

CONTRIBUTION OF TOURISM TO ECONOMIC DEVELOPMENT IN THE BAPHALABORWA AREA IN LIMPOPO PROVINCE

by

MATHEBULA BENJAMIN MAGEZI

MINI-DISSERTATION

Submitted in fulfilment of the requirements for the degree of

MASTER OF DEVELOPMENT

in the

FACULTY OF MANAGEMENT AND LAW

(Turfloop Graduate School of Leadership)

at the

UNIVERSITY OF LIMPOPO

SUPERVISOR: DR. C. BURMAN

2013

DECLARATION

I declare that the mini-dissertation hereby submitted to the University of Limpopo, for the degree of Master of Development, has not previously been submitted by me for a degree at this or any other university; that it is my work in design and execution, and that all material contained herein have been duly acknowledged.

Mathebula, B.M. (Mr)

Date

ACKNOWLEDGEMENTS

I wish to extend my gratitude to my family without which, completing this dissertation would not have been easy;

My wife Thulani Jane Mathebula, you have been my pillar of strength when things were difficult for me;

To my beautiful kids, you are my shining stars. When I was busy with my studies you behaved yourselves;

To my late son, Zakhele Benny Mathebula, your death was premature; I dedicate this to you;

To my mother, who never studied, this is for you, thanks for bringing me to this earth;

My late father, thanks for all the things that you taught me;

My siblings, I have opened the way, follow me;

My acknowledgement will be incomplete if I do not mention two individuals who played a big role in my life: the late Mhlavasi Ngobeni and George Phuphuhuka Ngobeni.

To all in the Ngobeni family, thanks for bringing me up without any reservation and

To my supervisor, Dr.Burman, thanks for guiding me and for being my motivator during this whole process.

Thanks to the Bollanoto Tourism Information Centre staff for assisting in the gathering of information.

Abstract

Literature has shown that tourism provides benefits such as revenue generation, employment, regional development and economic prosperity to destination communities. The tourism industry is a highly labour intensive industry; hence it is a valuable source of employment. It employs a large number of people and provides a wide range of jobs, which extend from the unskilled to the highly specialised. Tourism industry plays an important role in the Ba-Phalaborwa Municipal economy and it has the potential to address the socio-economic challenges facing the Ba-Phalaborwa municipal area. The study recommends, based on its findings, the importance of tourism development in building the economy of Ba-Phalaborwa.

Firstly, the municipality should consider establishing a municipal entity as per the provisions of the Municipal Finance Management Act, which will be responsible for tourism in the area.

Secondly, a clear marketing strategy for all special events, including the marula festival, in the area should be developed in consultation with all the stakeholders.

Thirdly, the infrastructure, such as streets, electricity and sanitation, in the area should be upgraded to meet the future demand and expansion of the tourism industry.

TABLE OF CONTENTS

	Page
Declaration	ii
Acknowledgements	iii
Abstract	iv
Table of Contents	v
List of Tables	vii
List of Acronyms	ix
List of maps	x
Chapter 1: Introduction and Background of Study	1
1.1. Introduction	1
1.2. Statement of the Problem	2
1.3. Aim of the Study	2
1.4. Objectives of the Study	2
1.5. Research Questions	3
1.6. Significance of the Study	3
1.7. Rationale for the Study	3
1.8. Research Outline	4
Chapter 2: Literature Review	5
2.1. Introduction	5
2.2. Background on Ba-Phalaborwa Municipality and its socioeconomic status	5
2.2.1. Economic opportunities in the Ba-Phalaborwa Municipality	7
2.2.2. Employment in Ba-Phalaborwa	8
2.3. Defining Tourism	9
2.4. Global Context on Tourism	13
2.5. South African Context on tourism	14
2.6. Policy and Legislative Framework on Tourism in South Africa	15
2.6.1. <i>The Constitution of the Republic South Africa, 1996 (Act 108 of 1996)</i>	15
2.6.2. The Reconstruction and Development Programme (RDP)	16
2.6.3. White Paper on the Development and Promotion of Tourism in South Africa	17
2.6.4. The White Paper on Local Government (1998)	17
2.6.5. The Accelerated Shared Growth Initiative in South Africa (ASGI-SA)	18
2.6.6. The National Tourism Sector Strategy	18
2.6.7. Ba-Phalaborwa Tourism Plan	19
2.6.7.1. The foreign market	19
2.6.7.2. The domestic market	19
2.7. The role of tourism Small, Medium and Micro Enterprises in the local economy	20
2.7.1. Special contributions of small business	21
2.8. Types of Tourism	24
2.8.1. Cultural tourism	24
2.8.2. Events and festivals	26
2.8.2.1. Limpopo Marula Festival	27

