

UNIVERSITY OF KWAZULU-NATAL

INVESTIGATING GLOBAL STRATEGIES IN THE TOURISM SECTOR TO BOOST LOCAL ECONOMIC DEVELOPMENT IN UGU DISTRICT

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ABSTRACT

The aim of the study was to investigate global strategies in the tourism sector to boost local economic development in Ugu District. Tourism can be a major tool to overcome economic challenges in poor communities as it simply requires the optimal use of the natural resources of the environment to create business opportunities, hence contributing to sustainable local economic development. Some economists argue that the tourism industry is one that can lead to the exit from financial crisis for a country and it can assist with sustainable development. The tourism strategies of Iceland, Republic of Ireland and South Korea all have a commonality of objectives, which aim to promote tourism to boost the economy. For the purposes of this research, purposive sampling was used to choose sample members according to their professional position, knowledge and expertise in tourism in Ugu district, resulting in a small sample size. The qualitative data collection technique using the mono-method approach of semi-structured interviews was used. This study found that some respondents, who are key-role players in tourism in Ugu district, had limited knowledge of tourism strategies of SCTA. LED practitioners of the municipalities of Ugu district were not responsible for the implementation of tourism strategies as this function had been delegated to SCTA. The implementation was also not monitored and evaluated by the municipality. This study recommended that the IDP, the LED strategy and the tourism Strategic framework should be implemented in its entirety, if there is to be sustainable economic growth and job creation. Strategic Tourism Practitioners should have skills and experience in sustainable tourism strategic development and implementation, that enable them to use the available tourism resources as economic drivers in Ugu District. The Political Leadership of the municipalities need to undergo intensive training on Tourism and LED as some Councillors were perceived to be reluctant to provide funding for tourism development projects.

Keywords: Competitive advantage, Human capital, LED, Resources, Sustainability, Tourism strategies

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ABBREVIATIONS

BnB – Bed and Breakfast

IDP - Integrated Development Plan

IT – Information Technology

LED - Local Economic Development

MOU – Memorandum of Understanding

RBVF – Resource-based view of the Firm

SCTA - South Coast Tourism Agency

SDBIP - Service Delivery and Budget Implementation Plan

SMME - Small Medium and Micro Enterprises

USCBDA - Ugu South Coast Business Development Agency

Chapter 1- Introduction

1.1. Background

This is a research proposal for a Master's in Commerce degree in local economic development submitted to the University of KwaZulu-Natal. The downgrade of South Africa by the Rating agencies Poor and Standard, and Fitch, has generated much interest in economic strategies that would assist the economy to a quick recovery. George (2015) maintains that inclusive tourism in South Africa is one of the main drivers of local economic development. This local economic development has been delegated mainly to the municipalities.

The purpose of this study was to identify tourism strategies in global countries that were able to recover quickly from economic recession and to review the effectiveness of applying these strategies in Ugu District to promote local economic development.

1.2. Motivation for the Study

This study was motivated by the work of the researcher as a Municipal Councillor at Umdoni Local Municipality in Ugu District. The researcher of this study was previously, the Chairperson of the Planning and Local Economic Development portfolio committee and currently represents the municipality at the Ugu South Coast Tourism meetings as well as the council representative at Umdoni Business Chamber. Having served a term as Chairperson of the Umdoni Municipality local task team for Operation Sukuma Sakhe had created an awareness of the need to use local economic development as a tool to overcome economic challenges in poor communities. Tourism could have easily been this major tool as it simply requires the optimal use of the natural resources of the environment to create business opportunities.

When incoming tourism was increasing rapidly during the second half of the 1980's and outbound travel was controlled, the earnings generated by tourism in Korea was 1 US dollar out of every 5 US dollars in the country's incoming revenue balance

(McGahey, 1995). In **the Republic of Ireland** a study of festival tourism postulated that tourism was a key factor in promoting festival growth-which in turn generated more revenue (Quinn, 2006). Research in Iceland indicated that even in small rural communities of only 100, farming tourism strategies had been used to generate revenue (Gunnar Þór Jóhannesson, 2003).

1.3. The Unique contribution of this study

This study was expected to identify successful tourism strategies of Iceland, **Republic of Ireland** and South Korea that could be used by LED practitioners and Tourism Boards in Ugu district to promote local economic development. The study focussed on the tourism resources that could give Ugu district the competitive advantage over other regions and examined contribution of the key role players in Ugu tourism to sustainable LED.

1.4. Major beneficiaries of this study

The following were projected as the four major beneficiaries of this study:

1. This study should benefit the local municipalities in Ugu district as proper implementation of tourism strategies would promote tourism in the region and hence increase incoming revenue. The municipalities will also benefit as this study examines the capacity of the LED practitioner as an effective economic driver in the municipality.
2. The emerging or small entrepreneur in Ugu district should also benefit from the research findings as more opportunities for entrepreneurship could be created through implementation of tourism strategies. This should allow for business expansion which in turn would stimulate job creation.
3. The current hospitality industry of Ugu District should also benefit as the collaboration of Local government with the SCTA would create an opportunity for better service delivery in the tourism friendly areas

4. The local residents should benefit from this study as the expansion of the hospitality sector would create more job opportunities for the youth and other unemployed residents.

1.5. Aim

The aim of this study was to identify global strategies in the tourism sector that support LED in **the Republic of Ireland**, Iceland and South Korea and to investigate if similar strategies were used to boost local economic development in Ugu District. This study was envisaged to ultimately provide suitable conclusions or resolutions to the problem statement, while the success of the research would depend on the extent to which these conclusions and resolutions answer the research question. It would thus become necessary to reformulate the research question to a suitable aim and the sub-questions to obtainable objectives, which would act as a guide to answering the research question.

1.6. Research problem

Hanekom (2015) states that the country's tourism industry is still an under-acknowledged area for its contributions to national economic targets. According to O' Sullivan and Jackson (2002) there are three approaches to LED:

1. Investment promotion and economic growth;
2. Promoting well-being of communities;
3. Sustainable economic growth of communities.

Internationally there has been research undertaken that showed that there was a distinct correlation between tourism and local economic development. Ruhanen (2013) emphasized the role of local government in Australia, as agents of change for promoting or limiting tourism, and as the agents responsible for proper tourism planning and management.

In Scandinavia there had been significant research on LED and tourism resulting in public policy to promote regional and industry innovation systems (Zapata Compos & Hall, 2014). Pedrana (2013) states that in Italy the institutions need to be conscientised about sustainable well organised programmes for intervention.

In South Africa we had experienced a downgrade to “Junk status” by Standard and Poor, and by Fitch (Brown, 2017). Our economy was not growing by more than 0,2% annually and youth unemployment is at over 50% (Balkaran, 2017).

This study sought to identify strategies in tourism of countries that have recovered from economic crises and look at the feasibility of applying these strategies in Ugu district.

1.7. Statement of the Problem

In a country that is in recession, having an economy that contracted by 2,2% in the first quarter of 2018 (Statssa, 2018), and where unemployment is extremely high at 26.7% during the first quarter of 2018 (Moya, 2018), it is crucial that Local Economic Development identifies and supports successful tourism strategies. In Ugu district municipality tourism is one of the largest contributors to investment, employment and production. The District Growth and Development Strategy of Ugu District Municipality envisages a municipality that will be a popular tourist destination where jobs are created, and everyone benefits equally from socio-economic activities (Municipality, 2016). This research focussed on tourism strategies in Ugu district that could be used to stimulate local economic development. The research was focussed on tourism strategies that were used in Iceland, South Korea and Republic of Ireland and investigated the effectiveness of implementation of tourism strategies in Ugu district.

1.8. Research Questions

The key research questions were listed as follows:

1. Can the tourism strategies of the countries in this study, contribute positively to local economic development in Ugu district?
2. Why were these global economies chosen for research?
3. What tourism strategies did these countries use to recover from economic recession?
4. How do these tourism strategies compare with those of Ugu district?
5. Will these strategies assist in boosting local economic development in Ugu district?

1.9. Research Objectives

The objectives of this research study were listed as follows:

- i. To establish if tourism strategies of the benchmark countries are applied successfully in Ugu district
- ii. To identify tourism strategies of countries globally that have recovered speedily from economic recession and downgrading.
- iii. To establish any correlation between tourism and economic benefit in those countries.
- iv. To explore the effectiveness of applying these tourism strategies in Ugu district to support local economic development
- v. To evaluate the contribution of the municipalities and the Ugu South Coast Tourism Board in supporting local economic development in Ugu District.

1.10. Delimitations and Limitations

The research study was subjected to the following delimitations:

1. The research study was delimited to tourism strategies of Ugu District;
2. It did not investigate or evaluate all tourism strategies, but sought to identify the ones mainly contributing to economic relief;

3. The research interviews and findings were restricted to Ugu District;
4. The size of the sample is fairly small;
5. The dissertation does not quantify the extent of the economic relief;
6. The dissertation does not test any theory/ theories and limits itself to being analysed against the best practice tourism strategies of the global countries identified.

1.11. Summary

While the country's tourism industry is still an under-acknowledged area for its contributions to national economic targets, for a country that is in recession, it is crucial that LED identifies and implements successful tourism strategies.

The aim of this study was to enlist the theory of the 'Resource-based view of the firm' to investigate if the competitive advantage of the tourism resources of Ugu district were effectively exploited to boost sustainable LED. This study was motivated by the work of the researcher as a Municipal Councillor at Umdoni Local Municipality in Ugu District.

The research objectives were derived from the key research questions and the research limitations were listed.

This research would be detailed in the following chapters:

- Chapter two- Comprehensive literature review
- Chapter three- Research design and methodology
- Chapter four-Presentation of results
- Chapter five- Research findings and analysis
- Chapter six-Conclusions and recommendations

Chapter 2- Literature Review

2.1. Introduction

The global economic meltdown which had started in the US, had a hugely negative effect on the global economy, and did not spare individuals, companies nor governments, each affected negatively in one way or another (Burger, 2009).

According to Corbet (2014) the rating agency, Fitch and S&P were said to have the greatest impact on financial markets. When they predicted a negative outlook, it was generally followed by a decline on the market, with the possibility of the announcement of a downgrade in the next three months. Simultaneous pronouncements had a more devastating effect of dampening investor confidence in that market. Many European states have since 2010 been downgraded by international credit rating agencies, with the prognosis for all being rather negative. The credibility of the credit rating agencies had become questionable as it would appear that they undertook a rating only during a crisis but not during the development of it. While Greece, Republic of Ireland, Spain, Italy and Portugal were downgraded, as they were viewed as the most problematic areas, other states, such as Belgium, France, and Austria, which were deemed more stable, were also not spared the downgrade.

Rose and Spiegel (2011) set out to research why Iceland experienced a 90% decline in the stock market and exchange rate in 2008. This caused the country to experience a major drop in its domestic credit rating which was accompanied by a domestic economic recession.

During the years preceding the collapse Iceland had experienced an economic boom with an expanded financial system which was almost 10 times the size of the country's GDP. Real estate and other stock experienced a boom and the country's wealth soared. A country that was traditionally a fishing economy had now changed dramatically (Bagus & Howden, 2011). The youth were attracted to the financial sector as a career path instead of the fishing industry. The banking boom attracted people from all walks of life, and Banker became the vocation of choice. As the banking sector grew so did its demand on human resources and soon the banking sector was bloated.

The 2008 crash of the financial markets which had started in America, brought to a sudden end the dream of unlimited wealth in Iceland. The unemployment rate soared due to nationalisation of the three biggest banks in Iceland, Glitnir, Kaupthing and Landsbanki. The Krona devalued and by the end of 2008 the inflation rate had reached 18%. The price of stocks fell, Real estate took a tumble, and many lost their wealth and life savings, in a short space of a few months (Bagus & Howden, 2011).

Those that were retrenched from the banking sector, found employment back in the founding pillars of the economy, fishing and the aluminium mining sector. Tourism then found its niche as the kroner took strain, Iceland became a cheaper destination for foreign tourist. Post 9/11 Icelandair airline had embarked on a massive marketing strategy and by October 2008 Iceland air was flying to 41 international destinations. Iceland airline also reduced their fares as a marketing strategy and soon, even the Minister of Tourism at the Icelandic Tourism conference of November 2008 acknowledged that Iceland had both the required human resources and natural resources to form a growing pillar for boosting employment and export. The Minister also acknowledged that the total collapse of the kroner, not only stimulated the influx of foreign tourists, but provided for cheaper domestic tourism for Icelanders themselves (Huijbens, 2010).

