strong, effective and focused marketing strategies to attract tourists to the destination. The next section will discuss the lack of targeted and coordinated marketing activities of the destination of Aliwal North and the importance thereof.

4.5 POOR MARKETING OF DESTINATION ALIWAL NORTH

Another finding that emerged quite strongly from the study is that attempts to market Aliwal North as a tourism destination are few and inconsistent. The popular option for tourism promotion by the local municipality, the district municipality and the Eastern Cape Parks and Tourism Agency is the attendance of trade shows such as the Tourism Indaba, Johannesburg Expo and the Cherry Festival in Ficksburg (M1, 2017; E1, 2017). Representatives from these organisations attend the shows and take along

brochures, presentations and other marketing collateral from various local tourism businesses. When attending some trade shows and when the budgets permit, they invite and pay for small businesses to also attend these shows. During an interview with M1 (2017), a point emerged that, out of the above mentioned marketing attempts, there are few tangible benefits as there is no training offered to individuals on how to maximise interaction at these platforms. “All they come back with are bags full of freebies and brochures from other destinations” (M1, 2017).

Further evidence came out of the marketing materials that were analysed as part of secondary data collection. The regional brochure of the Eastern Cape Highlands, featured below as Figure 1, was funded by the Joe Gqabi District Municipality. It is a generic brochure that focuses on the whole Joe Gqabi region. Furthermore, the brochure vaguely and briefly presents Aliwal North as a historical town that is home to the Aliwal Spa Resort. The only picture of the Maletswai locality shown by the brochure is that of the Aliwal Spa Resort. The brochure utilised a picture of a resort that is now non-operational during most parts of the year as a means of attracting tourists. This shows how unfocused the attempt is.

