

**CONTRIBUTIONS OF TOURISM INDUSTRY IN SOCIAL  
ECONOMIC DEVELOPMENT IN TANZANIA :A CASE OF  
BABATI DISTRICT COUNCIL**

By

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A Dissertation Submitted in Partial Fulfillments of the Requirements for an Award of  
A Degree of Master's of Business Administration at the University of Dodoma.

The University of Dodoma

October, 2016

## CERTIFICATION

The undersigned certifies that, he has read and hereby recommends for an acceptance by the University of Dodoma a dissertation entitled “**Contribution of Tourism industry in Social Economic Development in Tanzania: Case Study of Babati District Council**” In Partial fulfillments of the requirements for a degree of Masters of Business Administration at the University of Dodoma.

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## DECLARATION

AND

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I **Mosses Obedy Paul**, declare that, this dissertation is my own original work and that it has not been presented and will not be presented to any other University, for a similar or any other degree award.

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## **DEDICATION**

I dedicate this work to my mother Nay. R Laizer

## **ACKNOWLEDGEMENTS**

First, would like to thank the almighty God, who kept me alive and strong up to this stage. Secondly, my special goes to my supervisor Dr. Joel Mmasa for his close supervision from the time when I formulated the title, to the completion of report writing. I also thank the staff of the University of Dodoma and the management for allowing me to join the University and their support during my studies. I appreciate their efforts in making my research work successful

I would like to thanks my parents' madam Nay Raphael and my father Mosses Paul Laizer for upbringing moral during my studies, also my family and particularly beloved son Kendrick Obedy and his mother. I say thank you for their tolerance during undertaking this study.

I would also express my sincere gratitude to Babati District Council, Manyara National Park management and staffs for their assistance during data collection. I would like to acknowledge the contributions of many people who made me successful performing my study. Many people assisted me in one way or the other in the process.

Finally, I would like to thank all my friends, classmates and colleagues for their moral and material support during my studies at the University of Dodoma. However, it should be noted that, any shortcomings on this research are entirely belong to me.

## ABSTRACT

This study has intended to assess the contribution of tourism industry in social economic development in Tanzania. A cross sectional research design was adopted; a sample size of 113 respondents was obtained through a purposive and non-purposive sampling techniques.

The study has used both quantitative and qualitative methods for data analysis. Statistical Package of Social Sciences (SPSS) version21 and Excel software were used to analyze the data. Findings have revealed that, game-view tourism (35%) and cultural tourism were the major tourisms activities undertaken. Data also have revealed that tourism industry ranked second source of livelihood (30%) to the community after agriculture and contributed in improving social service to the community.

Tourism contributed on the constructions of schools (37%) and medical facilities. The sponsorship of student was 30% while sports were by 7%.

The community presented major challenges impeded the growth of tourism industry in Tanzania included; none availability of enough standard accommodations for tourists (30%) and lack of skilled labour (22%).It is strongly recommended, Government to create enabling environment to this sector. To this end, this form of tourism can become a viable alternative economic activity for the poor people in rural areas of Tanzania.

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## **LIST OF ABBREVIATION**

SPSS	Statistical Package for Social Science
WTTC	World Travel and Tourism Committee
GDP	Gross Domestic Committee
SSA	Sub Sahara African
UNDP	United Nation Development Program
ICT	Information and Communication Technology
URT	United Republic Of Tanzania
FDI	Foreign Direct Investment
BDC	Babati District Council
NGOS	Non-Governmental Organization
FAO	Food and Agriculture Agency
LDC	Least Developed Countries
WTO	World Trade Organization
WMA	Wild Management Area
MNRT	Ministry Of Natural Resources and Tourism
UDOM	University Of Dodoma
BOT	Bank of Tanzania
TTB	Tanzania Tourist Board
NBS	National Bureau of Statistic

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Overview**

This chapter, introduces the studies the contributions on tourism industry in a social economic development. It consists of the introduction, background information, the problem statement, research objectives and questions, scope of the study, the significance of it and its limitation.

