



# Analysis of local economic development (LED) initiated partnership and support services for emerging tourism entrepreneurs in George municipality, Western Cape Province, RSA

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## ABSTRACT

The state of partnership and support services provided by the local municipality to the emerging tourism entrepreneurs are keys to the achievement of Local Economic Development (LED) objectives. The tourism industry is seen as one of the key economic sectors that can be used as a strategy to achieve key objectives of LED which are employment creation and poverty alleviation. The tourism industry has grown to become the world's second largest industry over the years. The aim of this study was to analyze Local Economic Development (LED) initiated partnership and support services for emerging tourism entrepreneurs in the George municipality with the objective to determine the impact of the tourism sector in contributing to the achievements of LED objectives. The study was conducted at George municipality of Western Cape Province. The study used both qualitative and quantitative methodology. The data used in the quantitative analysis was collected from 10% of the sample population. Whilst data collected through qualitative methodology was used to explain the outcome of the quantitative method. The test used in analyzing the data was a non-parametric test where the Friedman two-way analysis of variance (ANOVA) was applied. The study found that 47.5% of respondents see the overall support by the municipality as poor while 50% of the respondents receive no support from the municipality. In addition, it was found that the respondents regard the state of partnership as average. The study recommends the exposure of tourism entrepreneur's products and services through marketing and promotion as well as training in basic business management and financial management for the entrepreneurs.

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## 1. Introduction

Tourism-led development is clearly an emerging theme in South Africa (Rogerson, 2001), with local economic development (LED) being on the forefront of promoting tourism in disadvantaged communities (Goudie et al., 1999; Kirsten & Rogerson, 2002; Mahony & van Zyl, 2002). However, despite the prominence accorded to tourism in South Africa's broad development vision and in many local level strategies, tourism-led LED is markedly less supported and little discussed (Rogerson, 2006). Over the last few decades several countries have looked towards tourism as a means of promoting development and economic growth. This is due to the fact that tourism has grown to become the world's second largest industry, directly accounting for 3.8% of global growth domestic product in 2009 according to the World Travel and Tourism Council (WTTC, 2010). In South Africa, the promotion of tourism has been identified as a key strategy that can lead to economic growth, community development and poverty alleviation. This appears to mean that in recent years, tourism

has emerged as a significant development option in post-apartheid South Africa. According to Ashley (2006), the tourism sector is becoming increasingly important in the development of the African continent. Most governments now have included tourism in their national development strategies (Rogerson, 2001). According to this expert, many efforts are under way to increase understanding of how tourism can contribute to poverty reduction and of how to translate this understanding into concrete action. The objectives of these efforts include increased tourism arrivals and overnights, more out-of-pocket spending, and a bigger share of the tourist economy benefiting the poor (Ashley, 2006). In direct response to the economic plight of the poorest areas, the South African government now actively encourages the pursuit of local economic development through tourism and local economic development is formulated as a "pro-poor" strategy (Republic of South Africa (RSA), 2000). Related to this approach, the promotion of tourism is now widely recognized in the country as a key economic growth alternative (Rogerson, 2000).

## 2. Literature review

Local economic development is a recently adopted approach to creating more equitable economic growth in South Africa. It is an

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integrated, multi-disciplinary approach aimed at poverty alleviation through pro-poor economic growth. It involves supporting sustainable economic activities in the municipalities and integrating the second economy into the first economy (Rogerson, 2001). In many areas of the world, the reality of economic crisis has provoked a search for locally driven and innovative growth alternatives, which are frequently referred to in the literature as 'Local Economic Development' (LED) (Demaziere & Wilson, 1996; Stohr, 1990; Zaaijer & Sara, 1993). Key features of LED are to encourage economic growth and to diversify the local economic base into sectors that are usually quite different from those in which hardship has been experienced. In South Africa, the current devolution of authority and development leadership to local governments, as reflected in the country's recently stated commitment to 'developmental local government', has obliged local governments to seek innovative growth options to address the development backlog and plug the employment gap that more traditional economic sectors seem unable to do (RSA, 1998). Within this context, LED utilizes local resources and skills in order to bring about economic change and alleviate poverty (Binns & Nel, 1999; Nel, 1999; Nel & Binns, 2001; Rogerson, 1999b; RSA, 1998). In the South African context, local action and LED, specifically, have been encouraged by a range of government policy documents and acts of parliament, including the Reconstruction and Development Programme (RDP), launched before the first democratic elections in 1994 (ANC, 1994; Rogerson, 1997). The RDP prioritizes community-based development as the way through which the most marginalized sections of the community can be empowered and drawn into employment. The Local Government White Paper (RSA, 1998) and the National Constitution (RSA, 1996b) have subsequently charged local governments with promoting economic and social well-being and introducing development and job-creation endeavors in the areas under their jurisdiction. The White Paper promotes the development of responsible and sustainable tourism which includes the fundamental premise that communities should be involved in and benefit from tourism (DEAT, 1996). Within South Africa, in addition to longstanding popular tourist destinations such as Kruger Park, the Garden Route and Cape Town, a wide range of other localities are now seeking to drive development through tourism promotion, often as an explicit part of their LED programs (Rogerson, 2000). He further indicates that such interventions tend to have a community/pro-poor focus. An emerging trend is that local municipalities, who are now regarded by national government as the champions and deliverers of LED, are under taking a set of programs designed to make their areas more exciting or attractive places for purposes of consumption, entertainment or recreation (Rogerson, 2000). Common foci of these new initiatives include the promotion of townships as black/African cultural tourism destinations, the hosting of cultural and arts festivals, urban redevelopment programs, heritage tourism, the promotion of newly identified tourist routes and the massive expansion in game parks that is now taking place. In addition to a wide range of private sector initiated tourism ventures focusing on game viewing, cultural tourism and the establishment of tourism routes, many local municipalities initiated tourism endeavors can be identified. Tourism has come to be widely recognized by local municipalities in South Africa as a mechanism through which development can be attained, yielding benefits for the host community (Nel & Binns, 2002). In response to development challenges and their relatively new mandate to pursue LED, local municipalities in South Africa are clearly embracing a range of tourism projects. These range from the explicit formation of tourism promotion units in large cities such as Durban and Cape Town, designed to promote cultural, heritage and recreational activities, through to small town programs with a very specific focus, such as a single cultural event or the exploitation of a natural feature and resources. Some of the more noteworthy tourism based LED initiatives in South Africa include the redevelopment of the Newtown area in central Johannesburg as a cultural precinct, the promotion of township