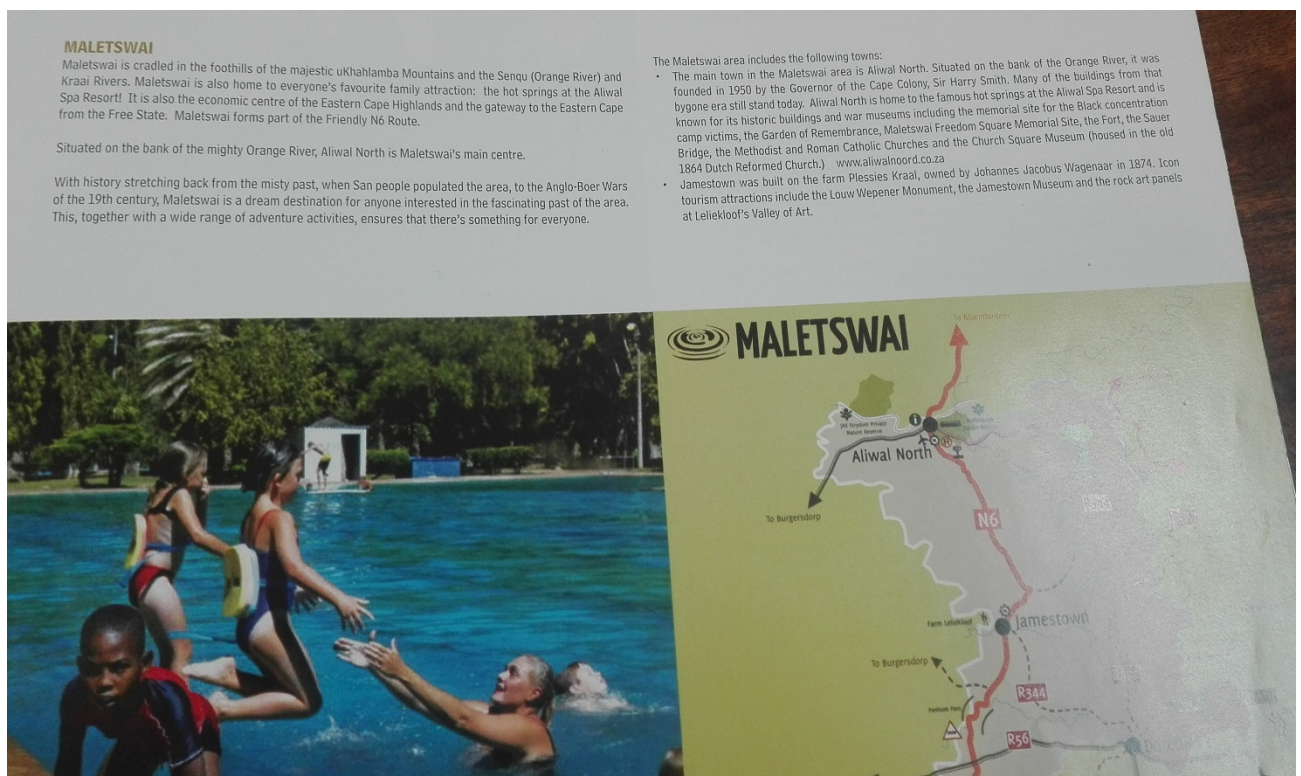


Figure 1: The Maletswai Region featured in the Eastern Cape Highlands Brochure

Figure 2 below showcases the Friendly N6 Route brochure. The brochure features the town of Aliwal North as a tourism region. The brochure presents Aliwal North as a caravan heaven and as a historical town. The interesting thing about the Friendly N6 Route brochure is that it does not even mention the existence of the Aliwal Spa Resort.



Figure 2: Aliwal North featured in the Friendly N6 brochure

A contradiction is noted regarding the two brochures that were analysed and discussed above. The Eastern Cape Highlands brochure funded by government features and presents the Aliwal Spa Resort as a tourist attraction of Aliwal North. On the other hand, the Friendly N6 Route brochure which is the marketing effort by the private sector does not mention the Aliwal Spa Resort. This contradiction is pointing to the uncoordinated efforts of the stakeholders within the tourism space of Aliwal North.

“Tourism is not our competency” was the response by M1 (2017) from the local municipality when answering a question that I posed on the marketing initiatives and the budget allocated for marketing tourism within the municipality. This response is in contrast with an earlier claim by the same participant when he suggested that “[the municipality] will always find a way to harness tourism as it is our cash cow”. There is

a contradiction present in the negation of the responsibility for tourism on the one hand, but the willingness to benefit from tourism on the other hand.

The lack of marketing initiatives was also confirmed during an interview with J2 (2017) from the Joe Gqabi Development Agency. There are currently no efforts made by the agency to market Aliwal North as a tourism destination. J2 (2017) claimed that the agency will initiate a marketing programme from its side once the Aliwal Spa Resort is fully developed and operational.

The response from a study participant from the Eastern Cape Parks and Tourism Agency was “Not that I am aware of” when responding to a question regarding the existing marketing campaigns in the region and in Aliwal North. The ECPTA is the organisation that is mandated with the development and marketing of tourism within the Eastern Cape Province (Eastern Cape Act, 2003).

The result coming out of the interviews conducted and the marketing material collected reveal that there are attempts at marketing Aliwal North and the region within which the town lies. The fragmented nature of the marketing activities can be seen as private sector businesses and the public sector separately pursuing their own marketing activities regarding their perceived target markets.

The question of the effectiveness of the chosen marketing initiatives needs to be further considered. Insight into who the target market is, the distribution channel for the marketing material and what can be done to enhance these attempts needs to be improved. The Trade Led Tourism Growth Strategy for the Eastern Cape (2010) made a recommendation for the formation of joint marketing partnerships by the public sector with private sector companies who have the know-how and experience of who the client is and what they are looking for. To implement this recommendation, relationships with key stakeholders would have to be initiated, nurtured and maintained. This leads us to the next section of the report, which will discuss the lack of coordinated stakeholder relationships in Aliwal North.