Erna Hauksdóttir, director of the Icelandic Tourist Industry Association said there was a time when nobody wanted to invest in tourism in Iceland, but post November 2008, after total collapse of the Icelandic economy, people began looking for alternative sectors that could actually create something (Huijbens, 2010) . By early 2009, Lonely Planet had identified Iceland as a leading tourist destination due to the tourist enjoying favourable foreign exchange rates. There was a massive 10,4% increase in North Americans visiting Iceland as compared to the previous year. The Minister identified two areas that would firmly entrench tourism as a major contributor to the production economy, namely, the necessity of providing more infrastructure and the need to attract more foreign tourists. Further the Government in Iceland needed to convert the positivism emanating from tourism into a tourism policy that would be sustainable going forward (Huijbens, 2010).

The Seoul Olympics of 1988 helped South Korea in the international tourism market by enhancing its image abroad. The construction of the various infrastructure in

preparation for the Seoul Olympics also assisted in generating relationships with other socialist countries who were previously unaware of what South Korea had to offer. The Government also promoted outbound travel in 1989 by scrapping restrictive tourism legislation for locals (Lee & Kwon, 1995).

For South Korea, tourism has been a huge source of revenue from foreign exchange earnings. The central and regional governments began paying more attention to tourism as a means for promoting economic development. In 1993 tourism contributed approximately 1.4% of GNP with an estimated contribution of U.S \$0.7 billion from foreign tourist receipts including airline fares paid to Korean airlines by foreign tourists. It therefore became imperative that government focussed more on investing in the tourism industry (Lee & Kwon, 1995).

Research in South Korean tourism by Choong-Ki Lee revealed that there were many variables affecting tourism. The exchange rate, which most travellers are not aware of before embarking on a trip, plays a key role, especially if the receiving country's currency is less valuable as it allows for greater purchasing power for the tourist. Lee's research found that the exchange rate is an important variable in determining inbound international tourism to South Korea (Lee, 1996). Another variable affecting tourism is cost of transportation. When transportation costs increase, the demand for international tourism is adversely affected. Cost of living in a country is also a variable that affects demand for tourism, where an increase in cost of living is inversely proportional to the rate of international tourism. Choong-Ki Lee (1996), found that high income countries like Canada, Japan and the USA increased their travel expenditure significantly in Korea. This research concluded that income is the most crucial factor in determining international tourism to South Korea (Lee, 1996).

The 1990s was characterised by economic recession and financial distress. In South Korea there appeared to be collusion amongst the government, the large conglomerates and the banks characterised by lack of monitoring and controls of the banking sector and regulations. This resulted in poor financial supervision coupled with ineffective usage of capita. According to Kise (2001) Korea's Hanbo Iron and Steel, one of its largest conglomerates, was bankrupt by January 1997. This was followed by the collapse of Jinro, Haitai and Kia Motors, accompanied by currency turbulence which led to the commonly known 'twin crisis' of the Asian markets.

The Korean government then had to announce an economic boosting package as a response to the fiscal crisis. This package created public-private partnership investments to the tune of almost 15 percent, which was also to be accompanied by measures to assist the public-private partnerships by reducing the financial burden on them, decreasing the project implementation time and by ensuring that there were no sudden interest-rate changes (Burger, 2009).

2.2. The Resource-based View of the Firm as the Theoretical Framework of this Research

The seminal work of Barney (1991) suggests that firms gain sustained competitive advantages through applying strategies that take advantage of their inner strengths, by responding to environmental prospects, while counteracting external threats and circumventing internal weaknesses. Of late research has focussed on analysing a firm's opportunities and threats in its competitive environment. The RBVF makes two assumptions in analysing sources of competitive advantage. Firstly, that firms within an industry or sector may be heterogeneous with respect to the strategic resources they control and secondly, that these resources may not be perfectly mobile across firms and therefore heterogeneity could be long lasting.

Barney (1991), also explains that in order to have sustained competitive advantage potential, the firm resources must have the following characteristics:

They should be Valuable: Resources that contribute to the favourable implementation of strategies that improve a firm's efficiency and is a source of sustained competitive advantage, are considered valuable. The recent development of event tourism in Ugu district through the promotion of the annual Ugu Jazz Festival and the development of the largest water theme park in Kelso, Umdoni, are examples of such valuable resources as they provide a unique service and hence have the competitive advantage over other areas that do not have this niche-market (Peters, 2011).

They should be rare: Certain strategies should be unique, and those bundles of resources should be specific to the firm to avoid being copied by others in the tourism

industry resulting in no competitive advantage being achieved. Such rare resources are normally skills based and people intensive, generally responding to customer needs. The South Coast Tourism company provides a unique marketing experience, highlighting the coastline developments and hospitality industry in Ugu, thereby maintaining the sustained competitive advantage to neighbouring coastal regions (Barney, Wright and Ketchen, 2001).

They should be inimitable: A firm's ability to exploit its resources which are rare and unique to their space and time renders such resources inimitable. An example of such an inimitable resource in Ugu is the Oribi Gorge Natural reserve attracting tourists to view the huge gorge and experience the other natural attractions of the reserve. The staff of this facility is skill based and is another example of casual ambiguity or a tacit resource which is people intensive (Hart, 1995). These are sources of sustained competitive advantage.

They should be non-substitutable: The resources should not have a nearby equivalent facility which could pose a threat to its sustained competitive advantage. In tourism many destinations are able to encourage repeat visits which makes them relatively "non-substitutable" (Barney, 1991). The number of visitors to the Ugu caravan parks has been consistently increasing over the years, indicative of repeat visits, thus supporting Ugu as non-substitutable tourist destination.

2.3. Tourism and the Economy

Economics is a study of how people make financial choices (Mak, 2004). When people decide to go on vacation, they have to make financial choices base on the resources at their disposal. Their resources will determine the length of the vacation, their mode of transport, the type of accommodation they book, the restaurants they will visit and the shopping they do. As all tourists are planning and booking, airlines have to plan their number of flights to particular destinations their seat allocation and their pricing. Cruise liners must decide on the number of trips to the various destinations and their costing. Car rental companies must decide on how many cars to make available at the different sites. Tourist shops must decide on how much stock to order from their

suppliers for the holiday season. Tourist bureaus must decide on how much money to spend on marketing. These are all economic choices in Tourism. These choices have to be made because of limited resources. Thus, tourism economics studies how people make choices among the many alternatives to meet their travel goals (Mak, 2004).

Tourists, suppliers and government are the key role players who have different goals in tourism. The tourists want value for money, the suppliers want maximum possible profit while government may have broader objectives that may include reducing unemployment and poverty, protecting the environment, promoting their culture and history through increase in tourism. In some developed countries, governments promote tourism as a means to foster better international relations and cultural understanding or even to achieve political objectives, as was the case in the 1970's, when the Eastern European countries began opening their gates to western tourists in order to expose them to communism as a superior way of life (Mak, 2004).

Some economists argue that the tourism industry is one that can lead to the exit from financial crisis for a country and it can assist with sustainable development. Jucana and Juca (2013) state that analysis of their data confirms that tourism must be acknowledged as a key tool for economic recovery as the tourism industry has a major influence on trade flows thereby creating business and investment confidence. A booming tourism industry is a major source of job creation, can increase domestic consumer spending and guides the economy activity towards growth.

In **the Republic of Ireland**, the number of overseas tourists increased by 6% overall in 2005. These figures correspond with the World Tourism Organisation's preliminary estimates which showed an increase of 5,5%.

2.4. Economic Benefits

By 2005 Republic of Ireland's tourist industry was an approximately €5,46 billion industry with revenue from foreign tourist visits and foreign exchange earnings. Government earnings through VAT, Excise duties and PAYE was in the region of €2,1

billion from foreign tourists. The earning of €4,3 billion from exported goods could be directly attributed to tourism. In 2005, tourism accounted for 3,8% of total GDP of Republic of Ireland (Ireland, 2006).

Table 2.1: *Employment in Tourism in Ireland 2005.*

Numbers Employed by Sector, 2001-2005					
Sector/Year	2001	2002	2003	2004	2005
Hotels	54,275	54,656	54,164	53,637	54,095
Guesthouses	2,943	2,914	2,879	2,849	2,918
Self-Catering Accommodation	3,830	n/a	3,878	3,813	3,641
Restaurant	41,827	41,409	41,085	41,367	43,309
Non-Licensed Restaurant	13,849	n/a	15,642	15,407	16,589
Licensed Premises	78,225	80,121	79,319	92,000	88,986
Tourism Services & Attractions	34,568	34,852	34,749	35,016	36,421
TOTAL	229,517	n/a	231,716	244,089	245,959

Source: Fáilte Ireland's Tourism Business and Employment Survey (2005).

By 2005, Table 2.1 indicates that an estimated 245 959 people were employed in the tourism industry, which showed a minimal change as compared to 2004. Regionally the employment figures were Dublin 21%, while the Southern and Eastern regions accounted for 49% of employment while the remaining 30% was in the Border, Midland and Western regions (Ireland, 2006).

The Bank of Korea conducted an impact study and found that spending from tourism contributed 3.2% of total final demand and, that income induced from tourism totalled 3.5% of Gross Domestic Product (GDP) in 1998. This caused a ripple effect of growth in household earnings, thereby increasing amount of government revenue in taxes, compelling government to create tourism friendly policies. This rapid growth in tourism has made a positive contribution to the growth in the economy (Oh, 2005).

According to Vellas (2011), tourism can assist in regional planning and development which can contribute correcting economic disparities between regions. He further

states that tourism can contribute to diversification of the local economy by encouraging distribution of resources to areas that are lacking. Vellas (2011) also acknowledges the role of the European Regional Development fund that provides financing for tourism related projects in under-developed regions like Southern Europe by funding SMEs to create jobs, funding tourism supporting infrastructure development projects, and renewal energy sources.

Despite the global financial crisis from 2008, event tourism in South Africa in the form of sport and mega-events promoted the local tourism economies and the 2010 FIFA World Cup was just one example. The Winter Olympics of February 2010 has started in Vancouver, followed by the June FIFA World Cup in South Africa, the New Delhi Commonwealth Games in October and the World Expo in Shanghai from May to October resulted in the tourism calendar being reenergized globally, increasing global economic activity, job creation, and investor confidence. Thus, event and sport tourism became a driver of change (Ferreira, 2011).

2.5. Tourism Strategies of Iceland, Republic of Ireland and South Korea

The development of tourism strategies of these benchmark countries are detailed below:

2.5.1. Iceland: A short introduction

Iceland lies some 200km east of Greenland and is approximately 103 000 km in distance around and is characterised by glacial mountains, uninhabited desert interior and a volcanic topography. The population of approximately 319000 people resides predominantly in the coastal regions with about 60% residing around the capital Reykjaví (Huijbens, 2010).

2.5.1.1. *Icelandic economy*

While during the first half of the nineteenth century Iceland was a relatively poor country, the emergence and mechanisation of the commercial fishing industry and agriculture grew the economy and during the latter part of the twentieth century Iceland's economy boomed while experiencing high inflation at the same time. In early October 2008 the Icelandic banking sector collapsed causing the Icelandic currency to plummet. Inflation reached an all-time high of 18,6% by January 2009, concurrently causing a sharp rise in unemployment as most of the working class were employed in the banking sector., but inflation eased of towards the latter part of 2009 to 11,6%. Historically, Iceland's economy has been vulnerable to the open markets as it was heavily reliant on the fisheries resulting in immense economic fluctuations. Towards the latter part of 1900's there were attempts at diversifying the Icelandic economy by focussing on harnessing the geothermal power and on aluminium production (Huijbens, 2010).

2.5.1.2. *The development of tourism*

Tourism boomed in Iceland in the latter 1900's. As Iceland is an island it is experiencing the common challenge of seasonality and high concentration of tourists in small areas that negatively impact the natural environment. Another challenge is the dominance of a few large corporates or family-run tourist companies that rely on the marketing strategies of the dominant companies. Iceland tourism is dependent on two major airlines and by 2009 these two airlines operated flights to 41 international destinations making Iceland and international stopover destination. In many cases, tourism has been adopted as a tool for economic diversification. By 2010 although Iceland had tourism as one of the pillars of the Icelandic economy, it was only slowly being promoted as a development option as the Ministry of Industry had only one employee dealing with tourism. The view of the Icelandic tourist board, which was established to promote economic development and diversification, was that the government did not have a real interest in tourism and if they did, they viewed it as a threat to the normal order of things like agriculture, industry and the fisheries. After the

crash of the banking sector, post 2007, it was not easy for tourist companies to access finance.

Post 2008, tourism was viewed as the strategy to cope with economic recession and crises in other sectors such as the fisheries or agriculture, and thus became a tool for regional development, resulting in a boom in farm tourism. Icelandic tourism, post 2008, has been characterised by entrepreneur driven initiatives, that enjoyed freedom to operate but were challenged by the lack of government funding and difficulty in accessing risk capital (Huijbens, 2010).

2.5.1.3. Economic Growth in Iceland supported by Tourism

According to Óladóttir (2014), the report by the Icelandic Tourist Board of April 2014 reflects that there was a greater influx of international tourists to Iceland during the winter months than the summer months. There was a marked 10% increase in tourism from 2011 to 2013, increasing to 60% in November 2012, and 40% during the winter months of 2013.

