International Journal of Safety
and Security in Tourism/Hospitality

Zimbabwe policy environment and domestic tourism performance

Choice Mutsena - Forbes Kabote

Facultad de Ciencias Económicas

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Choice Mutsena,Forbes Kabote*[1]

Abstract

The study explored the effects of Zimbabwe's policy environment on domestic tourism performance. Focus was placed on three policies that are land reform, indigenisation policy and the economic policy. A qualitative methodological approach was employed. Interviews were conducted with purposefully selected respondents from Zimbabwe Tourism Authority, Zimbabwe Council of Tourism and two hotels conveniently selected. Data collected was thematically analysed. The major themes that emerged from the study were; policy has affected people's wellbeing,employment status and national income. It was concluded that despite the many positives derived from these policies, they have greatly negatively affected the performance of domestic tourism in Zimbabwe. It is therefore recommended that there be a sychronised approach when developing national policies such that they do not promote growth in area whilst destroying other sectors of the economy.

Key Words: Indigenisation, Land Reform, Domestic Tourism, Policy

* School of Hospitality and Tourism, Chinhoyi University of Technology, P Bag 7724, Chinhoyi, Zimbabwe.
Corresponding Author: fkabote@cut.ac.zw

Introduction

The United Nations World Tourism Organisation (UNWTO) Barometer (2010) states that Zimbabwe is richly endowed with unique tourist attractions that are visited by people from all over the world to enjoy. However, most of its citizens are not patronizing these attractions. This phenomenon is not limited to Zimbabwe but common in most developing countries as their policies tend to concentrate on expanding international tourism without regard for domestic tourism (Ghimire, 2001).

Government policies which are a deduction of political vision into implementable programs and activities to deliver certain earmarked results (Paquette and Laure, 2002) are made every time. However, different policies are made to drive different macroeconomic agendas in a country with some policies conflicting (Collier, 2003). That being so to what extent is the Zimbabwe policy environment affecting its domestic tourism performance?

THEORETICAL GROUNDING

Literature has it that Zimbabweans are a group that shares a lot of common attributes(Kuada, 2006). As such they are closely linked to the Social Identity Theory. Social Identity theory is a social psychological analysis of people as group members with shared identity (Hogg, 2006; Tajfel and Turner,1979). The theory "addresses phenomena such as prejudice, discrimination, ethnocentricism, stereotyping, intergroup conflict, conformity, normative behavior, group polarization, crowd behavior, organizational behavior, leadership, deviance and group cohesiveness" (Hogg, 2006, p. 111).

Zimbabweans as a group of people that is affected by the given policies and have to find ways of living with them positively or otherwise can be addressed as a group. How the given policies affect domestic tourism in Zimbabwe is a social issue that requires the social identity theory to unlock the intricacies. The theory also addresses the differences between special group members in a community as is the case with beneficiaries of the land reform and indigenisation policies being considered in this study.

Literature Review

Domestic tourism

Domestic tourism is defined as the movement of residents of a country irrespective of nationality, travelling as visitors to a place within the country other than their usual area of residence for a period of not more than a year for a purpose other than the exercise of a remunerated activity in the place visited (World Tourism Organisation, 1995).

Domestic tourism is the oldest form of tourism with many undocumented trips taking place around the world well before Christ. Back then there was little motivation for the common person to travel for leisure due to physical and financial barriers that confronted them (Aidoo, 2006). It was mostly the few elite who could transport themselves on leisure trips who participated in domestic tourism.

The modern day domestic tourism was popularised around the 19th century when the annual summer holiday was invented in England to give workers rest from work (Burton, 1995). Burton (ibib) avers that the industrial revolution brought improved transport and better salaries and wages, which allowed many people to travel thereby enjoying holidays.With the advent of the railway, travel became much easier to the masses especially urban dwellers, who had become rich and therefore had both time and money available to travel. This led to the beginning of the domestic daytrips in the early 1900s, which eventually saw the growth of domestic tourism.

It is estimated that by 1911, 55 per cent of the population of England and Wales were participating in domestic tourism with the seaside being the prime destination (Burton 1995). However, the growth of domestic tourism was slowed down by the two world wars and the great depression of the 1930's highlighting the influence of Government policies on domestic tourism.

According to the WTO (2005) domestic tourism has led to employment creation, high economic growth and the overall development of the tourism industry. Crouch and David (2005) purported that, many countries are moving towards the development of local attractions so as to have more of locals participating in the tourism activities.

According to Mazimhaka(2006), domestic tourism impacts tend to vary between developed and developing countries. For developed countries in Europe and America domestic tourism is dominant contributing as much as 80% of the tourism receipts and visitors. The high performance of domestic tourism has been attributed to factors like high income, willingness to travel, paid leaves and holidays (WTO, 2006). On the contrary in developing countries the trend has been a decrease in domestic tourism trips against an increase in actual domestic tourist numbers (Rogerson, 2007).