#### **1.2 Background of the problem**

As globalization of markets is going on around the world, the reduction of trade barriers and the development of information technology, have contributed significantly to the internationalization of the service industries (WTTC, 2012). In today's world, the travel and tourism industry is among the world's largest, key economic sectors, growing faster and predicted in the future to be one of the top super service industries, apart from telecommunications and information technology (WB, 2010).

According to WTTC(2011), tourism sector is directly and indirectly responsible for 8.8 percent of the world's jobs (258 million); 9.1 percent of the world's GDP (US\$6 trillion); 5.8 percent of the world's exports (US\$1.1 trillion); and 4.5 percent of the world's investment (US\$652 billion). The World Travel & Tourism Council estimates that 3.8 million jobs (including 2.4 million indirect jobs) could be created by the tourism industry in Sub- Saharan Africa (SSA) over the next 10 years (UNDP, 2013). Tourism's main comparative advantage over other sectors is that visitor expenditures have a "flow-through" or catalytic effect across the economy in

terms of production and employment creation during the construction phase of tourist, accommodation and services, creates jobs in that sector. If the country is sufficiently developed, the investment can generate demand locally for furniture and furnishings, and even for capital equipment (UNDP, 2013). Tourism also generates a demand for transport, telecommunications and financial services (WB, 2011).

Through the consumption of local products in tourist accommodation, restaurants and food markets, and through the additional expenditures outside the accommodation, tourists stimulate demand for agriculture, fisheries, food processing, and light manufacturing products, such as the garment industry, as well as for handicrafts and the goods and services of the informal sector (WTTC, 2012).

Estimates of such expenditures vary according to the local circumstances but can range from half to nearly double expenditures in tourist accommodation and similarly, tourism can act as a catalyst for the development of small businesses in a related production and service sectors (UNDP, 2013). Tourism notably can provide an economic base for a region whose only development options, are its cultural and natural resources, whether coastal, mountain, or wildlife or a combination of these was limited (WB, 2011).

However, tourism's catalytic effect on an economy and its multi- sectorial nature is also a reason for its complexity. Tourism, is dependent for its success on numerous factors both domestic and International with very different interests in the sector, including, in most cases, the international visitors that determine its success (WB, 2011). This more than any other time is the moment for pursuing tourism as a dynamic development option in SSA. Although Africa was badly hit by the global

crisis, the continent avoided an even worse growth shortfall in 2009, thanks to prudent macroeconomic policies by governments and financial support, from multilateral agencies and rebounded in 2010(WTTC, 2012).

Northern Europe in particular, is experiencing a change in travel behavior and motivations supportive of tourism providing opportunities to experience something different, pursue more active, cultural and nature based interests as opposed to traditional tourism based on sun, sea and sand offered by Southern Europe (WB, 2011).

The North, has experienced a strong growth in the number of foreign overnights visitors between 2000-2006 of between 3.6% and 10.5% in North Sweden and Finland, Iceland, Faroe Islands and Ireland, compared to annual increase in the rest of Europe of only 2.6% (Halpern 2009).

Much of this growth is an outcome of innovative practices, tapping on new combination of existing man-made and natural resources in the Northern Periphery. For example, Iceland was able to turn negative attention of its whaling industry into an advantage, re-inventing itself as a destination for whale watching, Ice Hotel Corporation gradually expanded from offering ice sculptures and igloos to ice hotels etc.(UNDP, 2013).

Africa's private sector, is increasingly attracting investment from the United States and Europe, with China, India and others also investing heavily in the region(UNDP, 2013).Private capital flows, are higher than official development assistance and foreign direct investment is higher than in India. Returns to investment in Africa are

among the highest in the world. The public sector has set the conditions for the exponential growth of information and communications technology (ICT), which could also help to transform the continent (WB, 2011). With incomes rising, SSA countries' poverty rate declined from 59% in 1995 to 50% in 2005. Given this scenario, the World Bank concludes that SSA could be on the cusp of an economic takeoff, much like China was 30 years ago, and India was 20 years ago.