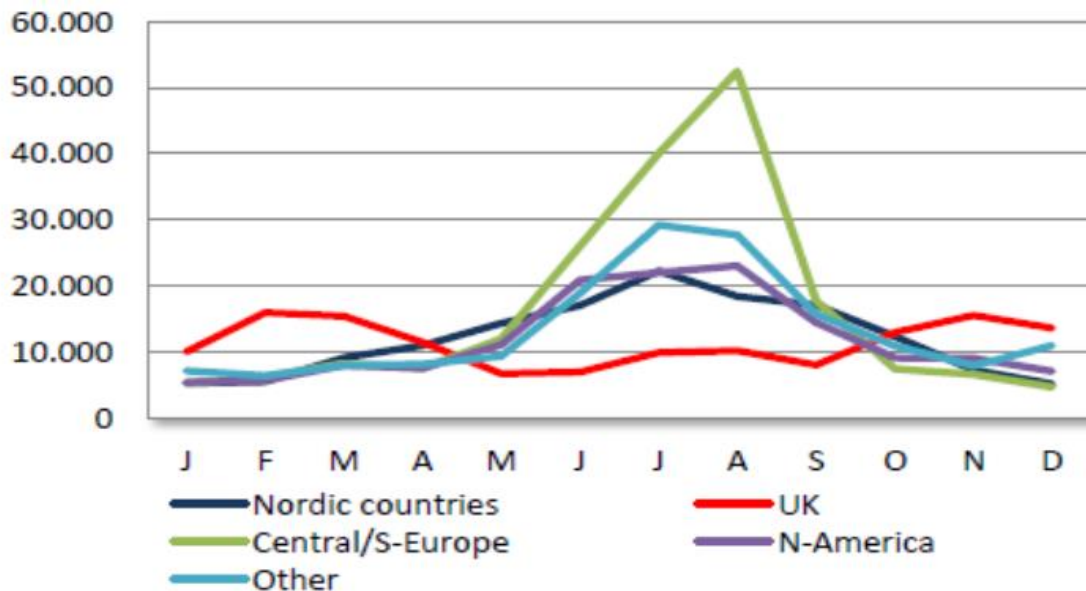


Figure 2.1: Departures from Keflavík airport by market areas (Óladóttir, 2014).

Tourists to Iceland during 2013 were widely distributed but most, with the exception of the UK, showed a marked increase during the winter months as shown in Figure 2.1.



Figure 2.2: Total use of foreign debit and credit cards in Iceland (Source: Óladóttir, 2014).

Figure 2.2 above shows that in recent years in Iceland, there has been remarkable growth in foreign credit card turnover. It has increased steadily from ISK 48 315 million in 2009 to just over ISK 91 301 million in 2013. The increase in foreign credit card use during the months of December, January, February and March was almost 50%. The use of foreign cards increased greatly between 2012 and 2013 in all months, and significantly the most in the winter months, when the increase in card turnover was between 31% and 50%. In the 2012 -2013 period however the greatest card turnover was during the summer months, reflecting a growth in tourism in all seasons (Óladóttir, 2014).

2.5.1.4. Effects of tourism and foreign travellers

Approximately 64.6% of Icelanders are of the view that because of foreign tourists, the Icelanders have an increased interest in Icelandic nature and about 62.8% believe that foreign tourists put excessive pressure on Icelandic nature. The economy however benefits from this increase in tourism as 59.4% of Icelanders believe that tourism has led to the creation of attractive job opportunities in their area while 57.7% are of the

view that tourists have increased Icelanders' own cultural interest. When it comes to services, approximately 42% believed that tourism has increased the range of services that they now have access to (Óladóttir, 2014).

2.5.1.5. Tourism Strategies

According to Hall, Muller and Saarinen (2009) Iceland does not have much to offer to the tourist besides its natural beauty. Iceland marketed the 'Natural' as a tourism strategy. Use is made of the natural beauty of Iceland and it is marketed as a healthy tourist destination full of pristine beauty. Experience tourism is another strategy where travel journalists are invited to Iceland for a stay and then write about their experiences as a form of marketing.

The Tourism strategy for Reykjavic 2011-2020 is built on 4 pillars and 4 values. The pillars are to advance by 2020 to a cultural city, a conference city, a health city and a winter city. The values that they build on are green tourism, child friendly city, quality. This is the handbook of current tourism strategy in Iceland (Reykjavic, 2011).

According to Iceland (2013), Promote Iceland is a document detailing long term strategies for Icelandic tourism, as listed below:

- Creating awareness of Iceland's unique environment and landscape.
- Supporting community led environmental protection programmes.
- Increasing tourism business performance capacity.
- Programmes for protection of key tourism assets.
- Improve transport infrastructure for tourists (Iceland, 2013).

2.5.2. The Republic of Ireland and Northern Ireland

The development of a tourism strategic framework involved various structures:

2.5.2.1. Department of Economic Development

Created in 1982, the Department of Economic development (DED) was mainly responsible for the development of tourism policy in the Northern Ireland province and

provided just under £22 million in funds for the Tourism Board in 1984. This department was also a major source of funding for tourism activities of the Local municipalities.

2.5.2.2. Local Authorities

By the 1970s the district councils were mainly responsible for the promotion of tourism in Northern Ireland. This strategy helped the district councils with local economic development in a time of increasing economic difficulty in the late 1970s.

2.5.2.3. The Northern Republic of Ireland Tourism board (NITB)

The NITB was responsible for providing grants to the local authorities to assist with their tourism strategies and projects.

The following was the role of the NITB in tourism:

- promoting Northern Ireland as a tourist destination, provincially and internationally;
- regulating the hospitality industry by providing grading for accommodation and catering facilities;
- liaising with DED and local authorities to provide tourist amenities;
- acting as advisors to the tourist industry and government.

While it was the role of the NITB to be the key-role player in the promotion of tourism in Northern Republic of Ireland, the DED remained in control of the disbursements (Smythe, 1986).

Tourism in **the Republic of Ireland**, however, is not simply a source of income and labour and to view it as such is to underestimate its real significance and critical impact. The Irish economic recovery of the 1990s which was a process of privatisation, increased foreign investment and deregulation was the catalyst for the integration of Republic of Ireland into the global economy, viewed as one of the most 'open' of the global economies. This signified developmental tourism as 'openness' also meant access, hospitality and movement.

During the 'foot-and-mouth crisis', the tourist administrators declared **the Republic of Ireland** 'open for business', demonstrating the view that tourism was critical to the

economy and that location played a key role in the global economy. While the global economy was IT driven, the cyberspace still recognised location as a strategic factor in corporate policy, making tourism and travel an integral part of the new economic structure.

Young professionals who make up the knowledge sector of the new economy are attracted to locations with excellent tourism and travel facilities. Tourism is seen as either a good thing bringing in money, promoting job creation and infrastructure development, or it is seen as exploitative, intrusive on the environment and the society in general, seeking to commodify a culture and its people. It was the advertising of the Industrial Development Authority that emphasised the progressive, modern economy while the Irish tourist board presented **Republic of Ireland** as a land of premodern culture, lackadaisical in its approach. But it was this strategy that attracted the postmodern to the premodern (Cronin & Connor, 2003).

2.5.2.4. Tourism Strategy in **the Republic of Ireland**

The following five factors formed the basis for the development of the Irish tourism strategy:

1. Tourism and the Economy are mutually complementary
Growth in Tourism is directly proportional to the growth in the local and national economy. The lull in tourism after 2000 necessitated the need for developing tourism strategies to assist economic growth.
2. Revival in Tourism is not necessarily self-starting
Protracted studies of tourism trends have indicated that prolonged periods of stagnation in the tourism reflects an industry that is not cyclical and does not necessarily self-start.
3. Tourism does not control its own performance
Tourism is reliant on many contextual factors such as quality of infrastructure, access to transport, cost, rates of exchange and taxation.
4. Tourism is driven primarily by SMEs
Small to medium size enterprises have invested heavily in the local tourism industry and a down turn in tourism would cause many of these small companies to close creating massive unemployment.

5. Regional Development can be assisted by Tourism

Cultural and historical tourism can assist rural economic development by taking tourists to the remote areas. In **the Republic of Ireland**, expansion in tourism has contributed greatly to the economies of the South and South West and is thus achieving the governments.

2.5.2.5. Irish Tourism Strategy Formulation Proposal

It was proposed that:

1. The strategy should be the project of the Irish government
2. The time frame should be seven months
3. The group should be small and comprise of members in and outside the tourism industry and who are specialists in their fields
4. The strategy should be operational in structure
5. There should be consultation with both Tourism Industry and relevant Government departments before finalising the document.

The proposed strategy contents were to review and make recommendations on the following areas:

1. International marketing- identifying the various target markets and formulating clear and focussed messages that will withstand the competition faced by Irish tourism
2. Operating environment- recognising the limitations of the operating environment that compromise tourism in **the Republic of Ireland**. These include the rise in the cost of inflation in **the Republic of Ireland**, deteriorating condition of infrastructure, increased taxation of tourism, the degradation of the physical environment, the impact of congestion in the cities amongst other things.
3. Enterprise Development- how to support the SMEs with their business functions
4. Access Transport- analysing the adequacy of transport infrastructure nationally and regionally and assessing if they meet the needs of tourism in terms of sufficiency of routes, number of access points to Republic of Ireland, the state

of the regional airports and their ability to facilitate regional development and travel taxes.

5. Developing new tourism regions- understanding the impact of congestion on the developed regions and analysing the viability of developing new region to relieve this congestion, with a view to creating greater regional balance
6. Product Innovation- assessing the ability of the tourism industry to introduce new products, partnering to develop joint products and integration of the current products into more marketable packages as a defence against the deteriorating price competitiveness.
7. Service quality- increasing the management capacity in the Irish tourism industry by increasing access to training and skills development and by developing strategies for the retention and recruitment of a suitably skilled workforce
8. Upgrading research and information facilities- provide support for future development in the industry and improve the quality and efficiency of the information available on Irish tourism performance
9. Defining the State's role in supporting tourism- with particular emphasis on the regulatory nature of the state and its ability to provide financial support to tourism projects (ITIC, 2002).

Stocks (2002), investigates strategy development for tourism in the Gaeltacht—regions of Republic of Ireland. She concluded that tourism development over the last 30 years has included community development which has been sustained through grants enhancing the cultural heritage of the area and simultaneously promoting local economic growth, even though migration of young adults out of the area is an endemic problem.

According to Driving Tourism Sustaining Communities (2015), the following are the tenets of Failte Ireland's tourism strategy:

1. To create a visitor experience of world class standards.
2. To ensure that **Republic of Ireland's** tourism sector is profitable and sustainable.

3. Communities are developed to actively participate in tourism in their localities, and this in turn develops the local economies.
4. To promote the natural environment as a tourist attraction.

The department of foreign affairs and trade also list tourism strategies of the **Republic of Ireland** on their website, which include:

1. Sharing **Republic of Ireland's** economic message with key role players to enhance international interest in Republic of Ireland.
2. St. Patrick's Day celebrations are used to enhance international interest in Irish trade and tourism to send a positive message about **the Republic of Ireland's** economic recovery and positive growth.
3. To create an awareness and opportunity for cultural tourism (Ireland, 2013).

2.5.3. South Korean tourism: A short introduction

By 1996 the KNTC strategies focused on creating awareness on the domestic market of the economic impact of tourism. This strategy fell short as it did not identify the demand for foreign tourism, in order to place Korea in the international tourism market. This resulted in more focus on domestic tourism policies. 1993 saw the advent of the "Kindness campaign" because the KNTC believed that most of the foreign tourists' complaints bordered on rudeness of staff in the hospitality industry. This campaign was followed by a campaign to train taxi drivers in basic English and Japanese communication skills and thereafter a "clean toilets" campaign was introduced. However, none of these campaigns were aimed at marketing Korea as an International tourist destination. The KNTC then through the efforts of academic researchers began to understand the importance and impact of image induced place marketing to foreign tourists. These marketing strategies however failed to promote the images of Korea as a viable and attractive tourist destination to the overseas market (Waite, 1996).

2.5.3.1. Promoting Cultural Tourism in South Korea

Many regional festivals and events contribute to developing regional economies, duly assisted by the local and national governments. This is achieved by promoting cultural experiences and places and by supporting local tourism entrepreneurs with a view to grow the regional markets and stores. Competitive practices in the tourism market also ensured the satisfaction of consumers visiting these business districts. The strategy is to integrate events, cultural festivals, experiences and special sales into regional culture, where, for example small businesses hold their sales with a big business to provide a competitive market for the tourist. Another example of integration is when businesses become involved with a particular cultural site and the business works together with the cultural site, selling that cultural memorabilia to the tourists.