Case policies

Land reform policy

Upon independence Zimbabwe embarked on a land redistribution exercise in order to address discrepancies created during the colonial era. During the period 1980 to about 1997, it was built around the willing buyer willing seller concept (Moyo, 2005). People with large tracks of land who were willing to sell their land would approach the Government that would buy the land and redistribute that land.

Around 1999-2000 a new model was introduced; The Fast Track Land Reform whose main objective was to improve the welfare of people and poverty reduction in Zimbabwe (Kinsey, 1999; Moyo*et al.,* 2000; Mkono, 2010; Moyo, 2011a; Mawere and Mubaya, 2012). Families were allocated pieces of land from previously white owned farms. In line with the objectives, government gave the new farmers support to improve their farming production hence helping in poverty reduction and improve family livelihoods.

Redistributive land reform and agricultural reforms since 2000 progressively changed Zimbabwe's economy particularly by broadening the producer and consumption base. However they resulted in a rapid increase in new inequities in access to land and farm input and output markets (Moyo, 2011b).Moyo (ibid) added that agricultural output was reduced due to a decrease in inputs and credit supplies, and frequent droughts, but has been rising since 2006. Agro-industrial capital has gradually increased its domestic operations in the supply of inputs and marketing, especially after re-liberalisationin 2008. Many new farmers have accumulated assets although some still struggle to make a living from their land (Moyo 2011b).

Agricultural labour policy however allowed for low wages (Chambati, 2011). There was increasing shortages of foreign currency for imports and consumption of goods which resulted in the decline of production and rising interest rates making credit unaffordable. The excessive printing of money and the uncontrolled use of parallel currency markets by the state and businesses generated hyperinflation. This in turn led to aggressive price controls and fuelled underground markets, while sanctions were escalated. With positives and negatives realized from the land reform exercise it remains unknown how such changes in land holding and distribution has affected domestic tourism in Zimbabwe.

Indigenisation policy

The Indigenisation ideology was first muted in mid-1990's when various pressure groups were launched. The Indigenous Business Development Centre (IBDC), Affirmative Action Group (AAG), Indigenous Business Women's Organisation (IBWO), National Investment Trust (NIT), Small Enterprises Development Corporation (SEDCO), Agriculture and Rural Development Authority (ARDA) and Zimbabwe Mining Development Corporation (ZMDC) all in an effort to fight unemployment by having more black people creating and growing businesses, having successful farmers and miners (Magure, 2012; Chowa and Mukuvare, 2013).

However, the Indigenisation and Economic Empowerment Act, Chapter 14:33 of 2007 came up with a completely different momentum to wealth distribution. Chowa and Mukuvare (2013) summarize the major highlights from the Act as follows:-

1. 51% indigenous shareholding in all businesses with a net asset value of at least US$500, 000 as the long term policy objective, requiring an approved implementation plan in; existing, mergers, restructurings, unbundling of business, demergers, relinquishment of a controlling interest and new business.
2. Promotes procurement of goods and services from indigenous businesses in general, with all government departments, statutory bodies and local authorities obliged to procure at least 51 percent of their goods and services from companies controlled by indigenous Zimbabweans.
3. Provides for the establishment of the National Indigenisation and Economic Empowerment Board (NIEEB) to advise the Minister and manage the Fund. For example; the Youth Development Fund (YDF) was established to ensure youth effectively participate in the economy as well as deal with unemployment
4. Provides for the establishment of the National Indigenisation and Economic Empowerment Fund (NIEEF) to finance indigenisation and empowerment transactions and the assistance of local investors with funding from fiscus, levies and borrowings.
5. Employee, Management and Community Share Ownership Schemes or Trusts (CSOSs) are encouraged to be set-up as part of 51% indigenous shareholding to ensure broad based participation. Here 10 percent of shareholding will be reserved for the CSOS and the proceeds from the trust will be used for provision of socio-economic infrastructure as prioritised by the community chaired by the Chief with the District Administrators and Rural District Councils and Chief Executive Officers also forming the committees managing the funds.
6. Reserved business lines include: primary production of food and cash crops, retail and wholesale trade, barber shops, hairdressing and beauty salons, employment agencies, estate agencies, valet services, grain milling, bakeries, tobacco grading, packaging and processing, advertising agencies, milk processing, provision of local arts and craft, marketing and distribution.
7. Provision for dispute resolution whereby businesses aggrieved by the Minister’s decision may appeal to the Administrative Court.