Tourism is one of the key industries driving the current change and tourism could be a transformative tool within this takeoff from a small base of just 6.7 million visitors in 2010, SSA attracted 33.8 million visitors in 2012. Receipts from tourism in 2012 amounted to over US\$36 billion and directly contributed 2.8.% to the region's GDP (total contribution, including direct ,indirect and induced and stood at 7.3% of GDP(UNDP,2013).

One of the investor outreach programs, the MIGA-Swiss partnership program for Investments in Sub- Saharan Africa with Tanzania, is financed in partnership with the Swiss government and focuses on improving investment in the tourism industry (URT, 2012).

This program, is showing results that can be traced to replicable investment promotion activities. They partnered with the government of Tanzania to organize an investment forum for tourism in 2010, held at the Arusha International Conference Center, and continue to provide follow-up support through an investor outreach program to generate further opportunities for investment.

The program, has produced a number of investments and related activities (privatizations), including a landmark investment in the Kilimanjaro Hotel in 2003. Private investment in hotels has grown rapidly, with the number of hotels rising from 210 in 2009 to 476 in 2010. Interest in tourism in Tanzania continues to be high among Middle Eastern and South African investors (URT, 2012).

In Tanzania the tourism sector is important and contributes a major part of the economy, where the tourism business makes up 11.4 percent of GDP and directly employs about 300,000 people with an average growth rate of 20 percent per year (WTTC, 2016).

Tanzania's inbound tourism market is diverse, with visitors coming from all over the world. Arrivals from Europe and America are dominating the market, particularly the United States, the United Kingdom and other European countries.

The number of tourists that visited Tanzania in 2011 increased from 867,994 the same year to 1,077, 058 last year (2012), a significant rise of 24 percent and in between 2011–2015 the number was 1,113,000 (WB, 2016).

Tanzania, is the only country in the world to have protected more than 25% of its landmass as conservation areas and have developed a far-reaching program of coastal zone management, to protect marine and coastal resources (URT, 2012). The country, is endowed with world-class tourism assets (natural, cultural, historic and archeological) that are in high demand in international tourism markets.

Among the best known, including its six world heritage sites which are: Ngorongoro conservation area,; Serengeti national park; Lake Babati, Selous game reserve, Mt.

Kilimanjaro and its national park; Stone town of Zanzibar, and the ruins of Kilwa Kisiwani and of Songomnara. Tanzania has 12 national parks, 17 game reserves, and 50 game controlled areas and marine parks (URT, 2012).

### **1.3 The Statement of the Problem**

Tourism is a powerful vehicle for economic growth and job creation all over the world (URT, 2010). The tourism growth has coincided with a relatively strong performance in non-traded sectors such as construction, transport and communications (UNDP, 2013). The Tourism also generates a demand for transport, telecommunications and financial services (WB, 2011).

In the recent past, mining and tourism have been the fastest growing sectors in Tanzania with average growth rates of 10% and 5.5% between 2011 and 2012 respectively (UNDP, 2013).

Agriculture's performance was less notable, with growth declining from 5.5 to 4.0% in 2012, due to droughts in most parts of the country. Agriculture, however, remains the largest sector of the economy, contributing more than 27.87% of the Gross Domestic Product (GDP), 70% of employment, and a large share of foreign exchange earnings. Total employment in the tourism sector was almost 200,000 people in 2010 (URT, 2012).

From an operational point of view, room occupancy was 53% in 2010 – up six points from 2012; the average length of stay was 11 days and the average daily expenditure was Us\$188 for visitors on package tours and Us\$119 for those traveling alone (UNDP, 2013).

Tourism is currently most important sector in Tanzania that creates life-long jobs, including those at managerial levels and for women (URT, 2010). The total foreign exchange earnings from tourism in Tanzania were US \$ 746 million in 2009, more than from any other sector in Tanzania.

Tanzania had no Foreign Direct Investment (FDI) in 2010, but it rose rapidly to \$240 million in 2000 and \$248 million in 2003, rising share of tourism within a national economy is sometimes considered surprising (URT, 2012). As growth sectors, manufacturing or agriculture are typically understood, but the role tourism can play as a source of growth, diversification and poverty alleviation is not always recognized (URT, 2012).