Businesses in cultural tourism provide new consumption markets for the local economy. In this way a Region's cultural tourism is promoted as customer satisfaction forms the reason to return to this region. It thus becomes necessary for the local government to plan and promote sustainable cultural tourism. The strategy to revive the regional economies by maintaining and increasing cultural tourism needs the sustained support of the regional and national governments, even for providing and maintaining tourism infrastructure, and other cultural tourism resources. the national and local governments. Using Cultural tourism to revive regional economies should therefore be a strategy that is developed for a specific nation or city with a vision of providing services for the public good rather than economic benefit (Kim, 2013).

After the Seoul Olympics of 1988, the KNTC adopted event marketing to promote international tourism. The Taejeon Expo of 1994 was marketed as technological and cultural "Olympics" and attracted almost 14 million visitors of which on 4,8% were overseas tourists. This strategy again failed to appeal to the international market.

Advertising in the international media was another strategy that was under-utilised by the KNTC. They missed the opportunity to promote a positive image of Korea as an international destination to the international media space where Korea was still projected as politically unstable (Waite, 1996).

While the Ministries of Transport and Sports and Culture were busy since 1992, providing infrastructure to support international tourism, the KNTC by 1994, was failing to promote Korea as an international destination (Waite, 1996).

According to HAN (2013) South Korea's Ministry of Sport, Culture and Tourism developed two main tourism strategies:

1. To improve the tourism institutions.
2. To foster tourism strategies.

To achieve the above Han listed the action plan, which was to focus on:

- Tourists conveniences improvement
- Removing threats to investment in tourism
- Skills transfer for professionalism of tourism personnel
- Protection of Korea's unique tourism contents
- Promoting eco-tourism and marketing domestic travel
- Fostering convergence tourism

The overall vision was to create jobs and increase domestic demand through tourism.

2.5.3.2. Defining the Economic Contribution of travel and tourism to:

a) GDP

In 2017, the direct contribution of tourism to the South Korea was 1,6% of the total GDP which equated to KRW27,571 billion. It was expected to rise to 3,7 % of the GDP in 2018, contributing KRW28, 597 billion., and to KRW40,194 billion by 2028. This is as a result of the economic contribution of the hospitality industry and transportation.

b) Employment

By 2017 travel and tourism had directly created 548 500 jobs, which was 2,1% of the total employment of South Korea and was expected to grow to 675 000 jobs by 2028 (Turner, 2018).

This is the success story of how tourism contributed to the revival of the South Korean economy after a recession.

2.6. Ugu District tourism and local economic development

Rogerson (2002) identified tourism as a driver of local economic development, where local government has an opportunity to create platforms for community participation in tourism projects through planning with other sectors.

2.6.1. LED & Tourism in Umuziwabantu Local Municipality in Ugu

The key objectives of the LED and Tourism sector are to promote:

- local economic development through tourism initiatives;
- Entrepreneurship and SMME development;
- forestry development and
- Agrarian Reform.

2.6.2. LED

Umuziwabantu Municipality is the facilitator and conduit for the identification of the required resources for a clear developmental strategy focussed on a growing local economy. This LED unit is committed to co-ordinating services to the local community by creating opportunities for and supporting Local economic development by:

- Creating opportunities for local SMME's;
- Identifying and supporting poverty alleviation programs;
- Supporting agriculture, and facilitating access to markets;
- Marketing Umuziwabantu to attract potential investors;
- Workshopping local entrepreneurs on approaches to access capital, funding and resources from, private and non-governmental donor sectors;
- Promoting local job creation initiatives and business opportunities.

2.6.3. Tourism

The vision for tourism in Umuziwabantu Municipality is to grow and promote the local Tourism Industry as an important economic sector within the regional economy. Its mission is to use the principles of good governance and responsible tourism to successfully promote, market and develop tourism and its services and products.

The core objectives are to develop and support:

1. Emerging tourism services and products.
2. A local tourism strategy.
3. Regional and Provincial initiatives that promote local and international tourism.

Agriculture and SMME development industries are the two labour intensive industries that promote job creation and therefore contributes to employment and poverty alleviation in the Local Municipality (Municipality, 2011).

2.6.4. SCTA in Partnership with USCBDA

Within Integrated Development Plans (IDPs) and Local Economic development strategies, including other tourism and leisure research conducted by Ugu District Municipality, its partners have created a database of local economic development opportunities for public-private partnerships.

These include Amazon valley, South Africa's largest water park in the Kelso area of Umdoni Municipality; rural tourism projects at NyandeZulu Falls and Kwa-Nzimande Falls; beach precinct upgrades at Margate, Scottburgh, Port Shepstone and Turton; the "GO Gamalakhe" initiative as a peri-urban tourism precinct; Kwa-Xolo caves as a heritage site; Margate Airport upgrades and extension to create easier access to the region; construction of a 500-600 seater conference centre in Margate amongst many other such initiatives (Tilley, 2018).

The Ugu District has many beaches with blue flag status, which is a major tourist attraction to the region. The regular up-grading of the beach facilities, improvements to infrastructure, education and health contribute largely to the influx of tourists to the region. Strategic planning and development in the region focus largely on tourism and agriculture. Event tourism has developed into a major attraction as the Ugu Jazz festival and Africa Bike week have become global annual events bringing in people from all parts of the world. It also includes other renowned annual activities, such as the Africa Bike Week, which have gained momentum worldwide. Economic indicators show that tourism through the retail, catering and accommodation contributes about 18% of the regional economy (Joren, 2017).

According to Ugu South Coast tourism (2013), a strategic tourism framework for 2013 to 2017 was developed to:

1. Broaden the geographic area of tourism activities with associated socio-economic development for the local communities;
2. Expand the number of visitors to increase tourism revenue yields;
3. To develop responsible and sustainable development programmes for tourism product mix;
4. Create a platform for demand orientated tourism development and the provision of services;
5. Have service excellence requirements meeting national and international standards.

The implementation of strategies will be investigated in detail in this dissertation.

2.7. Conclusion

The tourism strategies of Iceland, Republic of Ireland and South Korea all have a commonality of objectives, which aim to promote tourism to boost the economy. The Municipalities in Ugu district have delegated the LED strategy of tourism to the South Coast Tourism Agency. The role of the LED manager in implementing Tourism strategies at a local government level is therefore negated and as a result the effects of implementation of tourism strategies at a local level is not optimised. While the vision of Ugu District Municipality is to employ similar tourism strategies to promote job creation and support local economic development (Tourism, 2013), the effectiveness of implementation of these strategies is not often realised due to lack of participation of the municipalities in formulating the tourism strategy and monitoring its implementation. The use of the tourism resources at Ugu district to its competitive advantage is then left to the South Coast Tourism Agency and the capacity of its Board members.

Chapter 3 - Research Methodology

3.1. Introduction

In the academic field research is the key means of gathering valuable data for the purposes of development. Research is necessary for developing new knowledge, testing hypotheses or for simply confirming existing knowledge amongst other reasons. New research should focus on new perspectives and the research methodology then becomes the procedure detailing how the research unfolds.

This study used the Resource-based View of the Firm to identify tourism strategies in global countries that were able to recover quickly from economic recession and to review the effectiveness of applying these strategies in Ugu District to promote local economic development.

This entails the use of **qualitative** data collection using the semi-structured interview as the tool.

3.2. Project Scope and Site Selection

The study was confined to Ugu District; however, the research was conducted on tourism strategies of Iceland, **Republic of Ireland** and South Korea. These strategies were regarded as best practice. Much of the data was gathered from journals, books and other documents from these countries and from South Africa.

3.3. Overview of Ugu District

The Ugu District Municipality IDP Review of 2016/2017 reveals that the Ugu District Municipality is one of 11 district municipalities in KwaZulu-Natal Province, on the east coast South Africa. Ugu District spans a coastline of 112 kilometres mainly of tourist beaches, which forms its Eastern border and is approximately 5866 km². In the North, the region is bordered by the town of Umkomaas of the Ethekewini Municipality,

Umgungundlovu and Harry Gwala District Municipalities in the West and shares its border on the Southern side with the Eastern Cape Province. There are 86 municipal wards, making up 4 local municipalities of Ugu district. The region also boasts 42 Traditional Authorities. The district is comprised of the largely urban coastal strip and the rural expanse on the inland side of the N2 freeway. The majority (80%) of the land is rural leaving only about (20%) urban.

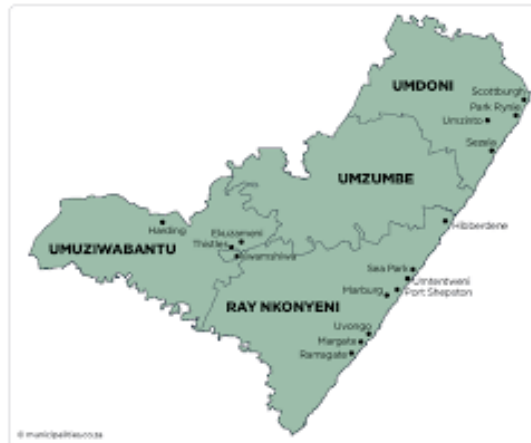


Figure 3.1: Ugu District Locality Map Source (GIS, 2015)

Ray Nkonyeni, Umdoni and Umzumbe Local Municipalities which form the coastal belt, is the economic engine of the district. Towns like Margate, Port Shepstone, Scottburgh and Port Edward are on the coastline. Due to the beautiful beaches, 5 of which are classified as ‘blue flag’, there are many tourism related activities along this coastal region. The rural hinterland is home to the Umuziwabantu, and major parts of the other local municipalities (Municipality, 2018).

3.4. Research approach and Rationale

Presently in South Africa we have experienced a downgrade to ‘Junk status’ by Standard and Poor, and by Fitch (Brown, 2017). Our economy is not growing more than 0,2% annually and youth unemployment is at over 50% (Balkaran, 2017). This study identified strategies in tourism of countries that recovered from economic crises and looked at the feasibility of applying these strategies in Ugu district.

The researcher chose to use the mono-method qualitative data collection technique to research by conducting interviews on the subject (Saunders et al., 2009). Qualitative research is an umbrella term that encompasses various research strategies that share common characteristics (Bogden & Biklen, 1992). Qualitative research provides the descriptive study of a research area without limiting the scope of the research and the nature of sample members' responses (Collis & Hussey, 2003). The semi-structured interview was used as the research tool.

3.5. Research Design

This study was based on the Interpretivism philosophical world view and the theory of phenomenology. According to Saunders et al. (2009), interpretivism looks at a cultural and historical world view. The focus was on the responses of interviewees to the semi-structured interview and how those responses were reflective of their knowledge and understanding of tourism as an LED strategy (Oliver, 2010). Phenomenology asserts that social reality is derived from peoples' experiences, where one is required to look for new meaning from existing phenomena. Phenomenology allows one to construct theories and meaning from data. Phenomenology mostly uses the method of interviews for data collection (Gray, n.d.). The inductive approach was used when analysing the responses during the interviewing process (Saunders et al., 2009). The inductive approach of the study commenced with research already conducted in the field and their findings, to determine a new perspective in terms of theories and conclusions in the fields of tourism and economic impact (Denzin & Lincoln, 2005). This approach was only challenged by small sample size that tested the issue of credibility (Denzin & Lincoln, 2005).

3.6. Purpose of the Research

This study used the theory of the resource-based view of the firm to identify global strategies in the tourism sector in order to boost local economic development in Ugu

District. This study was envisaged to ultimately provide suitable conclusions or resolutions to the problem statement, while the success of the research would depend on the extent to which these conclusions and resolutions answer the research question. It thus became necessary to reformulate the research question to a suitable aim and the sub-questions to obtainable objectives, which would then act as a guide to answering the research question.

3.7. Research Questions

The key research questions were listed as follows:

1. Can the tourism strategies of the countries in this study, contribute positively to local economic development in Ugu district?
2. Why were these global economies chosen for research?
3. What tourism strategies did these countries use to recover from economic recession?
4. How do these tourism strategies compare with those of Ugu district?
5. Will these strategies assist in boosting local economic development in Ugu district?

3.8. Research Objectives

The objectives of this research study were listed as follows:

- i. To establish if tourism strategies of the benchmark countries are applied successfully in Ugu district
- ii. To identify tourism strategies of countries globally that have recovered speedily from economic recession and downgrading.
- iii. To establish any correlation between tourism and economic benefit in those countries.
- iv. To explore the effectiveness of applying these tourism strategies in Ugu district to support local economic development

- v. To evaluate the contribution of the municipalities and the Ugu South Coast Tourism Board in supporting local economic development in Ugu District.

3.9. Research Process

The process of data collection proceeded after having obtained ethical clearance. The researcher met with the interviewees in June 2018 to explain this research, its processes and its relevance to Ugu District and thereafter, requested their participation in this research study. Once they acceded to the request, dates for the interviews were requested and confirmed. After the participants had given their permission to record the interviews, the interviews then proceeded with both recordings and copious notes for data analysis purposes.

