Owner/managers perceptions on the influence of the accommodation sector on tourism and local well-being in Coffee Bay

Siyabulela Nyikana & Ziyanda Sigxashe
Department of Tourism Management
Nelson Mandela University, South Africa
Email: siyabulela.nyikana@mandela.ac.za

Abstract

This research focuses on the role that the accommodation sector plays in the overall development of the tourism industry in the rural town of Coffee Bay, South Africa. Specifically, the study considers the extent to which the accommodation sector contributes to tourism development in Coffee Bay, and how the local community benefits from the accommodation sub-sector in the area. To achieve this, the study employed a qualitative research design in the collection of the primary data. A purposive sampling technique was used in targeting the accommodation sector managers/owners in the community of Coffee Bay, with a semi-structured interview schedule. Key findings from the study reveal that, the accommodation sector superiors of Coffee Bay view the sector as playing an important role in the development of tourism in the area. Moreover, there is evidence that the accommodation sector provides employment opportunities for the local community, while also contributing to the general upliftment of the lives of the local people. The research concludes that the accommodation sector is an important cornerstone for any future developmental agenda that seeks to leverage tourism opportunities for local citizens, especially in the rural context where there is dire need and high unemployment.

Keywords: tourism, accommodation sector, tourism development, community, tourism planning

Introduction

According to the Organisation for Economic Co-operation and Development (OECD) (2004), the private sector is more than business, as it is comprised of the poor and multinational corporations participating alongside each other in markets. In the context of development that is spearheaded by the private sector, research conducted by Doswell (1997) suggests that such development helps in reducing the existing levels of unemployment and corruption that have far-reaching implications for both the economic and the social lives of a country’s population, with the jobs and incomes that are created by the sector enterprises leading to the economic diffusion of growth by means of directly impacting on poverty alleviation. Franco and Estevao (2010) add that the private sector in tourism is a crucial tool in regional development, particularly assisting underdeveloped and rural areas by stimulating developmental potential. Doswell (1997) further argues that, developing the private sector helps in making more people actively involved in economic activities and decision-making processes than there might otherwise have been, by attracting new stakeholders into the economy to provide the driving motive behind the economic activity, which is profit.

Before the dawn of the new millennium, private sector development began to receive increased attention in the tourism industry. For example, in the year 2000, the United Nations World Tourism Organisation (UNWTO) noted that, as the tourism sector starts to grow, the private sector tends to become increasingly interested in the business opportunities on offer, of which the result is the development of the hotel industry, and the rapid expansion of tour operators and travel agents (UNWTO, 2002). The World Development Report (WDR) (2005) states that the private sector entities tend to invest in new markets and new facilities that help
strengthen the infrastructural foundation of the economy. Doing so, in turn, lays the solid groundwork for attracting investors from abroad, and for facilitating the achievement of economic growth, while also leading to the development of tourism. In the tourism discourse and analysis globally, the private sector is recognised as comprising of many different role players, representing different interests and are seen as a major cornerstone of successful tourism development in any given destination. For example, South Africa’s tourism policy (the White Paper on the Development and Promotion of Tourism in South Africa), identifies the private sector as playing a critical role in satisfying visitors, while “promoting the involvement of local communities in tourism ventures by, *inter alia*, establishing partnership tourism ventures with communities” (South Africa, 1996: 44).

The accommodation sector, has been widely acknowledged as a major private sector role player in the tourism destination development mix. Hallstrand (2010) postulates that, the accommodation sector includes a wide variety of facilities, including hotels, luxury resorts and simple bed and breakfasts (B&Bs), with the range of facilities representing the different needs and preferences of the travellers concerned, as well as the trends in the markets involved. According to Cooper, Fletcher, Fyall, Gilbert and Wanhill (2008), accommodation is viewed as a basic need, because tourists cannot travel to a destination without knowing where they are going to stay while they are there. Thus, Ahliya (2010) contends that it is imperative that the development of accommodation should be a fundamental element of the overall planning process of a tourism destination.