Tanzanians own many hotels in Tanzania such as foreign-owned firms that bring skills in marketing, finance and management with their investments. Much of tourism's revenue does remain in Tanzania, and the country has the potential to supply the industry more via locally produced goods (UNDP, 2013).

In every year since 1995, a foreign exchange receipt from tourism has been the largest item in Tanzania's exports of goods and services (30-45%). Within the domestic economy, the trade, hotels and restaurant sector were the second largest sector after agriculture, accounting for 16% of GDP between 2010 and 2012 (UNDP, 2013).

It is undeniable fact that the mainstream of tourism has contributed positively to the national foreign earnings. However, this form of tourism concentrates mainly on game driving to the national parks, beautiful beaches, Mountain Kilimanjaro, some

historical sites and Game reserves. To this end, it excludes local communities from directly benefiting from the industry. So, this study is set out to analyse the contribution of tourism industry in promoting social economic development of the local community in Babati District

To address the above problems, the government addresses market failures, external service providers, which affected the tourism sector and create an enabling environment for private investment and, above all, must provide political and social stability. The state has a responsibility to create a conducive environment like to supply basic infrastructure and assist in the promotion of the country for marketing and investment (URT, 2010). Without the private sector's investment in accommodation attractions, and tourism services and facilities, and its knowledge transfer, there can be in effective tourism sector (URT, 2012).

The problem of inefficient tourism industry to transform social development of the community in Tanzania also exists in Babati District. Tourism in Babati, has demonstrated that it has the potential of directly contributing to social economic development to the rural communities by the creation of employment opportunities and markets for products made locally. However, despite the fact that tourism has been in existence for over a decade now, there has been no evidence emanating from a thorough study regarding its influence to the household livelihoods to local people in rural areas.

## **1.4 Objectives**

### **1.4.1 General Objective**

The study, has examined and make a comprehensive document to the contribution of tourism industry in promoting social economic development in Tanzania.

### **1.4.2 Specific Objectives**

The specific objectives of the study were;

- i. Describe the nature and type of tourism industry existing in Babati District Council
- ii. Evaluate factors influencing the contribution of the industry in promoting social economic development
- iii. Evaluate the challenges that affect the tourism industry for social economic development at the study areas.
- iv. Recommend the best way of improving tourism activities in BDC.

## **1.5 The Research Questions**

- i. What is nature and type of tourism industry existed in BDC?
- ii. What are the factors influencing the contributions of the industry in promoting social economic development?
- iii. What are challenges facing the tourism industry for social economic development at BDC?
- iv. What are the best ways of improving tourism industry in BDC?

## **1.6 Significance of the Study**

This study will contribute to the existing Tanzania's literature and add information about the tourism industry, in social economic development in Tanzania. The study

will contribute towards the understanding the nature, approaches, and weakness factors, which hinder tourism industry in social economic development in Tanzania and find the positive measures to enhance tourism industry in social economic development in Tanzania.

The study output, sought to offer an important knowledge for policy planners, user/beneficiaries, local communities', donors, agencies, NGOs, private organizations and governments, in order to influence the tourism industry in social economic development in Babati District Council so that, can lead to the success of tourism industry for the economic development of citizens and the national income.

### **1.7 Scope of the Study**

This study, is justified by the need to examine and make a comprehensive document to the contributions of tourism industry in promoting social economic development in Tanzania in BDC. The study will concentrate at three wards in Babati District Council. These three Wards have large population of community members who are engaged in tourism sector.

The study will involve staff from Babati District Council who monitors the implementation of tourism activities, village Leaders, women and men who involves themselves in tourism activities.

### **1.8 Limitation of the Study**

The study encountered some limitations, these include language barrier as most of beneficiaries were low income from Maasai community respondents who could not read and write. The researcher used a translator to overcome the limitation. Furthermore, some questionnaires were not returned by the respondents, this was

expected at the proposal stage hence, increased the sample size in order to remain with an acceptable sample size.