3.9.1. Sample Selection

For the purposes of this research, sample members were chosen according to their positions in the various departments in Local Government, South Coast Tourism Board and Ugu South Coast Development Agency. This is purposive sampling to develop my research topic, by choosing my sample members according to their professional position, knowledge and expertise regarding my topic (Freedman et al., 2007). The researcher chose to interview the following members based on their position in the tourism sector in Ugu District:

1. Municipal Manager
2. LED Manager
3. IDP Manager
4. CEO Ugu South Coast Tourism
5. CEO Ugu South Coast Development Agency
6. Member of Board -SCTA
7. General Manager- Planning and Development

3.9.3. Data Collection

The interviews were conducted between 03-11 January 2019.

There was evidence/research-based data collection conducted through a literature review, combined with semi-structured interviews. This allowed for the interviewer to ascertain the participants opinion's, bias and emotions on a particular subject, thus requiring the interviewer to have developed the necessary skills to interview successfully (Fisher, 2005).

For the semi-structured interview, with Government officials, Board members and workers, a semi-structured questionnaire was used as a tool to gather data and to guide the interview. Semi-structured interviews allow for flexibility of responses to allow for free flow in the interview, and thus allows for spontaneous conclusions. The interviewer was always be alert to the possibility of the interview deviating from the required aims and objectives (Langkos, 2014). Qualitative data collection techniques were used by the multi-method approach to data collection (Saunders et al., 2009).

3.9.4. Data Analysis

While the mixed method approach for data collection can use both qualitative and quantitative techniques, data analysis uses qualitative analysis for data collected qualitatively and quantitative analysis for data collected quantitatively (Saunders, et al., 2009). According to Fetterman (1988) data analysis is the process of selecting data, processing it, abstracting from it and changing it to allow the researcher to better manage it.

This research involved note-taking and recordings. The accuracy of the notes was to be checked against the recordings. The content of the data had to be analysed by identifying common responses and or oppositional responses. As common themes appeared the researcher had to colour code them according to similarity (Van Wyk, 1996). After having analysed the content of the data, the researcher was able to group the data according to the research objectives. However, the researcher had to review

the data analysis to minimise human error which would have rendered the data false and unreliable (Krippendorff & Bock, 2008).

3.10. Ethical Considerations

After the researcher obtained the Ethical Clearance from UKZN, which also included the Gatekeeper's letters from the Institutions where the interviewees were based, the researcher continued with the primary data collection. The Participants were informed on the aim and objectives of this research and why it was important and relevant to Ugu District. Their permission was obtained to participate in this research through a signed consent form. They also signed declarations of confidentiality that would preclude them from compromising the research findings and which would assure them that their responses would be confidential and would only be used for the purposes of this study. The participants were reassured that they would not be at any risk by participating in this research and that the researcher would always ensure that the sample members were comfortable.

3.11. Validity and Reliability of Data

Reliability of the data depends on how consistent the findings will be every time the research is conducted. Validity focuses on accurate representations. Threats to the validity of the data which may be affected by historical factors. Prior knowledge may affect the outcome of this research. The instrumentation must also be carefully devised to avoid confusion, or other challenges that may affect the validity of the data. Maturation is another factor that could cause challenges to the validity if the instrument is presented to the interviewees after long intervals. The researcher must also try to overcome the threats of participants' bias and error, and observers' bias and error (Saunders et al., 2009). The researcher must always remain objective to eliminate any form of researcher bias.

3.12. Summary

This study enlists the theory of the Resource-based view of the Firm to evaluate tourism strategies in Ugu district. The researcher took the qualitative research approach as the data collected was qualitative data. The research design was informed by Saunders (2008) using the Research “onion” The researcher used the inductive approach of the interpretivism philosophy to conduct interviews, thereby using mono-method data collection techniques. Before data collection could be undertaken, the researcher had to obtain ethical clearance. The interviewees identified were carefully sourced from key roles in Tourism and LED in Ugu district. The researcher gave due consideration to the importance of research purposes, methods, conceptual context, research questions and reliability and validity of research techniques.

Chapter 4 – Presentation of Results

4.1. Introduction

This research was undertaken to collect primary data and to establish the current tourism strategies of Ugu District and its effectiveness in boosting LED in Ugu District. Key role players that were identified in tourism and LED in Ugu District were:

1. CEO of South Coast Tourism Agency
2. CEO of Ugu South Coast development Agency
3. Municipal Manager
4. LED Manager
5. IDP Manager
6. Planning and Development General Manager
7. South Coast Tourism Agency board Member

How tourism strategies are identified, conceptualized and implemented by the key role players at municipal level to boost LED in Ugu District, was the main aim of the study.

4.2. Key Themes emanating from Research Objectives

Key themes which emanate from the research objectives, form patterns of interest which then become important in shaping the meaning and subsequently drawing conclusions. The table below graphically depicts this information.

Table 4.1: Key Themes emanating from Research Objectives

Themes	Research Objectives
Theme 1 International travel and international tourism strategies	Research Objective 1: To establish if tourism strategies of the benchmark countries are applied successfully in Ugu district.

<p>This theme gives an indication of the experience and exposure of the key role players in tourism to international travel, destinations and tourism strategies.</p> <p>This theme is related to Research objectives (i), (ii) and (iii).</p>	<p><u>Research Objective 2:</u> To identify tourism strategies of countries globally that have recovered speedily from economic recession and downgrading.</p> <p><u>Research Objective 3:</u> To establish any correlation between tourism and economic benefit in those countries.</p>
<p><u>Theme 2</u> This theme gives an indication of the experience and exposure of the key role players in tourism to international travel, destinations and tourism strategies.</p> <p>This theme is related to research objective (iv)</p>	<p><u>Research Objective 4:</u> To explore the effectiveness of applying these tourism strategies in Ugu district to support local economic development using the resource-based view of the firm.</p> <p>The participants ability to identify tourism resources in Ugu District and their understanding of why these resources give them the competitive advantage over other regions is ascertained.</p>
<p><u>Theme 3</u> The conceptualization of tourism and LED in Ugu District</p> <p>This theme is related to research objective (v)</p>	<p><u>Research Objective 5:</u> To evaluate the contribution of the municipalities and Ugu South Coast Tourism Board in supporting local economic development in Ugu District.</p> <p>Determining the effectiveness of the Local</p>

	Government Practitioners as economic drivers in implementing tourism and LED strategies in Ugu district.
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4.3. Key Research Questions and Interviewee Responses

The key research questions and research objectives are then examined to determine the extent to which they are answered and achieved, respectively. The table below graphically depicts this information.

Table 4.2: Key Research Questions versus Interviewee Responses

Question Number	Interviewee Responses
1. Have you travelled to other countries?	Interviewees 1, 2, 3 and 5 indicated that they had travelled internationally, making up 57% of the participants, while 43% had not travelled internationally.
2. If yes, what were your observations regarding tourism in those countries?	<p>Interviewee 3 stated that in Kenya, Cultural tourism was observed as to be a significant tourism strategy. The Masai tribe and its Dancers were a major attraction. In Ghana, the Slave museum and historical tourism was featured prominently. Portugal's street cafes were observed to be supported against the multinational malls.</p> <p>Interviewee 1 responded that in New York, the street vendors selling fast foods and the small entrepreneur selling maps at the airport were immediately observed as successful tourism strategies.</p>
3. If No, what were the main reasons for not	All the responses (Interviewees 5, 6 & 7) indicated financial reasons as the main reason for not travelling abroad. One response (Interviewee 2) indicated that

<p>having travelled internationally?</p>	<p>sometimes people have cultural fears, for example, fear of flying in a plane.</p>
<p>4. Do you believe that their tourism strategies were effectively assisting their economies to grow?</p>	<p>The day visa and airport hotels (Interviewee 2), good infrastructure and safety factors (Interviewee 1) and marketing (Interviewee 5). Interviewee 2 stated that the Dubai airport and its mall were also observed to be nothing like we have in South Africa. Interviewee 5 indicated that in England, Historical tourism of Castles and battlefields were the main strategies observed.</p>
<p>5. Can you list three examples of how tourism was assisting local economic development in those countries?</p>	<p>Street vendors in New York and in the UK were provided with facilities by the government. Tourists support these small businesses because food is cheap but regulated. In China and India the tourists use the tuk-tuk mode of transport thereby supporting the tuk-tuk drivers (Interviewee 1). The Day visa in other countries allows tourists to spend on food, transport and shopping in that country. Airport hotels allow for tourists to rest while waiting for a connecting flight, thereby supporting the hospitality industry in that country (Interviewee 2).</p>
<p>6. What were the specific tourism strategies, if any, that impressed you?</p>	<p>Interviewee 2 indicated that Dubai is marketed as a shopping haven. Tourists go to Dubai to purchase brand names instead of going directly to Italy or France. Dubai has the day visa to encourage tourists to visit the country. Interviewee 3 responded that more tourists mean more spending, more forex brought into the country. Interviewee 5 stated that first world countries are seen to be more experimental with their strategies to boost tourism.</p>

<p>7. Can you list 3 successful tourism strategies of Ugu south coast tourism agency?</p>	<p>Responses from interviewees 1 and 6 included: Events tourism, Ugu Jazz festival, Bikers' week, business retention and expansion.</p> <p>Response from interviewee 5: The Southern Explorer.</p> <p>Interviewees 2, 4 and 7 indicated that USCTA was failing to co-ordinate tourism in the district.</p>
<p>8. Why do you believe that these strategies are successfully implemented at Ugu District?</p>	<p>Four respondents indicated that they disagree that the strategies are being implemented successfully and listed service delivery issues like potholes and water shortages as reasons for their responses.</p>
<p>9. Do you believe that These strategies are rare? Explain</p> <p>10. Do you believe that these strategies are valuable? Explain</p> <p>11. Do you believe that these strategies are inimitable? Explain</p> <p>12. Do you believe that These strategies are non-substitutable? Explain</p>	<p>Do you believe that these strategies are non-substitutable? Explain</p> <p>Affirmative responses for questions 9, 10, 11 and 12 include:</p> <p>Interviewee 2 responded that Ntlezi Msani heritage site and KwaXolo caves in Umzumbe were unique tourist attractions catering for Cultural and Historical tourism.</p> <p>Interviewee 3 stated that Blue Flag beaches, warm weather through-out the year, SCTA focuses on coastal belt, Amakhosi areas for cultural tourism, natural beauty such as Oribi Gorge gave this region the competitive advantage over other areas. Interviewee 3 also stated that hotels are not world class and access roads are often in a poor condition.</p> <p>Interviewee 5 responded that annual events and sports like golf, where Ugu region has 4 golf courses, and diving give this region the competitive advantage</p>

<p>13. How would you define local economic development?</p>	<p>Interviewee 2 defined LED as local business people being assisted to move from Grade 1 companies to Grade 9, characterised by an increase in purchase of local products</p> <p>Interviewee 6 stated that it is the ability to circulate your rand 3 to 4 times in your district before it moves out of the district</p> <p>Interviewee 3 stated that it involves making use of local knowledge, resources and market intelligence to position your area to benefit local economic development</p> <p>Interviewee 4 responded that it is the need to identify economic drivers and work towards supporting those</p> <p>Interviewee 5 stated that the 'Shisa Nyamas' in the hinterland are an example of LED.</p> <p>Interviewee 1 stated that as tourism contributes 60% of local GDP, the municipalities must work harder on tourism to create more jobs.</p>
<p>14. How effective are your LED policies/strategies?</p>	<p>Local Municipalities are failing to use tourism as a tool for LED. Municipalities should have their own tourism strategies (Interviewee 1). Nothing clear is emanating from municipalities. LED strategies are not catalytic economic drivers which are aimed at investors. Municipalities do not benefit from tourists (Interviewee 2). LED strategy focuses mainly on grants-in-aid and SMME support (Interviewee 6). Some municipalities have not implemented the Tourism/LED strategies of 2015 (Interviewee 7). LED Managers are not driving tourism. It is outsourced to the two agencies. Business plans are not being drawn up to get funding for urban renewal projects, small town rehabilitation and infrastructure maintenance programs. EPWP funding can be increased by simply</p>

	submitting a report to provincial government (Interviewee 7).
15. When was the last time your LED policy was reviewed?	2016 (Interviewee 2), 2018 (Interviewee 3), currently (Interviewees 4, 6 and 7).
16. In your opinion how does tourism contribute to LED in Ugu district?	<p>Interviewee 1 stated that tourism contributes substantially to LED in Ugu. Tourism contributes 60% of GDP in Ugu district. During festive seasons hotels are fully booked. More staff is employed during this season. SCTA can determine impact of tourism by establishing how many beds were full during the holiday season.</p> <p>Interviewee 3 indicated that the blue flag beaches bring in many tourists who spend in this area. Small stalls are springing up everywhere. There is a need to create more awareness about how tourism contributes to LED.</p> <p>Interviewee 2 responded that tour guides, life savers and restaurant staff are increased during the peak tourist seasons.</p>
17. What is your assessment of the implementation of tourism strategies in Ugu?	<p>Interviewee 2 stated that the focus on the beaches only, presents a challenge.</p> <p>Interviewee 3 responded that the implementation of tourism strategies is not effective.</p> <p>Effectiveness is measured by success of implementation. If the implementation is not happening, then the strategies cannot be effective.</p> <p>Interviewee 7 stated that Government employees are relaxed and that they do not take the initiative to use intergovernmental resources to drive LED. There are no SLAs with other government departments to drive tourism strategies.</p>