4.6 STRAINED STAKEHOLDER RELATIONSHIPS

A discussion on stakeholder relationships in Aliwal North will ensue below. The mismanagement of tourism in Aliwal North, as well as the uncoordinated marketing efforts discussed above, are just some of the issues that point to a lack of sound stakeholder relationships in Aliwal North. This is of concern as various scholars (Zaaier and Sara, 1993; Rogerson, 2002) and development organisations (United Nations, ILO, South African LED Networks), in their definition and discussions of local economic development, give high significance to the importance of stakeholder relationships.

During interviews, M1 (2017) from the local municipality identified the private sector, community tourism organisations and other government departments and entities as their main stakeholders in both tourism development and the implementation of LED. The South African LED Network (2017) advises that specific responsibilities should be given to the various stakeholders identified so that there is a clear path of who needs to do what and what is expected from whom. The allocation of roles was offered by study participant J1 (2017). The roles were allocated as follows: the private sector drives LED, governments create a conducive environment for the implementation of LED through policies, infrastructure provision and by laws and the communities should identify and exploit local resources for their own benefit. This clarification of roles given is the same one that is featured on the White Paper on the Development and Promotion of Tourism Development in South Africa (1996). The dilemma is whether the clarification of roles is reflected in practice and whether it is in fact influenced by the way they are presented within the white paper.

Strained stakeholder relations emerged as a challenge to tourism development and the implementation of LED. The private sector business owners who were interviewed as members of the local business forum voiced their distrust for government, specifically the local municipality. The claim was that the local municipality does not know what they are doing and therefore they were putting private businesses at risk through their failure to provide much needed resources such as water and electricity, both vital enablers of tourism. The politicisation of labour also came out as a critical issue that would lead to both job losses and closure of small businesses. Members of the local business forum expressed frustration during the interviews because of unsuccessful efforts at trying to get the local municipality to a discussion table. The

local municipality is perceived as seeing the value of private business only when it wants to tick the box of public participation in its policy development process.

In answering questions pertaining to the mandate of tourism as a driver of LED, the study participants from the local business forum were positive. They shared that they had previously formed a steering committee with the municipality with the aim of fast tracking the completion of the Aliwal Spa Resort refurbishments and getting it to open for business. They spoke of deals that were discussed and planned together with companies that offer tourism management services to manage the operations at Aliwal Spa. According to the study participants, site visits were conducted to similar resorts that were managed by the destination management company and the deal was ready to be signed when the locally municipality, as the owner of the Aliwal Spa Resort, reneged on the deal made.

The backing off by the local municipality from the imminent deal was confirmed by study participant J2 (2017). The participant explained that the identified destination management company mentioned had placed a condition on the proposed deal. The condition was that the destination management company did not want to sign a contract with the local municipality because of the fluid nature of municipalities resulting in little guarantee that the same party would be in power for the duration of the contract. The destination management company did not want to forge new deals and sign new contracts each time there was a change of power at the municipality. According to J2 (2017) a proposal was made that JOGEDA should co-sign the contract and act in lieu of the municipality. The municipality did not agree and reneged out of the deal. According to the study participants, the result of these actions by the municipality led to mistrust and frustration.

The collapse of the local tourism association together with the pulling out of small businesses in tourism also emerged as issues in local stakeholder relations. The view is that these stakeholders realised that there is no direct benefit from tourism and did not want to invest their resources haphazardly. A contradictory view was expressed by other study participants from government and the private sector which asserted that the local community was passive and waited for action and orders from government.

From the discussion above, a conclusion can be drawn that there is a lot of finger pointing among the stakeholders in Aliwal North. Trust has been broken between stakeholders and working in silos seems to be the current situation. The challenges to tourism implementation as a tool for LED are not limited to the ones discussed above. Capacity and funding for tourism also came out as major issues and they will be discussed in the next section below.