tours and the development of township tourist facilities, such as Lookout Hill in Khayelitsha, Cape Town, and the massive redevelopment of abandoned harbor facilities in Cape Town to create a world class waterfront facility (Nel & Binns, 2002). It is noteworthy that local municipalities are recognizing their assets, such as natural attractions (e.g. wild animals, forests and lakes), cultural and historical features (e.g. museums and townships) or specific events (e.g. arts festivals and sporting events), as activities worth promoting because of their potential developmental impact. Whilst world class cities such as Cape Town have a guaranteed tourist market, smaller and less well known centers like George are unlikely to be able to rely to the same degree on tourism. Whilst the apparent tourism boom at places such as Cape Town are experiencing is self-evident, and a logical inspiration to all towns, the reality is that the tourism market is both finite and discerning. Not all localities can realistically hope to benefit from tourism based LED.

### 3. Tourism in George Municipality

Situated approximately 430 km out of Cape Town, George is widely regarded as the hub of the Southern Cape Region, and an ideal base from which to explore the Southern Cape and Little Karoo (Fig. 1). George is easily accessible with a good road network and George Airport which links the Southern Cape and Little Karoo hinterland to the major centers of South Africa. It is the business hub of the region and offers a variety of conference facilities, restaurants, tourist attractions and activities. George offers a variety of activities throughout the year. The Outeniqua Transport Museum houses a large collection of steam locomotives and carriages dating back to the glorious age of steam. It also serves as the departure and arrival point for the Outeniqua Choo-Tjoe, the only remaining scheduled steam train service in South Africa. The Outeniqua Choo-Tjoe operates between George and Mossel Bay. The museum is also the departure and arrival point for the Outeniqua Power Van, a motorized trolley which offers trips deep into the Outeniqua Mountains from where the most scenic views of the Garden Route can be experienced. George also has many opportunities on its country side, where one can enjoy the country pleasures while exploring the Outeniqua Country Hop Route, farmlands and herb farms and tourists can partake in cheese and candle making, while children and adults alike enjoy the dairy farm, horse riding and mountain biking. The entrepreneurs who were part of the study are mainly involved in the accommodation, culture and heritage, transport and art and craft sub-sectors of the tourism industry. These entrepreneurs, because of their background, and areas in which they live, are offering tourism products and services that are different. These tourism products and services are able to attract tourists but the entrepreneurs need support from the local municipality to have a better chance of survival.

### 4. Methodology

The study was conducted in the Western Cape province of South Africa in George municipality. This Municipality is under the control of Eden District Municipality. According to Wikipedia (2011), George Municipality was founded in 1811; the municipality occupies approximately 1072 km<sup>2</sup> (413.9 sq mi) of land. The whole municipality is situated at 33°58'00 South latitude, 22°26'59 East longitude and at an altitude of 178 m above sea level. George normally receives about 662 mm of rain per year, with rainfall occurring throughout the year. It receives the lowest rainfall (36 mm) in June and the highest (78 mm) in March. The monthly distribution of average daily maximum temperatures ranges from 18.2 °C in July to 27.6 °C in February. The region is the coldest during July when the mercury drops to 6.2 °C on average during the night (Wikipedia, 2011).

According to George Municipality (2010), unemployment in George is concentrated within the black population; and the unemployment

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