	<p>Interviewee 6 indicated that because Ugu has outsourced tourism to SCTA and USCBDA, it has become ineffective as the implementor of tourism strategies.</p>
<p>18. What are the tourism challenges experienced by tourists in this area and how can these challenges be overcome?</p>	<p>Potholes and poorly maintained infrastructure (All Interviewees except Interviewee 1).</p> <p>Interviewees 1, 2, 4,5 and 6 highlighted water shortages that presents a crisis during the holiday season. Water contamination recently, deterred tourists from visiting this area. This caused cancellations of hotel bookings and the spiral effect was felt by casual labour who depend on the holiday season for employment. The municipalities need to invest in infrastructure to attract tourists. Currently the poor condition of the roads results in many tyres being damaged. There is also a shortage of night life options in this area. Interviewee 3 stated that tourists see Ugu as a destination for old people. There is a lack of world class facilities. Interviewee 1 observed that the tourists do not have access to local transport. There is no uber service in Ugu. Crime and pickpocketing is a problem during the festive seasons. Bad media also deters tourists from visiting the area.</p> <p>The Municipality must plan properly for the holiday season, together with all key role players (Interviewee 7). The South African Police Services need to plan safety and security strategies together with the municipalities (Interviewee 3). Interviewee 3 also stated that the infrastructure should be maintained and other municipal services like verge cutting, water safety and refuse collection should be delivered timeously. The SCTA should warn tourists about unscrupulous tour operators</p>
<p>19. What are the challenges for</p>	<p>Interviewee 6 responded that the Municipalities should do away with the SCTA and USCBDA and bring back the</p>

<p>successful implementation of tourism strategies at Ugu District and how can these challenges be overcome?</p>	<p>function to the municipality. Municipalities do not participate directly in Tourism/LED strategic planning. SDBIP does not include tourism projects.</p> <p>Interviewee 5 indicated that there is too much red tape to get projects started.</p> <p>Interviewee 2 responded that the national regulating authorities are very strict in grading BnBs.</p> <p>Interviewee 4 stated that there is a lack of human resources.</p> <p>Interviewee 1 stated that Councillors should ensure there is adequate funding in the budget for tourism support activities. Tourism levy of 1% goes to National Government and very little of that comes back to the Municipal Area. Further, the tourism levy is a voluntary contribution and could become more substantial if it is made compulsory. This will serve to regulate pricing of tourist services.</p> <p>Interviewee 3 stated that there is not enough budget for successful implementation of these strategies. These strategies are often not linked to the resources we have in our areas. Marketing strategies are not aggressive enough.</p> <p>Interviewee 7 responded that there is a need to treat tourism strategy as an intergovernmental strategy. Municipalities are seen to be spending millions on doing assessments of infrastructure, but the recommendations of these reports are seldom implemented. Councillors do not understand the importance and the contribution of tourism to their wards. LED practitioners do not have the specialist skills required to drive tourism. Tourism/LED strategies are drawn up by Consultants who are not engaging in skills transfer to LED practitioners.</p>
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<p>20. How effective are the LED managers in ensuring that tourism contributes to LED?</p>	<p>As Consultants are hired by municipalities to draft the LED strategies, there is little skills transfer to LED managers (Interviewee 7).</p> <p>Interviewee 4 stated that LED managers are often from a planning background, focussing on SMME development. When tourism is driven by the LED Officer who is not trained in tourism, LED will fail.</p> <p>Interviewee 3 responded that the LED manager should be a co-ordinator, a deal breaker, researcher and have market intelligence. They must be able to plan for tourists. LED managers should influence the process of the budget to get more funding for implementation of LED strategies. Effectiveness is measured by results. There is room for improvement.</p>
<p>21. How effective is the political leadership in ensuring that tourism strategies are implemented?</p>	<p>Councillors are trained on legislative and compliance requirements. They seem to lack an understanding of the impact of tourism on the local economy (Interviewee 7).</p> <p>Most councillors sitting on Planning and Development Portfolio committee need capacity building (Interviewee 3).</p> <p>Interviewee 1 indicated that councillors need to understand the function of tourism.</p>

22. Give an example of a tourism/LED story

Interviewee 6 responded that the Ugu jazz festival which is managed by Ugu municipality has replaced the previous Lourie awards. This annual event attracts local and international tourists to Ugu.

Biker week is managed by SCTA and is a very successful annual event (Interviewee 4).

Sani-to-sea and Johannesburg-to-sea are annual events in Umdoni where the local school and the community also benefit (Interviewee 4).

Johannesburg-to-sea (Interviewee 4).

Great Drives out is a local tourist map show casing the whole of Ugu (Interviewee 4).

Interviewee 3 responded that the Blue Flag beaches which are a collaboration of Private sector in partnership with the public sector.

The Ntlezi Msani heritage site hosts an annual event where people from all parts of the province attend to participate in the event (Interviewee 2).

The Umzambe multi-trail project is a multi-group collaboration to form hiking trails from the hinterland to the coast (Interviewee 2).

The four golf courses in Ugu district provide world class golfing, while the Aliwal Shoal is famous for shark cage diving (Interviewee 1).

The figure below represents the various responses of the interviewees to question 8.

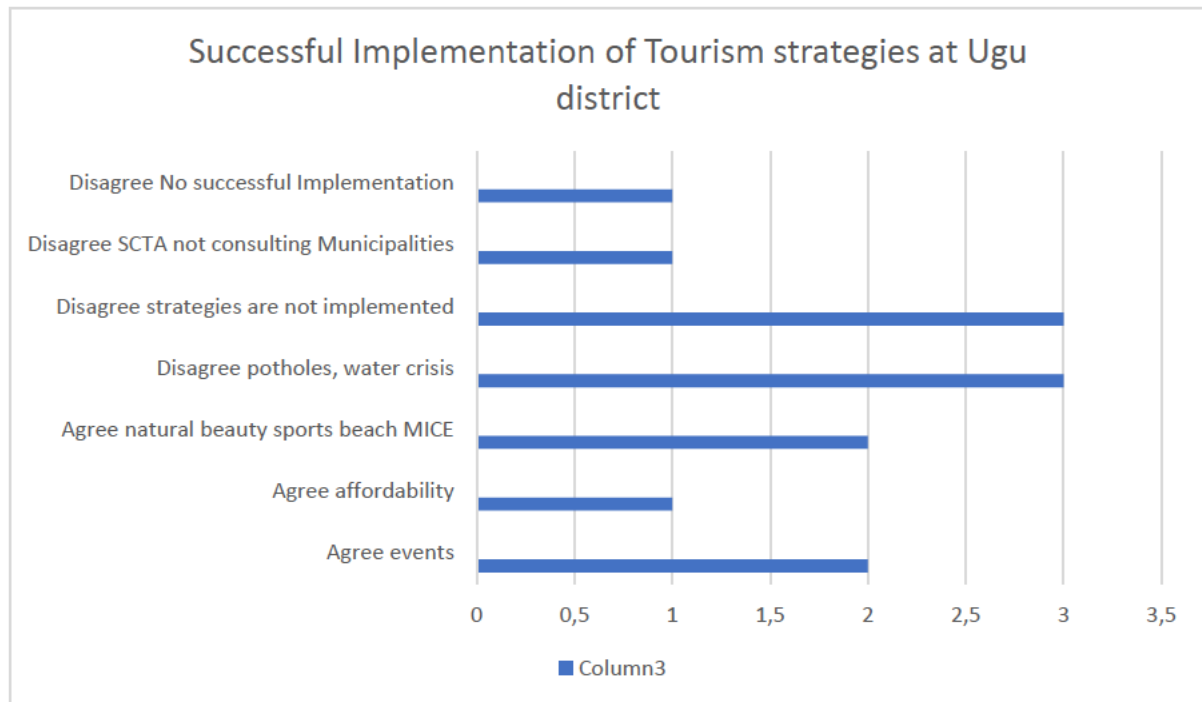


Figure 4.1: Number of Participants and their Responses to the Question 8.

Four respondents indicated that they disagree that the strategies are being implemented successfully and listed service delivery issues like potholes and water shortages as reasons for their responses.

4.4. Summary

In this chapter the researcher presented the findings to the key research questions as articulated in Chapters one and three. This study focused on tourism strategies being used as a tool to boost local economic development in Ugu district. The primary data findings seem to indicate that the Ugu district tourism strategy is experiencing challenges with implementation for several reasons, as indicated by the various interviewees, thus not being able to optimise local economic development in this District. The responses from the participants speak to the themes as indicated above.

Chapter 5- Research Findings and Analysis

5.1. Introduction

This chapter will provide a discussion of the primary data findings obtained.

The main research questions of this study are:

1. Can the tourism strategies of the countries in this study, contribute positively to local economic development in Ugu district?
2. Why were these global economies chosen for research?
3. What tourism strategies did these countries use to recover from economic recession?
4. How do these tourism strategies compare with those of Ugu district?
5. Will these strategies assist in boosting local economic development in Ugu district?

The objectives of this research study are listed as follows:

- i. To establish if tourism strategies of the benchmark countries are applied successfully in Ugu district
- ii. To identify tourism strategies of countries globally that have recovered speedily from economic recession and downgrading.
- iii. To establish any correlation between tourism and economic benefit in those countries.
- iv. To explore the effectiveness of applying these tourism strategies in Ugu district to support local economic development
- v. To evaluate the contribution of the municipalities and the Ugu South Coast Tourism Board in supporting local economic development in Ugu District.

This research undertook to determine the extent to which the key research questions were answered and the research objectives achieved, while identifying the challenges to successful implementation of best practice tourism strategies in Ugu district.

5.2. Themes and Corresponding Research Objectives

The following three themes will be discussed:

5.2.1. International travel and international tourism strategies

This theme is related to research objectives (i), (ii) and (iii).

In the Literature review, a study of tourism strategies in Iceland, Republic of Ireland and South Korea was undertaken, specifically to identify international strategies that helped these countries emerge from recession. The study was then taken to Ugu District to ascertain whether similar tourism strategies were employed to counter the South African recession of 2017/18. Of the seven respondents, who were identified using purposive sampling, chosen because of their knowledge, expertise and professional positions in tourism in Ugu district, three revealed that they had not travelled out of the country. While knowledge and understanding of tourism strategies can be acquired theoretically from textbooks and workshops, it is often the practical experience that provides the greatest learning. From the responses of those interviewees that had not travelled abroad it is evident that in some instances, tourism planning is done theoretically.

The responses of those interviewees having travelled abroad indicated a critical understanding of tourism strategies of the countries they had visited. They were able to conceptualize the role of tourism and local economic development by identifying the tourism opportunities created by those governments for the small entrepreneur. They were further able to list government policies abroad that promoted tourism and tourism revenue, such as the Day Visa in Dubai and the ability to exchange forex at local street cafes in Portugal. The street vendors of New York and the Tuk-Tuk drivers in India and China were also identified as examples of how tourism supports local economic development. Respondents with international travel experience were able to identify the key factors that promote tourism in those countries.

Most of the respondents listed infrastructure as the most important tool promoting tourism. The accessibility of the airports and the quality of the roads and buildings were identified as key tourism strategies of the countries they had visited. This understanding is supported by the document Promote Iceland (Iceland, 2013) which states that increasing tourism business performance capacity and improving transport infrastructure for tourists are two of the long-term strategies of Icelandic tourism (Iceland, 2013). Their observation was also that the international destinations' tourism strategies included cleanliness of the environment and safety of tourists. These governments use their unique resources to bring tourists to their country, but providing sufficient budgets for their marketing and maintenance.

The cultural tourism of Kenya involving the Masai tribe is unique to that country and is a major attraction for tourists visiting Kenya. Businesses in cultural tourism provide new consumption markets for the local economy. In this way a Region's cultural tourism is promoted as customer satisfaction forms the reason to return to this region (Kim, 2013). The Historical tourism of Ghana using the Slave Museum as the major attraction is unique to Ghana and hence these unique resources give these countries the competitive advantage. The interviewees were able to clearly identify tourism strategies of these international destinations by experiencing them and not by having a theoretical education. The most effective tourism strategy was identified as aggressive marketing of the tourist attractions of a country and of its infrastructure. Thus, Iceland uses the 'Natural' as a resource for competitive advantage, marketing mostly the natural beauty as a tourism strategy (Cronin & Connor, 2003).