4.7 LIMITED CAPACITY AND FUNDING FOR TOURISM

One of the themes that emerged in this research is the limited capacity and funding for tourism development and LED implementation. This is despite the fact that the tourism sector has been highlighted as a key in driving LED. The National Tourism Sector Strategy of 2011 already highlighted capacity and funding as constraints for tourism and during interviews conducted in 2017, these concepts were still raised as obstacles for tourism by some of the interviewees. The study participants from the local and district municipalities maintained that there was enough human resource capacity to perform LED activities. They raised the issue of limited budgets for travel and implementation as the constraint that made their organisations seem incapacitated. According to the participants from the municipalities, this challenge resulted in minimal impact derived from the projects that have been implemented. “Often things are done just for compliance (top management) not taking into consideration how effective or efficient they might be. Local government departments are fragmented in their approach and work in silos”, was the conclusion reached by J1(2017). On the other hand, governments’ incapability to plan for and implement LED emerged as a concern from the interviews conducted with the private sector

A fact that came out of the interviews that were conducted is that the local municipality has no budget set aside for tourism development (M1, 2017). The norm, M1 (2017) further explained, is reliance on the district municipality that has a budget of R250 000 for LED implementation for the whole region. The budget includes the implementation of LED activities within other sectors as there is no separate budget for the implementation of tourism development projects (J1, 2017).

The Joe Gqabi Economic Development Agency, an agency developed and mandated to drive economic development within the district, also does not have dedicated funds

for tourism development and LED implementation and relies on external donors such as the Eastern Cape Development Corporation, the Industrial Development Corporation and the Department of Tourism for funding on specific projects.

These challenges emerging are not unique to this study as similar results were found by Rogerson and Nel (2016) in their research on planning for local economic development in distressed areas. They found the following factors to be challenges that face municipalities in their pursuit of successful LED strategies:

- Capacity constraints for LED planning and implementation
- Limited human resource capacity within the municipalities
- Funding shortages for LED activities
- Inadequate data or research to inform targeted LED planning and implementation

These challenges, as evidenced in Rogerson and Nel's (2016) research, are common to a number of municipalities. Attempts to address these challenges should begin at national policy level. Drawing from national policy, the local authorities can tailor make their own solutions based on locality strengths and weaknesses.

The town of Aliwal North satisfies the precondition of owning a varied number of tourism products together with services that enhance the tourism products required for a successful tourism destination. Findings from the data collected through semi structured interviews and existing documents such as LED Strategies, IDP's and literature show that there is a willingness to utilise tourism to drive LED in Aliwal North. It is also evident from the data that a number of constraints exist as discussed. The constraints have a negative impact on tourism development and LED implementation. The next section of this report will summarise the findings of the study and make some recommendations for both the utilisation of tourism as a driver for LED, as well as for further research on the subject matter.

CHAPTER 5

SUMMARY, DISCUSSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides a summary of the study and proposes recommendations for policy makers as well as for further research to carry the findings of this study forward. The study attempted to investigate the use of a tourism-led strategy to drive local economic development and examined the existence of obstacles to tourism development and management within the small town of Aliwal North. According to Donaldson (2017), for the past decade research in tourism-led LED has been hugely pondered from the perspective of the tourist and what they could benefit from such. Donaldson (2017) noted that there is scarce research on the implementation of tourism-led LED in small towns. Continuing he proposes that LED in small towns has been generically researched with only a small number of studies looking at tourism as a tool specifically for LED. This means that this study will contribute towards the body of knowledge that researches tourism led LED in small towns with tourism potential.

5.2 SUMMARY AND DISCUSSION

For a destination to be able to attract tourists, a portfolio of tourism products and supporting services needs to be accompanied by proper tourism management, aggressive marketing activities, funding for tourism and good stakeholder relationships. The findings of the study positively point to availability of a mix of tourism products to attract visitors to Aliwal North, a host of support services, an advantage of being the gateway to the Eastern Cape Province from the Northern provinces and being the main economic centre of the Joe Gqabi District Municipality. The findings emerging from the study also negatively point to challenges such as the mismanagement of tourism, limited capacity and funding for tourism, as well as broken stakeholder relationships in Aliwal North.