### **1.9 Organization of the Study**

The dissertation will comprise of five chapters. Chapter one comprises the background information, problem statement and objectives of the study, two incorporates with literature review in which theoretical review, empirical evidence, conceptual framework and an empirical model have been deeply discussed; three which indicates the research methodology contains a research design, sample size, sources and types of data, Data analysis including a descriptive analysis; four will explain results and discussions and the last chapter five will include conclusions, policy implication and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter, provides the theoretical and an empirical literature review related to the study area. The review will focus on the tourism and social economic development particularly, those with an emphasis to the rural livelihood improvement. It will cover experiences of developing countries and areas of relevance to the Tanzania situation. Finally, the chapter would present and describe the conceptual framework for the study conducted.

#### **2.2 Definition of key terms**

##### **2.2.1 Tourism**

Tourism, is the activity of a person travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited (Theobald, 1998).

##### **2.2.2 Development**

According to FAO (2011), Development usually means improvement, either in the general situation of the system, or in some of its constituent elements. Development may occur due to some deliberate action carried out by single agents or by some authority pre-ordered to achieve improvement, to favorable circumstances in both. Development policies and private investment, in all their forms, are examples of such actions or development, can be understood from the point of continued advancement of man towards good living standards(Odeh, 2010).

### **2.2.3 Socio-economic development**

Socio-economic development is measured with indicators, such as GDP, life expectancy, literacy and levels of employment. Changes in less-tangible factors are also considered, such as personal dignity, freedom of association, personal safety and freedom from fear of physical harm, and the extent of participation in civil society. Causes of socio-economic impacts are, for example, new technologies, changes in laws, changes in the physical environment and ecological changes.

## **2.3 Theoretical Reviews**

The theoretical framework of the study, is a structure that can hold or support a theory of a research work. It is a collection of interrelated ideas based on theories (Kombo and Tromp, 2006). The following theoretical frameworks, are considered to form the basis for the analysis of the empirical data.

### **2.3.1 The theory of economic growth on tourism**

Economic Growth, refers to an increase in a country's production capacity. Growth may be stimulated by an increase in the quantity or quality of the factors of production such as labor and capital (Wickets 1994,) thus, the theory of economic growth; general deals with economics long run trend or potential growth parts. Accordingly to Harold- Dornier model, a full employment equilibrium growth requires that, the warranted rate of growth should equal to the natural rate of growth.

At the equilibrium level the mathematical formula is;

$$I=S=Y$$

Where; I = Investment, S = Saving and Y = Income.

From above formula it shows that, the growth rate of the investments resulted from the generation of the capital flows, which attributed by the expansion of the private

Investors growth in a country. Under the economic perspective, the linkage between the increasing rates of the personal income requires the development of both foreign and domestic investors to the country by which, eventually will facilitate the income generation for both the national and individual level.

According to the Multiplier effect of tourism sector to the economic growth of the country, the tourism sector contributes to the development of the other sectors since the increasing of the supply of the tourism investors, can lead to the an increase of the related tourism activities like restaurants, hotels, tour guides, selling cultural hand crafts and all others activities related with tourism sectors, thus, those may lead as the source of income of the household.

### **2.3.2 The theory of standard income multiplier effect on tourism**

The standard multiplier approach is the simplest and least expensive way to calculate multipliers (Goodwin, 2007).The formula for calculating the standard income multiplier is:  $\text{Income Multiplier} = 1 - (\text{MPC} \times \text{PSY})$ .

The marginal propensity to consume locally (MPC), represents the proportion of local income spent within the locality. One can make a crude estimate of the MPC by asking “what proportion of people’s incomes is likely to be spent locally?” PSY is the proportion of a tourist expenditure dollar that becomes income to local households, this variable measures how much local labour, interest, and profit is involved in the final price of the product. For example, one would expect to see a higher PSY in locally operated tourism businesses that hire mostly local people, than international chains that employ more non local residents (Goodwin, 2007).

Moreover, scholars believe differently upon the effect of tourism on household income, many of them elaborate positive linkage between the tourism sector and the income received by the household (Kweka, 2004). Income generation from the tourism enterprises has potential mechanism for the impact on regional economy. This mechanism, is a bit wide and complex as it cut across several sectors of the economy through which, income exchange from the hands in the process at the time of practice (Goodwin, 2007).