According to Hall et al. (2009), the Republic of Ireland's department of foreign affairs and trade also list tourism strategies of the Republic of Ireland on their website, which includes sharing the Republic of Ireland's economic message with key role players to enhance international interest in the Republic of Ireland. These marketing strategies of the Republic of Ireland and Iceland support the view of the interviewees. Strategic Tourism Practitioners therefore need to have skills and experience that enable them to use the available tourism resources as economic drivers in Ugu District. Some of these skills are easily acquired through international travel experience and observation.

5.2.2. Knowledge and understanding of tourism strategies and implementation in Ugu District

This theme is related to research objective (iv).

South Coast Tourism Agency is a marketing agency. Most of the budget goes to creating a demand. They have created the Southern Explorer which is a magazine for tourists. The Great drives out is a local map showcasing local tourist attractions and their routes. They depend on the National Government to effect grading a quality assurance. The budget for this comes from National Treasury and the 1% tourism levy. The tourism levy is a voluntary contribution and while some establishments charge the levy, others do not. The Municipalities in Ugu District subsidise South Coast Tourism Agency. As a result of the continuous warm weather of the South coast, tourism in Ugu is not only seasonal. The South Coast tourism agency is supposed to link with the municipalities to ensure that verges are maintained in tourist areas, roads are maintained, good water is available, and crime is kept low. The Ugu South Coast Development Agency and the LED departments in the municipalities focus on business retention and expansion.

Events tourism is gaining popularity in Ugu together with sport and outdoor sport like hiking and zip-lining. The contribution of the Municipality to event tourism is limited to the Ugu Jazz festival while the other events are co-ordinated at the level of SCTA. While the 2013-2017 Tourism Strategic Framework of South Coast tourism agency identified expanding the number of visitors to increase tourism revenue yields and creating a platform for demand orientated tourism development and the provision of services as two of its main purposes, the respondents expressed a disappointment in the agencies, both SCTA and USCBDA. They indicated that in the main, these two organizations fell far short of any substantial achievement. Some respondents had limited knowledge of tourism strategies of SCTA, and that is significant as it is indicative of the non-achievements of marketing strategies of SCTA. It is also

significant that of the seven key role players interviewed, only the CEO of SCTA was able to report on some tourism strategies of SCTA.

Barney (1991) also explains that in order to have sustained competitive advantage potential, the resources that contribute to the favourable implementation of strategies that improve a firm's efficiency and are a source of sustained competitive advantage, are considered valuable. When asked to identify such valuable resources that gives Ugu tourism the competitive advantage over other regions, most interviewees responded that it was the yearlong warm weather and the blue flag beaches. Others indicated event tourism, sport, diving, hiking, golf, and the natural beauty of the area. It is observed that none of the respondents spoke of the hospitality industry, the hotels, restaurants, caravan parks and BnB's. These were not identified as resources that give Ugu the competitive advantage. Lack of world class facilities was mentioned more than once. Other resources that give Ugu the competitive advantage are the inimitable and unique resources such as the Oribi Gorge, Nyandezulu waterfalls and KwaXolo caves. These are the natural unique tourism resources which are specific to Ugu district, resulting in repeat tourism.

5.2.3. The conceptualization of tourism and LED in Ugu District

This theme is related to research objective (v).

The key objectives of the LED and Tourism sector are to promote local economic development through tourism initiatives, entrepreneurship and SMME development, forestry development and agrarian reform (Municipality, 2011). Local economic development depends on implementation of LED strategies at local government level. Ugu district is marketed as a holiday destination. With tourist comes their capital investment in the region. Accommodation, rentals, souvenir programs, arts and crafts, and restaurants benefit from the influx of tourists during the holiday seasons. LED practitioners of the 5 Municipalities in Ugu District are the economic drivers of the region. They need to have local knowledge of Ugu region and the available tourism resources, and also have market intelligence to position this region for benefit of local economic development. This involves small business being assisted through skills

development programmes to grow from grade 1 to grade 9, while simultaneously being able to attract investors from outside the region. There should be a programme to promote the purchasing of local goods to ensure that local bakeries, 'shisa nyamas' and tour guides, which are examples of such small businesses, are not grant-dependent.

In Umuziwabantu Municipality the vision for tourism is to grow and promote the local Tourism Industry as an important economic sector within the regional economy by developing and supporting emerging tourism services, a local tourism strategy and regional and provincial initiatives to promote local and international tourism (Municipality, 2011). LED practitioners at the municipalities, who are tasked to implement LED and tourism strategies, are not consulted in the drafting of the SCTA tourism strategies and roll-out plans.

LED policies are only effective in as far as they are implemented. These LED practitioners focus mainly on Grants-in-aid and support of SMME's. They are also not consulted when tenders are awarded and are unable to ensure that local small contractors are given opportunities to sub-contract. The LED policies are therefore not catalytic in nature and do not focus on attracting investors.

As tourism contributes almost 60% of Ugu's GDP, making it the major contributor to the local economy. LED practitioners, as economic drivers, should be actively engaged in implementing the tourism/LED strategy of the region. The delegation of tourism, in its entirety, to the SCTA and USCBDA absolves the LED practitioners of all involvement in tourism. Tourism is the responsibility of the officials and board members of these two agencies. The boards of these two agencies only have members from the private sector. This creates a disconnect between the IDP's and LED strategies of the local municipalities and the tourism strategies of SCTA.

Within Integrated Development Plans (IDPs) and Local Economic development strategies, including other tourism and leisure research conducted by Ugu District Municipality, its partner Local Municipalities and the Ugu South Coast Development Agency, Ugu South Coast Tourism has created a database of local economic

development opportunities for public-private partnerships (Tilley, 2018). The lack of communication between these two drivers of tourism in the region, create an environment where the SCTA operates in isolation and without consulting or reporting to its major funders, being the local municipality. The projects of tourism in the IDP and the targets of the LED strategies then become theoretical, compliance documents. The blue flag beaches, however, are an example of how public-private partnership can succeed in promoting tourism in Ugu District. The SCTA is involved in marketing and events management while the Municipality provides services of maintaining infrastructure, beach cleanliness, water quality maintenance and providing life guards. When the officials of the SCTA complain that they do not know who to go to in the municipalities and that the local municipalities should have their own tourism strategies, it makes the lack of co-operation between these two entities even more obvious.

This study identified some of the challenges that hamper the effective implementation of tourism strategies in Ugu district and are listed below as:

5.2.3.1. Implementation of IDP and LED

The IDP is the plan of development for a municipality and involves all stake holder input. The LED strategy finds itself in the IDP. One of the respondents indicated that the IDP and the LED strategy have become compliance documents meant for 'ticking of the boxes', rather than a development tool for growth in the region. These crucial documents, if implemented correctly, can provide the impetus for economic growth in the region. The respondent found that government employees were 'too relaxed'. They show no initiative when it comes to implementation and the LED strategy and IDP become theoretical documents, that are reviewed without critically analysing the achievements.

5.2.3.2. Implementation, Monitoring and Evaluation

While Joren (2017) contends that strategic planning and development in the region focus largely on tourism and agriculture, the implementation of these strategies are often not effected. Three of the interviewees contended that this situation is perpetuated through lack of monitoring and evaluation of implementation of the strategies. Performance management has also become a matter of compliance and theoretical in nature rather than results orientated. While implementation is measured by results, such results can only be achieved by understanding the role and contribution of tourism to LED.

5.2.3.3. LED manager expertise/qualifications

The LED practitioners are expected to co-ordinate LED at the level of the municipality. Tourism which is a critical component of, and contributor to, LED is overlooked. Most of the interviewees responded that the LED managers often lack qualifications and experience in tourism. Some are Town Planners. Their focus appears to be on SMME development, economic hubs and training of small entrepreneurs on acquiring funding and drafting business plans. Some respondents viewed the role of the LED practitioner as that of a researcher to acquire market intelligence, a deal breaker to ensure stakeholder involvement is optimised, a co-ordinator of LED and tourism programmes in collaboration with SCTA and USCDA and a planner for timeous implementation of tourism strategies in the region. There appears to be a disconnect between the SCTA entrusted with developing tourism and the LED component of the municipalities. As tourism has been outsourced to the SCTA, the municipalities' role in tourism planning and implementation has been reduced to service delivery issues.

This study found that the LED strategy is drafted by Consultants contracted by the municipality. As part of the SLA between the municipality and the appointed consultants, they are supposed to work in collaboration with the LED practitioner and to ensure that there is skills transfer to the LED practitioner. This part of the SLA is often not implemented. The LED practitioners are expected to have an understanding of funding and budgeting in order to request funding from the municipalities budget for

LED and tourism development products for a financial year. This requires of them fiscal knowledge.

The study also revealed that the LED practitioner does not attend the Infrastructure Portfolio Committee meetings, although infrastructure development and maintenance are fundamental requirements for LED. Another LED funding strategy that is often neglected is the drafting of business plans to submit to COGTA for funding of projects.

5.2.3.4. SCTA and USCBDA

SCTA and USCBDA were constituted to focus on tourism and business development and support, respectively, in the region. Initially all the Municipal Managers were expected to attend board meetings, but this has since been changed and like the USCBDA, the board members are mainly from the private sector. The private sector is seen to be market-driven while the municipality is seen to be service-orientated. Many of the interviewees responded that this presented a challenge to implementation of LED at the level of the municipality as there appeared to be two entities having the same agenda without any collaboration. Officials of USCBDA have indicated that there is much room for improvement on the part of LED practitioners in Ugu district. A failure of SCTA as indicated by a respondent, is lack of aggressive marketing strategies.

The SCTA is not seen to be optimising the tourism resources of the hinterland and Amakhosi areas by developing marketing strategies for cultural and historical tourism. The website of SCTA is observed to be frequently offline. The SCTA and USCBDA are funded by the municipalities who believe they get little value-for-money in return. The view expressed by some respondents is that the funding is spent mostly on tourism initiatives in Ray Nkonyeni municipality. Conversely, the SCTA complain that funding from the municipalities is insufficient to successfully drive tourism in Ugu District and that the 1% voluntary tourism levy goes straight to the National Department of Tourism and does not come back in same value to the district. A member of the SCTA board responded that there is too much of red tape for start-up LED projects for small entrepreneurs in the hospitality industry.

The SCTA and USCBDA would be more effective if relocated to Ugu District Municipality's LED Department, where they can work in collaboration with the mission statement and vision of the Ugu municipalities.

5.2.3.5. Political Leadership

In Iceland, the view of the Icelandic tourist board, which was established to promote economic development and diversification, was that the government did not have a real interest in tourism and if they did, they viewed it as a threat to the normal order of things like agriculture, industry and the fisheries (Huijbens, 2010). Similarly, the findings of this study indicate that the councillors, who are the political leadership in the municipalities, did not fully understand the contribution of tourism to LED and were therefore perceived to be reluctant to provide funding for tourism development projects. This also supports the view of some respondents who indicated that they had not travelled abroad as it did not appear to be a priority in their lives at that time.

5.2.3.6. Challenges experienced by tourists to Ugu District.

Tourists are attracted to Ugu district because of its blue flag beaches and warm weather. They expect an environment that is clean, healthy, aesthetically pleasing and user-friendly. One of the main challenges identified by 100% of the respondents is potholes and poor quality of roads. Having to repair damaged tyres and rims can seriously deter tourist from returning to an area. Poor verge maintenance and water services often present as challenges to tourists. In 2017 many tourists had to terminate their holidays short due to water shortages. The recent water contamination at the beach from effluence spillage received widespread media coverage but when the situation was contained, as one respondent noted, there was minimal media exposure.

Safety and security issues can also present a challenge to tourism. An increase in criminal activity during peak holiday season in certain areas serves as a deterrent to tourism. Another challenge experienced by tourists is lack of safe transport facilities. As there is no uber in Ugu District for tourists who have no vehicles, transport can be challenging as they run the risk of falling prey to unscrupulous tour operators. While

Ugu district can be proud of their blue flag beaches and world class golf courses, the lack of world class hotels in the region also impacts on the spending power of the tourists visiting this region. The 'big spenders' are observed to be choosing Cape Town and Ballito over Ugu Districts warm weather and many other tourist attractions.

5.3. Summary

This research undertook to determine the extent to which the research objectives were achieved in Ugu district, while identifying the challenges to successful implementation of international tourism strategies.