The evidence from the study also points to tourism being featured as a possible LED strategy for the town in documents such as the Joe Gqabi District Local Economic

Development Strategy and the Integrated Development Plans of the Maletswai Local and Joe Gqabi District Municipalities. The evidence shows that in practice, tourism is not a priority and is haphazardly planned for. At the local municipality, district municipality and at the Joe Gqabi Economic Development Agency there are no personnel employed solely for the tourism function. The function is managed by the local economic development personnel. Some of these personnel do not have specific qualifications in tourism and/or experience working within the tourism sector. There was scant evidence of specific plans for further tourism development on the reviewed documents except for an offering that was made by M1(2017) from the local municipality of plans to develop the local nature reserve through funding from the Department of Environmental Affairs. Further tourism development would result in more jobs created which would increase the estimated 600 jobs offered by tourism within the Aliwal North economy (M1, 2017).

The claim made by Visser and Hoogerdoorn (2012) that the benefits of tourism in South Africa can be traced back to the marketing campaigns of South African Tourism is a clear indication of the significance of marketing within tourism destinations. This importance is supported by Hyttia and Kola (2013) in their research in Eastern Europe, which showcased how poorly tourism performs in destinations where reliance is placed on tourism products and services with marketing initiatives being ignored. Findings from the study present Aliwal North as a destination that is not maximising the power of marketing. The current marketing initiatives are generic, lack focus and prove that implementation is only done for the sake of implementation. There is no clear evidence that there is awareness on who the target market is or that the platforms and tools utilised are indeed the best tools to reach that target market.

The importance of stakeholder relationships in literature is highlighted as key in the implementation of local economic development. Agreement exists on the coming together of the different elements of society, with varying expertise and roles that create a suitable environment for LED implementation. Evidence from the study showcased broken stakeholder relationships between local authorities and private business, between the community and the local authorities and a non-existent relationship between the community and private business. The study participants also spoke of a mistrust of the local authorities. Therefore, the situation presented here

dictates fragmentation which can be analysed as a constraint to successful tourism development and LED implementation.

Limited capacity for tourism emerged in contrasting views. The study participants from the local and district municipalities that were interviewed, claimed that capacity for tourism development and LED implementation is adequate. They placed blame on limited budgets for travel and operations. The private sector on the other hand pointed at government as incapable of tourism development and LED implementation. The research conducted by Rogerson and Nel (2016) in distressed municipalities which include the municipality within which the town of Aliwal North falls, concluded on institutional as well as human resource capacity challenges as great obstacles that were facing these areas.

The challenge of limited funding for tourism development and LED implementation also came out as a point of concern. As was noted by Rogerson and Nel (2016) funding is not set aside for tourism in most of the localities that were part of their study. With such limited dedicated funding, the implementation of LED initiatives will remain a challenge. This was supported by the respondent from the district municipality when she offered that the impact of implemented initiatives was sporadic and insignificant due to limited funding.

It can be concluded that tourism, as it is currently implemented in the town of Aliwal North, is probably not the best strategy to drive LED within the town. A key tourist attraction is not operational, a budget is not set for further development of tourism, there is no research being conducted to analyse markets and trends for the town, and marketing activities are few and not suitably focused. There is also an implication of lack of capacity to implement tourism based LED and limited evidence of successful implementation.

In the next section, recommendations will be made on how to create an environment that is conducive to tourism as a driver for local economic development.

5.3 RECOMMENDATIONS

Based on the major findings of the study, this section presents suggested actions to be considered in creating a conducive environment for the utilisation of tourism to drive local economic development in Aliwal North.

The first step to a way forward should be the clarification and consolidation of a targeted policy position on tourism nationally. Existing policies should present clear reasons of why tourism is selected as a key strategy to drive LED in local spaces. An action plan detailing actions to be taken when implementing the policies needs to be developed. Attached to the action plan, a transparent document providing detail on how funding for implementation could be sourced and leveraged. Further details on other external sources of funding should be attached. Tourism takes place in local spaces where there is conflict over scant resources. There is always a clash on the investment of the scarce resources as water provision, sanitation, and housing almost always take precedence over tourism development and promotion. This points again to an obvious need for national government to avail funds for LED implementation.