#### **2.4 Empirical Review**

Tourism, is an important industry in many developing countries providing foreign exchange, employment, incomes and public revenue. It has become an important sector and it potentially constitutes one of the fastest growing sectors. It is one of the top five sources of foreign currency for 83 percent of developing countries. The contribution of tourism receipts to total revenues in these countries is within the range of 80 to 20 percent (Benavides, 2001).

During 1980-87, for example, international tourist receipts grew by 45 percent or six times faster than exports in general (Benavides, 2001). In developing countries of Asia, Latin America, Africa and some of the Pacific countries tourism sector obviously take into account the linkages with the benefits to the local people.

Fayissa *et, al.* (2009) found a positive and significant impact of international tourism earnings on the growth rates of GDP per capita by using a panel data, for a sample of 17 Latin American countries from 1995 to 2004. After using a fixed effects estimation method, they have found out that a 10% increase in the level of tourism earnings increases the GDP per capita by 0.4% from its level. They also found out

the impact of tourism on the growth of GDP per capita was higher when human and physical capital improvements occurred simultaneously that explains the interrelation of tourism with the other sectors of the economy.

However, as the study that recommends countries in Latin America to work on policies to foster tourism, it does provide any evidence of the basis for focusing on tourism with regards to other sectors. If the study had included the contributions from other economic sectors as well, then the relative contribution of international tourism to economic growth of these countries would have shed more light on the desirability of tourism other industries.

Using the Gini coefficient of inequality and the Lorenz curve for income distribution across different industries, they found that, tourism generated relatively more equal distributions of earnings, and performed better than the secondary and tertiary industries, which include mining, manufacturing, constructions, finance, and social services.

This means that, workers in the low-income class gain disproportionately more from the tourism sector than they would from employment in the secondary and tertiary industries.

Santikullet *al.* (2005), through their study concerning with the pro-poor tourism development in viengxay, Laos: current state and future prospects, their study came up with advantages of the pro poor tourism for the local community. There was an increasing of jobs directly related to tourism in Laos that was estimated at 18,000 in 2005, with a total of 321,155 jobs directly or indirectly attributable to tourism.

Tourism businesses in Laos tend to be small and locally-run, founded by individuals taking advantage of perceived market opportunities, without much planning and without the support of either government or NGOs. While it is advantageous for the goal of poverty alleviation that a greater proportion of the earnings from tourism is thus going directly to the local providers, without government oversight or control the channeling of benefits and the assessment of impacts is far from optimal.

In an example of this phenomenon, following an analysis of the accommodation, food and beverage, handicrafts and excursions sub-sectors in the popular tourist destination of Luang Prabang area, Ashley (2005) estimated that \$6 million dollars annually, or about 27 percent of the city's total receipts from tourism, were going directly to the local producers, suppliers and tourism workers.

Makame (2007), on his study of the participatory natural resources management and benefit sharing in Zanzibar, has found that the tourism sector was mostly important to the local community in Zanzibar, in the northern region there was a number of people came to work in the hotel sector. Different nationalities, mainly from East Africa, were attracted to the job opportunities available in the area. Business partners from mainland Tanzania have found a good market for their goods and 'services', mainly paintings and wood carvings. However, some of these people came to the area for different purposes.

Haji (2011), through her study on the prospects and challenges facing women entrepreneurs involved in tourism industry in overcoming poverty, she considered the role of the women towards the poverty alleviation at the local level, she revealed that, tourism had the potential to reduce women poverty and observed that those who

had participated had positively benefited from the tourism industry. However, there are several opportunities yet to be utilized by women entrepreneurs. In this respect therefore, it would be more beneficial and profitable for women and men entrepreneurs, to organize themselves to reap maximum benefits from tourism industry. Indeed, efforts are needed to enable local entrepreneur's in particular local women to withstand the competition of foreigners.

For example Luvanga and Shitundu (2003), did a study which concerned with the role of tourism in poverty alleviation in Tanzania, according to their study, tourism activities could affect poverty alleviation positively or negatively. Positive contributions may be registered through employment creation, income generation, and increased asset ownership, contributions to the basic needs and contributions to community benefits.