Some scholars (see Kim, Ng & Kim, 2009; Ladhari, Brun & Morales, 2008) have noted that, the accommodation sector works hand in hand with the tourism industry in providing a service, with service quality having been found to be important in so far as influencing both customer satisfaction and return intention goes. Soriano (2002) argues that, while there is no guarantee that a satisfied customer will be a repeat customer, it is mostly likely that a dissatisfied customer will not return to a destination where they have been made to feel unwelcome. Therefore, Mattila (2000) expresses a belief that customer satisfaction is imperative for service organisations, because of the positive correlation that it has with the future attributes, intentions, and behaviours of customers. Ashly, De Brine, Lehr and Wilde (2007) emphasise that the accommodation establishment remains critical for a successful tourism offering as it represents to a large extent the embodiment of service quality which may relay a positive image and lead to repeat visits.

**Community benefits associated with accommodation development**

The development of accommodation facilities for the purpose of tourism can have a range of benefits for community members, while acting as a catalyst or booster for the tourism sector generally. According to Spenceley (2003), the accommodation sector is primarily profit-driven, but in recent times there has been a shift to be more responsible towards the community wherein they operate. This has been the case in South Africa, with many accommodation establishments endeavouring to involve the local community in their operations in some capacity.

According to the World Bank (2011), investment in accommodation facilities has documented evidence of direct and indirect jobs, income generation, enhancing the destination image, encouraging infrastructure development and contributing to environmental conservation efforts. Ashly *et al.* (2007) suggest ways that the accommodation subsector can leverage tourism in their areas to benefit the local economy, including: by building business linkages to local tourism products and services, procuring goods and services locally and developing human capital. Ashly *et al.* (2007) contend that, in doing the aforementioned through strategic business management, the accommodation subsector is then able to expand the economic opportunity for local development and advancement that it possesses.
This study focuses on Coffee Bay, a small coastal town located within one of South Africa’s poorest provinces, the Eastern Cape province. The study analyses the role that the accommodation establishments in the area, which remains the main embodiment of tourism infrastructure, have contributed towards tourism development and community upliftment. The key question asked relates to the extent to which the accommodation sector has benefited the community.

Background to the study area

The study area of Coffee Bay is a small town situated on the Wild Coast of the Eastern Cape Province. It lies on the East Coast of South Africa, on the warm waters of the Indian Ocean about 70km south of the former Transkei Homeland Capital, Mthatha. This small predominantly rural beach town possesses great tourism potential. The town prides itself for its magnificent beach, hotels, and tourism activities like: horse riding, hiking and other tourism facilities and attraction (Sitinga & Ogra, 2014). According to Sitinga and Ogra (2014), although the tourism sector in Coffee Bay is somewhat seasonal, it has already “put” itself on the map as a favourable tourist destination, both domestically and globally. Coffee Bay forms part of a wider tourism stretch, known as the wild coast, which consists much of the Eastern Cape’s coastal areas (Sitinga & Ogra, 2014). Coffee Bay is a favourite holidaying destination amongst neighbouring towns, such as Mthatha, Mqanduli, and Elliotdale. The area is particularly popular for its location in relation to neighbouring tourist destinations, Port St Johns and Hole in the Wall (Sitinga & Ogra, 2014).

Despite its tourism potential, Coffee Bay suffers from structural issues including lack of employment and infrastructural development. The tourism potential of the area has not been fully maximised mainly due to lack of investment in tourism and related infrastructure. Although tourism visitations are common, the existing few accommodation offerings, represents one of the only reference points in current development trajectory.

Methodology

A research design encompasses the blueprint for the collection, the measurement, and the analysis of data. To assist in determining the influence of the accommodation sector in the overall development of tourism in Coffee Bay, the study adopted a qualitative research paradigm. Anderson (2006) observes that, such qualitative technique involves collecting, analysing, and interpreting data by observing what people do and say. In the study, the techniques used included semi-structured one-on-one interviews, participant observation and purposive sampling. These techniques were used in targeting owner/s and managers of accommodation establishments. The in-depth interviews were conducted between the months of March and April 2016 by the researchers. Eight out of nine accommodation establishments (3 guest houses, 4 backpackers, and 1 hotel) in Coffee Bay were surveyed and saturation point was achieved. The data collected was transcribed accordingly, and a grounded theoretical approach was then used in terms of analysing and interpreting it. The findings were grouped into major, but overlapping themes which were identified based on the responses and are presented in the result section.