Within the provincial level, a decision needs to be reached on the significance of tourism for economic development. In the case where a position is assumed that tourism is a priority sector to be utilised for job creation and the revitalisation of local economies, the challenge of capacity needs to be addressed. The tourism unit within the Department of Economic Development, Environmental Affairs and Tourism needs to be expanded from a Directorate to a Branch. Furthermore, skilled personnel dedicated for tourism should be deployed in the department's regional offices. Resources such as the Local and Regional Economic Development Fund need to be utilised with particular intention of encouraging tourism development in localities and regions utilising tourism for LED. Continuous monitoring and evaluation of the implementation process will produce evidence of both successes and failures and form recommendations on how to turn the challenges to opportunities.

In the local sphere, local authorities need to make a clear decision on the use of tourism as a LED strategy. A SOAR analysis needs to be conducted on the strengths

and opportunities of selecting tourism as a strategy. Furthermore, a detailed action plan of what needs to be done and the allocation of resources (financial, human and otherwise) to those actions needs to be completed.

At the local sphere, skilled human resources need to be employed in order for them to be able to spot opportunities, determine gaps for tourism development and promotion. This information will enable them to plan interventions that will enhance tourism development and promotion. These are the people that will be able to explain and highlight the significance of tourism to council that almost always battle to understand why funds should be spent on tourism.

The implementation of tourism and LED related activities needs to be monitored and evaluated. The evaluation results need to be considered when a way forward is being mapped out. These evaluation results need to be a departure point for a new cycle of implementation so that decision making is always evidence based.

To mend the broken relations between stakeholders, the researcher recommends the formation of a steering committee to drive the process of tourism development and the use of tourism as an LED strategy. The committee should comprise of government, the private sector, community organisations and institutions. Terms of reference that will provide detail on the operation of the steering committee need to be developed. Roles and responsibilities of the various members need to be clarified and measures of accountability be formulated. The formation of a tourism / LED forum could also play a significant role in rearranging stakeholder relations in Aliwal North. An agenda for economic development could be drafted and within the mandate of the forum priorities set that will then be elevated and linked to the level of the Integrated Development Plan process.

The study has found that the town of Aliwal North and the region within which it falls are not being adequately marketed. Therefore, to tackle this challenge head on, the proposal made in the Trade Led Tourism Growth Strategy for the Eastern Cape (2010) of formation of joint marketing partnerships with the private sector should be investigated further and then implemented. Further investigation of relevant marketing platforms and tools will bring focus to Aliwal North and how this could be achieved with local and regional private sector stakeholders.

Also recommended is a need to conduct a human and skills capacity audit to determine the level at which this challenge is truly impacting on tourism development and the implementation of local economic development in Aliwal North. Based on the results of the audit, an intervention plan needs to be developed. This recommendation was also made by Rogerson C. M. (2013a: 21) who pointed to the “need for widespread capacity building for local governments in tourism planning which must include both those local governments which are the leading destinations for tourism visits and those localities which are tourism-dependent local economies”. In addition to Rogerson’s criteria above, the researcher also recommends those localities that aspire to utilise tourism as a LED strategy. The study encountered the limitation of the unavailability of statistics on tourist arrivals, tourist spending, bed nights relating specific to the town of Aliwal North. This information would have assisted in assessing trends in the performance of tourism in Aliwal North in the past and currently which is vital when stakeholders consider the use of tourism to drive LED in Aliwal North. Research pertaining to tourism in Aliwal North needs to be conducted and local statistics developed and recorded.

To take the findings of this study further, I recommend the interrogation of tourism in Aliwal North based on demand. Research questions such as which market is for Aliwal North, where do they come from, what are their needs and how can their needs be met needs to be investigated. Added to that, a scan of the regional and local population, conduct a classification of the needs of that population and from the results propose a tourism strategy for Aliwal North that would meet those needs. The approach almost guarantees a market for the tourism sector of Aliwal North.

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