However, together with benefits, linkages and multipliers, tourism effects may result in some costs or negative impacts. These may be seen through environmental problems, cultural pollution, immoral behavior and conflicts with other socio economic activities. The impact of tourism sector to an economy of the country can directly derived from the income received by the households through direct or indirect employment.

Kweka (2004), did a research on Tourism and Economy of Tanzania. His paper employed economic analysis to demonstrate the potential contributions of tourism for the economic growth in Tanzania, and the findings of his work indicated that; tourism expansion had a substantial impact on the economy as shown by increase in the real GDP, total welfare and exports. Improvement of infrastructure appreciably amplifies the effects of tourism expansion and tourism taxation, has an

unambiguously favorable impact on tax revenue and welfare. As LDCs lack sufficient resources to enhance growth, tourism may provide as a source of tax revenue to finance infrastructure projects, which will benefit the economy as whole, as well as tourists.

The Sustainable Development Goal (MDG), is a number one which calls for concerted efforts to eradicate poverty by 2015 by reducing by half the proportion of people living on less than one dollar a day and to reduce by half the proportion of people who suffer from hunger and disease (UN, 2005). The private sector comprises several sub-sectors, one of which is the tourism industry (WTO, 2002).

The consensus have described the tourism sector as a socio-economic phenomenon reform “comprises the activities of persons travelling to and staying in places outside their usual environment for not more than a consecutive year for leisure, business and other purposes (WTO, 2002)

Tourism has the potential towards poverty alleviation among the local community and also Tourism can increase income generating opportunities for both the rural and urban poor through employment creation leading to additional incomes and the well-being of the affected families employed in tourism enterprises (UN, 2005). Now days the concentration keeps forward into the development of the pro poor tourism growth since it has the direct impact for the local community beneficiaries. The UN emphasized that since tourism operates in different geographical areas, it can be an important tool to affect poverty.

According to the United Nations (2005) “pro-poor tourism is an appropriate mechanism for poverty reduction”. It does not only contribute to economic growth but can also have additional social, environmental and cultural benefits and costs.

Tourism, should be able to provide employment opportunities by diversifying and increasing the income of the poor which reduce their vulnerability. Through increased national income from foreign exchange earnings and taxation through tourism, additional funds can be diverted towards designing poverty-reduction strategy programmes which can help to improve the livelihood of poor in the rural and urban areas.

Ashley, et al. (2005) argues that “despite commercial constraints, much can be done to enhance the contribution of tourism to poverty reduction”. Shapley in support of Ashley and Roe posits that “tourism has long been considered an effective catalyst of rural socio-economic development and income regeneration” (Shapley, 2002).

In line with those arguments, tourism development has traditionally been measured and reported in classical economic lexicon and jargon by referring to it in macro quantitative economic terms numbers of international visitor’s arrivals, contribution to employment and to the balance of payments in foreign exchange earnings.

Tourism reports and the multiplier concepts i.e. how an increase in economic activity starts a chain reaction that generates more activity than the original increase, have been used to identify the economic contribution of the tourism at the national level (Jamieson et al., 2004). Generally, there is often an assumption that through a “trickledown” process, local communities (might) benefit from employment

(directly, indirectly or by inducing such a benefit) and through tourists spending at the destination.

However, there exists very little hard evidence to support this view (WTO, 2002). Furthermore, this study demonstrate the trickle-down effect of tourism on the economy of a country, where there is involving of the local community into poverty alleviation. The trickle-down effect of tourism on the economy of a country was modified by Rogerson tourism– poverty model which was modified after pro-poor tourism partnership (2004).

The Rogerson tourism– poverty model framework for tourism have been emerging over the past decade, it gives a summary of the conceptual and historical bases of tourism, and discusses in detail the roles of different stakeholders including the poor themselves as well as businesses, government, NGOs as well as a critical assessment of what can be done by these different stakeholders to support the success of tourism.

## **2.5 Motivation and Simulation Design**

To achieve a meaningful analysis of the economic impact of tourism for a country such as Tanzania, a series of four simulations are carried out. The choice of simulations is a policy-driven in that it reflects the thrust of both government policy to enhance growth of the economy by improving infrastructure in general, and promoting the growth and role of the tourism sector in particular.