Results and Discussion

Building business linkages

From the interviews conducted, the majority held the view that the accommodation sector in Coffee Bay is very important in that it promotes existing businesses linked to service providers
while also creating opportunities for community members to start up related businesses. This proposition was summed up by a guesthouse owner who indicated that:

“Accommodation establishments in Coffee Bay are very significant for the area because we are a small community with little development. Our existence is important because community members have been able to develop related supply businesses which is important for development.”

Economic related reasons were mainly predominant in terms of the responses received. Many of the respondents were of the view that their very existence has equally triggered the emergence of other businesses or have sustained existing businesses hence contributing to development.

Some respondents also put forward the issue of the accommodation sector being crucial in catering for domestic and international tourists. This lead to the issue of multiplier effect, which Swarbrooke (2002) believes is the idea that every pound, dollar or mark spent by the tourist circulates around the local economy in a series of waves. This is because according to Cooper et al., (2008), firms in the local economy are dependent upon other firms for their supplies, any change in tourist expenditure will bring about a change in the economy's level of production, household income, employment, government revenue and foreign exchange flows. In this regard, a respondent provided the following response, typifying the general feeling about the role of the accommodation sector in Coffee Bay:

“Accommodation sector is very important in Coffee Bay, it does not only help the tourists or visitors who come to Coffee Bay, but also the locals who get the employment in the accommodation sector of Coffee Bay”.

Another respondent equally stated the following:

“The accommodation sector is very vital to tourism in Coffee Bay; it seems that the local inhabitants, while individually sustainable, thrive from the flow of tourism. They sell self-made artifacts and jewelries for example and have many benefits from the money that tourists bring in”.

Various respondents provided various responses that emerged; one theme that emerged was the issue of service delivery in the accommodation sector that also contributes to tourism. Some respondents felt that the accommodation sector is one of the factors that influence tourists to travel, and it is the one that provides comfort in their stay in a destination. Cooper et al., (2008) pointed out that accommodation, or lodging, is, by a long way, the largest, and the most ubiquitous, subsector within the tourism economy. This is because, with few exceptions, tourists require a location where they can rest, and revive themselves, during their travel through, or their stay in, a tourism destination (Page, 2009). Moreover, Cooper et al., (2008) suggest that in the tourism industry, accommodation is viewed as a basic need, because tourists cannot travel to a destination without knowing where they are going to stay while they are there. For example, a particular respondent was very clear on this when they stated:

“The accommodation sector is very important, it satisfies the needs of the tourists by providing a place to rest and sleep”.

**On the role that the business play in the development of tourism in Coffee Bay**

Respondents were asked the role they perceive their businesses to play in the development of tourism in Coffee Bay. Respondents had shown that they do not only provide a place to
sleep to tourists. Sharply (2000) affirms that the accommodation sector is important because it is indispensable for the development of the remaining services required of a tourism destination and because it represents a high relative weight in the totality of tourist expenditure. One respondent emphasized that, besides providing accommodation, they go a long way to engage themselves in certain activities that allow them to be able not only to gain benefits but also to create opportunities for other tourism establishments within the accommodation sector. For example, the said respondent is quoted saying:

“We host an annual run (White clay 21 km hike) over the past 14 years where in the month of August which brings tourists to the area, fills local accommodation establishments. From 2016 we will be doing a “Cycling race” to bring in tourists”.

The above response from the respondent shows clearly that, besides being involved in accommodation, some businesses engage themselves in initiatives that create opportunities for others while sustaining their own businesses; some are evidently planning future things like hosting events as a way of bringing in tourists into the area. Another respondent touched the same issue, but went on to focus on the issue of repeat business intention by stating:

“We provide a good service to our guests so that they recommend the area. We also offer to tourists guided hikes to Hole-in-the-Wall, Mapuzi Caves & cliffs for awesome jumps”.

They believe that if they satisfy their guests with a quality service, they will earn a chance to a good word-of-mouth marketing. Ramseook-Munhurrun (2012) believes that delivering quality service is important for the success of organisations so that they can survive and strengthen their competitiveness. Service quality has been found to be important in influencing both customer satisfaction and return intention (Ladhari, Brun & Morales, 2008; Kim, Ng & Kim, 2009). Soriano (2002) argues that, while there is no guarantee that a satisfied customer will be a repeat customer, it is mostly likely that a dissatisfied customer will not return. Therefore, Mattila, (2000) believes that customer satisfaction is imperative for service organisations because of the positive correlation it has with future attributes, intentions, and behaviours of customers.