The following themes emanated from the data and analysis thereof:

a) International travel and international tourism strategies

43% of the interviewees who had indicated that they had travelled internationally, responded with a critical understanding of tourism strategies used in the various countries abroad and were able to conceptualize the role of tourism in LED in Ugu district.

b) Knowledge and understanding of tourism strategies and implementation in Ugu District

This study found that some respondents, who are key-role players in tourism in Ugu district, had limited knowledge of tourism strategies of SCTA, and that is significant as it is indicative of the non-achievements of marketing strategies of SCTA. It is also significant that of the seven key role players interviewed, only the CEO of SCTA was able to report on some tourism strategies of SCTA.

c) The conceptualization of tourism and LED in Ugu District

LED practitioners of the municipalities of Ugu district are not responsible for the implementation of tourism strategies as this function has been delegated to SCTA. Tourism then becomes the responsibility of the officials and board members of SCTA. The boards of these two agencies have members from mainly the private sector. This allows for the SCTA to operate in isolation, where consultation with the municipalities

is very rare, creating a disconnect between the IDP's and LED strategies of the local municipalities and the tourism strategies of SCTA. The implementation is also not monitored and evaluated by the municipality. LED practitioners, together with other key role players, need to work collectively to ensure that the Tourism Strategic Framework is the most effective LED tool in Ugu district.

d) Challenges to successful implementation of tourism strategies

The Challenges identified in this research are the many hinderances to successful implementation of tourism strategies to boost LED. They include:

- Non-implementation of IDP and LED strategy
- LED practitioners lack of tourism qualifications and experience
- Delegation of tourism to SCTA
- Lack of monitoring, implementation and evaluation of IDP and LED strategy
- Councillors failure to conceptualize tourism as an LED strategy
- Difficulties experienced by tourists

Chapter 6 – Conclusion and recommendations

6.1 Introduction

LED according to O’Sullivan and Jackson (2002), was developed to promote investment and sustainable economic growth of communities. This research undertook to identify tourism strategies that could promote LED in Ugu district.

While Chapter 5 has detailed the findings and analysis of this research, this chapter serves to expand these findings by focussing on whether the key research questions were answered, while simultaneously examining the extent to which the research objectives were achieved. This chapter further presents the key lessons learned, the implications going forward, limitations, recommendations and subjects for further research.

6.2 Conclusions addressing the research questions and objectives

The aim of the study was to identify global strategies in the tourism sector that support LED in Republic of Ireland, Iceland and South Korea and to investigate if these best practice strategies are successfully implemented to boost local economic development in Ugu District. To do this, these 5 research questions were set out to be answered:

Research Question 1: Can the tourism strategies of the benchmark countries, contribute positively to local economic development in Ugu district?

While knowledge and understanding of tourism strategies could be acquired theoretically from textbooks and workshops, it is often the practical experience that provides the greatest learning. From the responses of those interviewees that had not travelled abroad it was evident that in some instances, tourism planning had been done theoretically only.

The level of conceptualization of tourism strategy as an LED tool by key role players in Ugu revealed that those who had travelled abroad displayed a critical understanding of tourism strategies of the countries they had visited. Successful implementation of this strategic framework depends on the level of implementation, failure of which renders it nothing more than a compliance document.

This research question was answered, and the corresponding research objective to establish if tourism strategies of the benchmark countries are applied successfully in Ugu district was achieved.

Research Question 2: Why were these global economies chosen for research?

The literature review indicated that in 2011, Republic of Ireland was downgraded by Moody's to junk status, as the country succumbed to the global financial meltdown of 2008, but by 2013 it was able to recover from the downgrade. In 1997 South Korea's three major steel plants declared bankruptcy, placing increasing pressure on the banks that had borrowed off-shore to finance them (Radelet, 1998). The Bank of Korea conducted an impact study and found that spending from tourism contributed 3.2% of total final demand and, that income induced from tourism totalled 3.5% of Gross Domestic Product (GDP) in 1998 (Oh, 2005). After the economic collapse of the Icelandic banks in 2008, tourism was identified as one of the strategies to help assist the economy to recover and by 2014, 59,4% of Icelanders believed that tourism had led to the creation of attractive job opportunities in their area (Óladóttir, 2014).

The research question was answered and the research objective, which was to identify tourism strategies of countries globally that have recovered speedily from economic recession and downgrading, was achieved.

Research Question 3: What tourism strategies did these countries use to recover from economic recession?

The Icelandic government, having understood the contribution of tourism to the growth in the economy, set about creating awareness of Iceland's unique environment and

landscape, by supporting community led environmental protection programmes. Another strategy was to increase the capacity of businesses in the tourism sector and to create programmes for the protection of key tourism assets. In the Republic of Ireland, the improvement of transport infrastructure was prioritised, to create a visitor experience of world class standards. Again, community development to actively benefit from the tourism industry was also planned. Similarly, in Iceland, the marketing of the natural environment was promoted. South Korea also used the above strategies, while also focussing on safety of tourists.

This question was answered, and the research objective was achieved, confirming the correlation between tourism and economic benefit.

Research Question 4: How do these tourism strategies compare with those of Ugu district?

While these strategies appeared to be effective in the benchmark countries identified in this study, the same cannot be said of Ugu District.

Barney (1991) also explained that in order to have sustained competitive advantage potential, the resources that had contributed to the favourable implementation of strategies that improved a firm's efficiency and were a source of sustained competitive advantage, were considered valuable. When asked to identify such valuable resources that gave Ugu tourism the competitive advantage over other regions, most of the respondents had failed to identify tourism strategies of SCTA as a valuable resource.

The research question was answered. However, the corresponding research objective to explore the effectiveness of applying these tourism strategies in Ugu district to support local economic development using the resource-based view of the firm, was not achieved. Recommendations thereon are provided below in the specific Recommendation's section.

Research Question 5: Will these strategies assist in boosting local economic development in Ugu district?

Local economic development depends on implementation of LED strategies at local government level. This research also found that lack of monitoring and evaluation of implementation of tourism and LED strategies by the municipalities are the main reasons tourism has not been able to contribute substantially to local economic development in Ugu district.

The opportunity for local government to regularise, strategize and implement tourism strategies has been lost due to the delegation of this function to the SCTA. The Municipalities, therefore, are not focused on using tourism to benefit LED. The Tourism Strategy found in the IDP remains theoretical as officials of the municipality are not involved in the roll-out.

The research question was answered albeit the research objective to evaluate the contribution of the municipalities and the Ugu South Coast Tourism Board in supporting local economic development in Ugu District was not achieved. Recommendations for this objective are provided in sub-heading below-Recommendations.

6.3 Research Implications

Poor conceptualization of the Tourism Strategic Framework document of SCTA and LED Strategy of the municipalities, has resulted in poor implementation. This can be rectified through collaboration of the SCTA, USCBDA and the LED practitioners of the various municipalities in Ugu district. This engagement will then create an awareness of the roles of these various entities and map out a MOU for future collaboration. There should be a programme of tourism skills training for all key role players, including the political leadership. LED at local level will only be successful when the key role players are able to conceptualize the Tourism Strategic Framework and LED Strategy as tools for economic development and job creation.

6.4 Research Limitations

This research study was subjected to the following limitations:

1. The research study is focussed on the implementation of tourism strategies of Ugu District;
2. The research interviews and findings are restricted to the Ugu District;
3. The size of the sample is small and reduced;
4. The dissertation does not quantify the extent of the economic relief;
5. The dissertation does not test any theory/ theories and limits itself to being analysed against the best practice tourism strategies of the global countries identified.

6.5 Recommendations for the Organisation

6.5.1. Implementation, Monitoring and Evaluation of IDP and LED

The IDP, the LED strategy and the tourism Strategic framework must be implemented in its entirety, if there is to be economic growth and job creation.

Ineffective or non-implementation of key tourism and LED strategies is perpetuated through lack of monitoring and evaluation of implementation of the strategies. Consequence management and Performance management must be used as effective tools to ensure that municipal officials are held accountable.

6.5.2. Human Capital expertise/qualifications

Strategic Tourism Practitioners should have skills and experience in sustainable tourism strategic development and implementation, that enable them to use the available tourism resources as economic drivers in Ugu District.

LED practitioners should have fiscal knowledge of budgeting and drafting of business plans.

The LED practitioners' attendance at SCTA and USCBDA board meeting should be mandatory, to avoid any disconnect between the municipalities IDPs and the Strategic Framework Plan of these two organizations.

The LED Practitioners should be able to identify challenges to tourists in the region and make recommendations to the Infrastructure Portfolio Committee and other such committees.

The Political Leadership of the municipalities need to undergo intensive training on Tourism and LED as some Councillors did not understand the contribution of tourism to LED and were therefore perceived to be reluctant to provide funding for tourism development projects.

6.6 Recommendations for future research studies

This study focussed on the tourism strategies in Ugu only district and sought to test if these strategies were being implemented to boost tourism. The key role players in tourism in the District were interviewed on their knowledge and understanding of tourism in Ugu district.

The following matters, which emanate from the study will need further research:

- The contribution of the SCTA and USCBDA to LED in the Ugu Region.
- The role of the LED Practitioner as the economic driver of the region.

The qualitative research method would continue to be applied using the semi-structured interviews. Purposive sampling should be employed, targeting specific role players in LED.

6.7 Summary

In Ugu district municipality tourism is one of the largest contributors to investment, employment and production. The District Growth and Development Strategy of Ugu District Municipality envisages a municipality that will be a popular tourist destination

where jobs are created, and everyone benefits equally from socio-economic activities (Municipality, 2016).

This research focused on whether tourism strategies in Ugu district were being implemented to boost local economic development.

The delegation of tourism to the SCTA, whose board comprises mainly of members from the private sector, makes the SCTA the driver of tourist related economic programmes in the region. In theory the SCTA working in collaboration with the Municipalities' IDPs and LED strategies present a tourism strategic framework for Ugu District. Successful implementation of this strategic framework depends on the level of implementation of this strategic framework, failure of which renders it nothing more than a compliance document. While the tourism strategies of SCTA are in theory designed to promote tourism in the region and hence boost local economic development, the expectations fall far short of the strategy due to ineffective or non-implementation thereof.

The role of the Municipal LED practitioner has been relegated to small business development, skills development and funding programmes. LED practitioners need to conceptualize tourism as the most important sustainable LED tool in Ugu district. The key role players in the municipality are not focussed on tourism strategies as economic drivers to boost LED as this is deemed the function of the SCTA and the private sector. These two entities, the municipalities and the SCTA, working in isolation do not benefit LED and job creation through tourism initiatives.

The acknowledgment of the contribution of tourism to LED in Ugu by the political leadership is also crucial to successful implementation. The conceptualization of tourism as an LED strategy, by all the key role players in Ugu district needs development and until the Municipalities take control of tourism in their areas, the non or poor implementation of tourism strategies in Ugu district will continue to present a challenge to LED. It is imperative that these key role players work collectively to ensure that challenges are pre-empted and planned for in advance. Such planning and collaboration will ensure that Ugu utilises its unique tourism resources to maintain the competitive advantage, hence boosting LED to sustainable levels.

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APPENDIX 1: List of interview questions

Name: _____

Position: _____

Interview Questions

1. Have you travelled to other countries?

2. If yes, what were your observations regarding tourism in those countries

3. If No, what are the main reasons for not having travelled abroad?

4. Do you believe that their tourism strategies were effectively assisting their economy grow? Explain

5. Can you list 3 examples of how tourism was assisting local economic development in those countries?

6. What were the specific tourism strategies, if any, that impressed you?

7. Can you list 3 successful tourism strategies of Ugu South Coast Tourism?

8. Why do you believe that these strategies are successfully implemented in Ugu district?

9. Do you believe that these strategies are rare? Explain

10. Do you believe that these strategies are valuable? Explain

11. Do you believe that these strategies are inimitable? Explain

12. Do you believe that these strategies are non-substitutable? Explain

13. How would you define Local Economic development?

14. How effective are your LED policies?

15. When was the last time your LED policy was reviewed?

16. In your opinion, how does tourism contribute to LED in Ugu?

17. What is your assessment of the implementation of tourism strategies in Ugu?

18. What are the tourism challenges experienced by tourists in this area?

How in your opinion can these challenges be overcome?

19. What are the challenges for successful implementation of tourism strategies at

Ugu? How can these challenges, in your opinion, be overcome?

20. Give an example of a tourism/LED success story.

21. How effective are the LED managers in ensuring that tourism contributes to LED?

22. How effective is political leadership in ensuring that tourism strategies are implemented?

APPENDIX 2: Ethical Clearance



UNIVERSITY OF
KWAZULU'NATAL

INYUVESI
YAKWAZULU-NATALI

19 November 2018

Miss Reshma Rampersad 8626282
Graduate School of Business and Leadership
Westville Campus

Dear Miss Rampersad

Protocol Reference Number : HSS/1238/018M

Project title: Investigating global strategies in the Tourism sector to boost Local Economic Development in Ugu District

Full Approval — Expedited
Application In response to your application received 15 August 2018, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully



Dr Shamila Naidoo (Deputy Chair)
Humanities & Social Sciences Research Ethics Committee

[pm

Cc Supervisor: Professor A Martins
cc Academic Leader Research:
Professor M Hoque cc School
Administrators: Ms Zaranja Bullyraj

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