2.8.2.2.	The impact of 2010 FIFA Soccer World Cup	29
2.8.3.	Business tourism	30
2.8.3.1.	Characteristics and preference of business tourists	30
2.9.	The Impact of Tourism	32
2.9.1.	The economic impact of tourism	32
2.10	The negative impacts of tourism	35
2.11.	The Role of Infrastructure to the Local Economy	37
2.12.	Summary	38
Chapter 3: Research Design and Methodology		39
3.1.	Introduction	39
3.2.	Research Design	39
3.3.	Research Approach	39
3.4.	Research Methodology	40
3.4.1.	The research process	40
3.4.2.	Sampling criteria	41
3.4.3.	Sampling, sampling selection, method and size	41
3.4.4.	Indicators used to assess the contribution of tourism to economic development in Ba-Phalaborwa	42
3.4.5.	Data collection methods	42
3.4.6.	Recording of data	43
3.5.	Data Analysis Procedures	43
3.6.	Ethical Considerations	43
3.7.	Research Limitations	44
3.8.	Summary	44
Chapter 4: Presentation, Analysis and Interpretation of Findings		45
4.1.	Introduction	45
4.2.	The Sub-Questions	45
4.2.1.	Demographic profiles of the respondents	45
4.2.1.1.	Gender	45
4.2.1.2.	Country of origin	46
4.2.1.3.	Age	46
4.2.2.	Tourism contribution the municipal economic growth and the socio-economic gains result from the tourism industry	47
4.2.2.1.	Market segments	47
a.	Domestic market	47
b.	Foreign market	53
4.2.3.	Contribution by the tourism industry	58
4.2.4.	How many people are employed in the tourism industry in the municipality	59
4.2.4.1.	Nature of business	59
4.2.4.2.	Employment	60
4.2.4.3.	What skills are required to service the demands of the tourism industry	61
4.3.	Some of the issues raised by some of the respondents	63

4.4. Conclusion	63
-----------------	----

Chapter 5: Summary, Recommendations and Conclusions	65
--	-----------

5.1. Introduction	65
5.2. Summary of key findings	65
5.3. Recommendations	68
5.3.1. Local Tourism Association	68
5.3.2. Special events	69
5.3.3. Infrastructure development	69
5.4. Limitations of the study	69
5.5. Recommendations for further study	70
5.6. Conclusion	70

REFERENCES	71
-------------------	-----------

LIST OF TABLES

	Page
Table 2.1: Settlement patterns in Ba-Phalaborwa	6
Table 2.2. Income distribution in Ba-Phalaborwa	6
Table 2.3: Data on Employment in Ba-Phalaborwa	9
Table 2.4: Tourist Number Growth Targets for the Ba-Phalaborwa Area until 2015	20
Table: 2.5: Opportunities and Challenges in Integrating SMMES into Tourism Value Chains	23
Table 2.6: The Economic Potential, Socio-Cultural and Environmental Advantages of Tourism Entrepreneurship are Manifold	24
Table 4.1: Gender of respondents	46
Table 4.2: Country of origin	46
Table 4.3: Age distribution of the respondents	46
Table 4.4: Purpose of visit (domestic)	47
Table 4.5: Length of stay	48

Table 4.6: Expenditure on accommodation	49
Table 4.7: Expenditure on food	49
Table 4.8: Expenditure on shopping	49
Table 4.9: Other expenditures e.g. fuel	50
Table 4.10: Means of transport	50
Table 4.11: Activities undertaken	51
Table 4.12: Visit the area before	52
Table 4.13: Visit within one year	52
Table 4.14: Purpose of next visit	53
Table 4.15: Purpose of trip (foreign)	54
Table 4.16: Length of stay	54
Table 4.17: Expenditure on accommodation	54
Table 4.18: Expenditure on food	55
Table 4.19: Expenditure on shopping	55
Table 4.20: Expenditure on others, e.g. fuel	56
Table 4.21: Expenditure on arts and crafts	56
Table 4.22: Means of transport	57
Table 4.23: Activities	57
Table 4.24: Annual turnover	58
Table 4.25: Salary/wages per month	59
Table 4.26: Expenditure on goods and services	60
Table 4.27: Nature of business	60

Table 4.28: Employment 61

Table 4.29: Skills category 62

LIST OF ACCRONYMS

AIDS-Acquired Immune Deficiency Syndrome

ASGI-SA - Accelerated Shared Growth Initiative in South Africa

ATTAG- Air Transport Action Group

CRS-Computerized Reservation System

BEE-Black Economic Empowerment

DBSA - Development Bank of Southern Africa

DPLG-Department of Provincial and Local Government

EPWP - Expanded Public Works Programme

FIFA - Federation Internationale de Football Association

GEAR - Growth, Employment and Redistribution Strategy

GDP-Growth Domestic Product

HIV - Human immunodeficiency virus

IDP - Integrated Development Plan

IGR-Inter-Governmental Relations

KNP-Kruger National Park

MDM-Mopani District Municipality

LED - Local Economic Development

LEDET-Limpopo Economic Development Environment and Tourism

LTA-Local Tourism Association

LTP-Limpopo Tourism and Parks

NGO-Non-Governmental Organization

OECD-Organization for Economic Co-operation and Development

PMC-Palaborwa Mining Company

UNWTO- United Nations World Tourism Organization

WTO-World Tourism Organization

RDP-Reconstruction and Development Plan

SDF-Spatial Development Framework

SEDA - Small Enterprise Development Agency

SMME-Small Medium and Micro Enterprise

WSSD-World Summit on Sustainable Development

WTTC-World Travel and Tourism Council

VFR-Visits friends and relatives

LIST OF MAPS

Map:3.1. Population and the area of study

41