**On the contribution of the accommodation sector to community development in Coffee Bay**

OECD (2004) stated that the accommodation and food sector is closely linked to the development of the tourism economy and makes a considerable contribution to economic growth, employment, enterprise demography and to development in rural, peripheral less developed areas. Hence, Ivanovic, Khonou, Reynish, Pawson, Tseane and Wassung (2009) have stated that host communities can benefit from the overall improvement of the standards of living brought by the indirect effect of economic empowerment and jobs that have been created by tourism. The respondents were asked about the role their businesses play to community development in the community of Coffee Bay.

The most important thing that the respondents pointed out with regards to the statement above is the issue of employment. The respondents claimed that they employ people from the community of Coffee Bay. This means that, the accommodation sector in Coffee Bay is aware of the need for the involvement of communities in wherein they operate that it also contributes to their businesses. According to Boyd and Singh (2003) a community’s sense of ownership, feeling of responsibility and practical involvement in tourism and hospitality businesses has since been heralded by researchers and practitioners as central to the sustainability of tourism.
and of great importance to planners, managers and operators. One of the managers supported this notion by highlighting their involvement in community development initiative as follows:

“We assist the school (Pato Junior School) through a fundraising appeal and boarding schools. 30% of the establishment is owned by the Tshezi Community Trust (local sub-tribe of the Xhosa people)”. 

Programmes that the business have to assist local community members in Coffee Bay

The most important thing that the respondents raised is the issue of social responsibility of the accommodation sector in Coffee Bay. Sohail (2008) clarifies corporate social responsibility as a business contribution to sustainable development and as helping the corporations for their long-term success and as well as good for society. Some respondents have shown that their businesses are being socially responsible in the community of Coffee Bay. Several authors have shown that corporate social responsibility is a driver to the sustainability of a business. Jucan and Jucan (2010) state that CSR has become a permanent responsibility of companies for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment around them”.

To support the statement above, most respondents ascertain that they are actively involved in community projects like donations and giving support to the orphanage homes. To distribute benefits to a community, Ahmad (2001) states that the tourism initiative needs to always involve the community in any rights, tenure or control of the project. One respondent exemplified this by saying:

“We formed an initiative (Sustainable Coffee Bay), where we work with local communities to improve their lives through education and community development”.

In this regard, the accommodation sector in Coffee Bay can be considered as on that has a close connection with its local community. Besides, Fariborz and Ma’rof (2008) recognised that many local communities have turned to tourism development to provide economic, social and overall development of the community. Another initiative cited by one respondent is a school for the community as seen in the response below:

“We built a school that is more affordable for people in the area and we also support orphanage homes”.

On environmental management

Bohdanowicz, Simanic and Martinac (2004) state that although accommodation establishments typically represent less than 5% of a nation’s building stock, the global hotel industry, comprising over 300 000 facilities, constitutes one of the most important sectors of the tourism industry (Olsen et al., 2000). Moreover, Cooper et al., (2008) recognised that accommodation facilities are located in very fragile environments and historic cities where the demand on accommodation is high. Most of the respondents from the accommodation sector of Coffee Bay claimed that they are concerned about the environment in which they operate, but they do not have any specific strategies to manage the environment. This was typified by on respondent saying:
We do not have any strategies in terms of environmental management, we are just focusing on the hotel to survive, and we have not gone much on the management of the environment”.

Another respondent suggested some level of environmental responsibility and stated:

“A proper waste disposal is one thing that we make sure it happens and also we do not use water only once, we use it for irrigation after that water was used for something else”.

According to Poudel (2013) waste disposal in a sustainable way is a very challenging aspect of accommodation operation; especially large accommodation establishments because they create big amounts of liquid and solid waste which require sensitive disposal. Therefore Cooper et al., (2008) suggests that the re-use of towels, paper products from reception and administrative areas, recycling of water are good examples that can be applied in any kind of accommodation facilities.