Under this new approach a lot of people gained significant wealth over a short space of time. For example by mid-2013 there were 59 Community Share Ownership Schemes covering 93 local authorities throughout all the country’s ten provinces valued at around US$10 billion, 8600 jobs were created through the Old Mutual funded CABS (Kurera/Ukondla) Youth Fund valued at US$10.5 million, 133 Employee Share Ownership Schemes were approved with shareholding ceded to the NIEEF exceeding US$2 Billion (Chowa and Mukuvare, 2013). Considering such massive financial injection into the hands of indigenous people it remained a mystery as to how much such a change affected domestic tourism performance in Zimbabwe.

Zimbabwe economic policy

Zimbabwe adopted various economic policies since independence with major highlights being Growth with Equity policy of 1980's, Economic Structural Adjustment Programme (ESAP) of early 1990's, ZIMPREST of late 1990's, (Zhou &Zvoushe, 2012).

After going through economic upheavals between 2000 and 2008 during which various policies were developed, partly implemented before being thrown away to pave way for another, Zimbabwe adopted a Short-Term Emergency Recovery Programme (STERP) in 2009. STERP was introduced at the same time that the country officially dollarized the economy. During the first year of operationalization Zimbabwe recorded a Gross Domestic Product growth of 5.7% rising to 8% in 2010. Sectors that recorded highest growth were agriculture (14.9%), manufacturing (10%), mining (8.5%) and tourism (6.5%) (AfDB, 2015). This buoyance in economic performance gave hope and belief that Zimbabwe has turned the curve in economic recovery (Zimbabwe Government, 2010). With the benefits expected to trickle down to the general people via wages and salaries, dividends among others, it becomes important to know the extent to which such a policy has affected domestic tourism in Zimbabwe.

The safety and security dangers posed by these policies are twofold. On one side are the intended beneficiaries of the policy changes who are mainly the indigenous people who are constantly on the lookout for possible way to benefit from without investing(Magure, 2012). These perceive investors as potential sources of free income. On the other side are the investors, some of whom are descendants of the colonial masters who by birthright are Zimbabweans and have equal claim to Zimbabwean rights(Magure, 2012). These are the white minority whom over the years has been active domestic tourists in Zimbabwe. Now with 'their' land and companies being taken over under the land reform and indigenisation policies respectively resentment and insecurity creeps into the people, and this affect their willingness and ability to participate in domestic tourism (Pizam & Mansfeld, 1996).

According to Yang (2012) and Dieke (2000), policies in developing countries create tension between locals and entrepreneurs and tend to favour international tourists at the expense of locals. Zimbabwe launched its National Tourism Policy that sought among others the development of domestic tourism in 2014, 34 years after independence and 4 years after the policy was developed. If the policies continue to disadvantage locals, the industry will not be able to benefit fully from domestic tourism. The study therefore sought to explore the extent to which the policy environment is affecting domestic tourism performance in Zimbabwe.

Methodology

Sampling and Research Design

The research took a descriptive survey approach based on 20 interviews (five from each organization) conducted with purposefully selected respondents from Zimbabwe Tourism

Authority, Zimbabwe Council of Tourism and two hotels conveniently selected. Key informants were identified based on their knowledge of policies and policy effects on tourism industry.
Interviews were held with the key informants following an interview guide divided into three sections as follows:- Stakeholders' understanding of the identified policies, How the identified policies are affecting domestic tourism and the possible strategies to maximize domestic tourism performance from the policy environment. Follow up questions were asked over and above the structured questions in the interview guide to clarify issues. The interviews started with the interviewer explaining the purpose of the study, how the participant was selected, addressed ethical issues around informed consent and confidentiality. Low note questions were then asked that were meant to psych the participants into the right frame of mind to effectively participate in the discussion(Roulston, 2014). Participants were encouraged to ask questions for clarity ensuring effective interviews lasting at least 30 minutes each.

Ethics statement

This study used primary data that was collected from primary sources in confidentiality and with full informed consent of the participants for academic purposes. Organisations identified in this study are recorgnised in public domain with special interest in tourism with participants giving personal opinion and not their organisation's position.

Findings and discussion

After thematically analyzed the data from the interviews, three key themes emerged that explains the effects of Zimbabwe policy environment on domestic tourism performance. The three themes are (i) policies affected people's wellbeing, (ii) employment status and, (iii) national liquidity.

People's wellbeing

The majority of the respondents (80%) agreed that the policies were affecting the wellbeing of the people of Zimbabwe. Ranking high on the wellbeing was the rate at which people are getting poorer every day. Respondent 18 (Male) said

> *"The rate of poverty is very high and this is so because most of the people do not have jobs due to the policies like indigenisation".*

The World Bank (2003) defines poverty as the general lack or scarcity of resources for example money or material possessions. It is also the deprivation of basic human needs which mostly includes food, water, shelter, education and health care. With poor people dominating the population, sparing money for domestic tourism becomes a dream without any chance of becoming realistic. Follow up questions on how possibly this could be the case when such policies were meant to reduce poverty. Respondents argued that the idea was noble but its implementation was leaving many organisations unable to continue operating forcing them to close shop. Investors lose their capital and dividends, employees are retrenched, communities do

not get the benefits supposed to come from community share ownership schemes, employees and managers do not get any dividends and the governments does not get any taxes leaving everyone poorer than before the implementation of such a policy (Zhou &Zvoushe, 2012).
Other than the poverty levels, respondents also identified the standards of living of Zimbabweans as going down due to the policy environment. Respondent 5 (Male) noted

> *"Our economic policies are making it difficult to access loans"*

In support respondent 7 (Female) said

> "*the economic policy is making it difficult to access cheap loans because banks are offering short term loans which are expensive leaving people poorer".*

Domestic tourism thrives in a vibrant economy where there is easy access to cheap money to finance investments from which profits will be used for leisure among others (Vasquez, 2014). With this prevailing situation under these policies investment is poor, return on invest is low, goods and services are expensive and people are uncertain as to how long their employing organization is going to continue operating hence affecting their participation in domestic tourism.
The wellbeing of people is also being affected through the income being received. 76% of the respondents were in agreement that incomes being received since policies such as the indigenization and economic policy were launched are disadvantaging the locals. As a developing country, Zimbabwe is characterized by low per capita income and unstable inflation. Respondent 3(Male) mentioned that:

> *"Zimbabwe's economic policy is a crisis that even if a person is employed he will be earning less money"*

The amount of money that one earns has a bearing on their ability to participate in tourism considering that tourism is regarded as an extra curriculum activity that is attended to last after satisfying all the basic needs (Gwartney, Lawson, & Block, 2014).For as long as the policies are depressing the per capita income of the residents, domestic tourism participation will remain subdued.

Employment Status

Employment status enables people to earn a standard income that allows them to budget, buy essentials and even save for holidays. 65% respondents in the study revealed that policies in Zimbabwe are causing a lot of unemployment. These findings are consistent with Zimbabwe Statistics records that states that unemployment rate officially increased from 4.2% in 2004 to 85% in 2014 (Rusvingo, 2015). Such a high unemployment rate in addition to the young and the elderly needing support from the few with a stable income, resource allocation for tourism becomes a luxury hence negatively affecting domestic tourism in Zimbabwe.

The employment status has also affected the disposable income of people. Some people who benefited from employee/management share ownership schemes had hopes of high income as dividends, but as respondent 20 said

> "*I have a thousand Old Mutual Special shares but last year (2013), I got a dividend of US$10 only"*

The respondent's view was shared by 70% of the respondents. Despite being a beneficiary of the indigenisation policy, the respondent just like many others in similar situation do not see any value in the share ownership as they are not getting enough to survive let alone spare for tourism purposes. Tourism demand is usually influenced by the availability of personal time to participate in tourism related activities and stable financial backup (Glover &Prideaux, 2009)

National Liquidity

At the time of the study the country was using nine currencies as official currencies. The major currencies are the United States of America Dollar, British Pound, South African Rand, Australian Dollar, Botswana Pula, Chinese Yen and Indian Rupee. Before the economy was dollarized people had a lot of money in Banks that were reduced to nil value leaving everyone poor. As noted by respondent 9 (Female):

> *"People lost a lot of money after dollarization due to the dynamism of currencies in the country".*

The ripple effects of such currency dynamism are cash shortages pointing to deflationary tendencies common in dollarized economies (Poletaev&Shevtsova, 2015). Consequently Zimbabweans were left without money to spend on tourism.

Recommendations

The key question reflected upon before addressing the recommendation section is "Given the qualitative objectives of the policies launched and run in Zimbabwe, that were expected among others to empower and enrich the people; Why is domestic tourism performance seem to be declining in Zimbabwe?"

Key recommendations are:-

There is need for a sychronised policy development approach that ensures policies employed in a country are not contradicting, delaying national development and creating an unsafe environment to do business and participate in domestic tourism.

Future researches should address how domestic tourists perceive these policies and how they have affected their participation in tourism.

Conclusion

The overall picture painted by the study findings is that the land reform policy, indigenisation policy and the Zimbabwe economic policy have greatly negatively affected domestic tourism performance in the country. The majority of the respondents (90%) are agreeing that policies are disadvantaging locals as their implementation is not yielding much of the intended outcomes. People are happy about land ownership, shareholding in organisations, recipients of income generated from resources in their areas among many other positives. However, they registered dissatisfaction with the eventual value trickling to the household as it turns out to be too little to support other activities like participating in domestic tourism.

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