On the role that the business can play in the future development of tourism in Coffee Bay

Respondents were asked about the role that their business can play in the future development of tourism especially in Coffee Bay and its surroundings. Most respondents felt that their businesses had a great role to play in any future development in the area, as shown in the response of one of the respondents below:

“The role that we can play in the future development of tourism is by hosting the White Clay 21 km Cross Clayery Challenge, Cycling Race, Iron Man and Christian Conferences. We plan to improve our advertising and create opportunities for guests to make Coffee Bay their holiday destination”.

Various respondents have also put forward the issue of service excellence with regards to the question asked. They claim that in the future of tourism they promise to improve their facilities and continue providing an excellent service to tourists who visit Coffee Bay. In that way, they argue that tourism would continue growing in the area, and be poised to play a bigger role in community upliftment. The respondents also put forward the issue of job creation especially in relation to sustainable jobs as indicated by one respondent:

“The role that we can play in the future development of tourism is to provide jobs continuously, and continuously provide accommodation and entertainment”.

Conclusions and Recommendations

This study examined the role that the accommodation sector can play in the development of tourism in Coffee Bay. This is on the basis that the area is one of the most appealing coastal towns on the Wild Coast, possessing an abundance of natural resources. While the area is considered to be rural in its character, its coastal location and availability of natural resources make it a prime location for potential growth in the future. In particular, the accommodation subsector of tourism is seen as one that will continue to thrive and develop in future, and thereby create sustainable entrepreneurial opportunities, whilst also contributing significantly to employment creation in the area. In this regard, the findings of the study reveal that the accommodation superiors of Coffee Bay view the accommodation sector as playing a crucial role in the development of tourism and the overall economy of Coffee Bay. The respondents noted how the sector provides employment opportunities for the local community members. They also identify numerous activities that they partake in as part of corporate social
responsibility. However, there are questions regarding the sustainability of the employment opportunities mentioned, especially when considering the highly seasonal nature of tourism especially in the area. Moreover, given that the area is largely rural in nature, and has a predominantly black population, there remains little evidence that the host community members have been empowered to a larger extent, especially where skills and ownership are concerned.

There is a need therefore, for the accommodation sector to invest in youth which will not only help them with the growth and sustainability of the accommodation sector, but also for youth and the communities in which they live. The sector should seize the opportunity to train and employ youth to a degree that has not yet been achieved so that they also obtain well educated staff. Furthermore, there is also a need for the government to improve on the infrastructure for tourism and the accommodation sector in order to ensure a continued growth in the sector in Coffee Bay. But most importantly, the relationship between local government and the private sector (accommodation sector) should be strengthened so as to align the objectives of government in relation to tourism development for the area, and what is actually happening in the specific businesses. Clear guidance should be provided so as to centralise efforts instead of having each business pulling in its own direction in relation to community involvement and enhancement. This can only be achieved if more cooperation and dialogue is made possible amongst all the stakeholders. Lastly, in order for the community in Coffee Bay to be strategically positioned to capitalise on the potential future growth of tourism in the area effectively, the opportunities currently present in the accommodation sector in particular should be harnessed and leveraged in such a way that emphasis is placed on the informed and meaningful involvement and participation of the local citizenry.

Limitations

This study is not without its limitations. The study was only limited to accommodation owners/managers in selected accommodation establishments in the area, and therefore does not include views from other tourism subsector stakeholders, whom if involved would have provided a more in-depth and holistic analysis of the phenomenon under investigation. Moreover, the focus on owners and managers, where in some cases the owner was the manager, and in other cases, were separate individual, was problematic as this meant that it was in certain instances difficult to unpack a more coherent view as the interviewee found it difficult to detach their views accordingly. This may present a limitation with regards to the subjective nature of responses received and the uncertainty of whether the manager would have given a different viewpoint than the one from the owner and vice versa. It is therefore recommended that a follow-up study be conducted, wherein all stakeholders, including the community and local government would be interviewed for a better, more holistic picture of the potential for accommodation to contribute to tourism development in Coffee Bay.

References


Sohail, A. (2008). The role of corporate social responsibility to create positive positioning in the branding of a country and particular to Pakistan. Sweden: Robson.