In addition to the foreign exchange and tax revenue earnings, growth of tourism has an important role of stimulating economic activity for many sectors of the Tanzanian economy given its significant linkage effects (Kweka *et al*, 2001). For instance,

growth of tourism can stimulate expansion of the food and beverage industry, which in turn can accelerate production of food crops, thus benefiting the agriculture and welfare of rural sector. However, for the output impact of tourism to be viably realized, improvement of infrastructure is necessary, for enhancing both the productive efficiency of the economy and integration of rural and urban economic activities.

### **2.5.1 The first simulation**

Imposes a 20% growth of tourism by increasing tourism expenditures by 20% this is our basic simulation intended to examine the impact of expansion of the tourism sector on the economy of Tanzania. An expansion of tourism has the initial effect of raising real incomes by increasing the marginal product of the mobile factors initially employed in the tourism sectors.

As a result, demand for factors rises in these sectors necessitating movement of resources out of other sectors to the tourism thus giving rise to various adjustments in the rest of the economy. Firstly, a tourism increase is an inflow of foreign exchange that has effects on the real exchange rate, and that tourism competes with other sectors for resources; both of which may harm primary exports. Secondly, domestic demand for goods and services may rise due to the real income impact of tourism expansion, which will increase domestic prices.

In addition, an increase in tourism expenditure also increases imports of goods and services demanded by tourists and by increased production of domestic goods. In this way, tourism expansion may affect the trade balance positively or negatively (URT, 2010).

### **2.5.2 The second simulation**

Examines the impact of increasing infrastructure efficiency by lowering costs of distribution and marketing by 10% following the approach in Wobst, 2001 and Arndt *et. al.* An increase in tourism expenditure by 20% is a reasonable scenario as it reflects the magnitude of tourism growth in Tanzania. For instance, between 1991 and 1999 period, international tourism arrivals increased at an annual average of 15%, while the foreign exchange receipts from international tourism has been growing at about 29% per year in the same period .This is modeled through the decrease of the marketing margin coefficients represented by the retail trade sector (ret). As stated in the IO (URT, 1999), all marketing and distribution costs are allocated to the retail trade sector.

The investment, including additional government spending on infrastructure development, is not explicitly modeled. Poor infrastructure remains one of the critical problems facing developing Sub Sahara African (SSA) countries including Tanzania (URT, 2010). The existing infrastructure bottlenecks such as inadequate and poor transport & communication network, roads and railways, inefficient ports and regular power cuts seriously limit productivity and growth (URT,2010) and efficient infrastructure is required to ensure timely supply of goods and services for production and consumption. Inefficient infrastructure leads to high costs of marketing and distribution (transaction costs) usually reflected in high price (or shortage) of goods and services that may limit consumption and welfare.

Infrastructure improvement will benefit the economy in general; and will be a requirement for taking fuller advantage of the expansion of tourism. Clearly, an improvement in infrastructure will amplify the economic benefits of tourism in two

ways. Firstly, given the distant location of Tanzania's main tourist attractions an improvement in infrastructure may cut down the price of holidays as costs of transport, marketing and distribution decrease; such an improvement will increase real consumption and hence welfare (URT,2012). Secondly, infrastructure improvement will improve access of tourists to the attractions, thus encouraging further growth of tourism.

### **2.5.3 Our third simulation**

Is designed to demonstrate the extent to which infrastructure improvement enhances the economic impact of tourism - the effects of tourism expansion under a better (more efficient) infrastructure. It is implemented simply by combining simulations one and two, and computing the percentage change in the effects of tourism expansion due to the improvement in infrastructure (Parmenter, 1995).

### **2.5.4 Fourth simulation**

Imposes 10% tourism tax, as way of amplifying the benefit of tourism on the economy. The government is likely to encourage development of tourism given, among others, its potential to raise additional tax revenue. The literature on tourism economic impact advocates the introduction of taxes on international tourism as one of the means to amplify the benefits of this growing industry (Tisdell, 1983; Bird, 1992; and Adams and Parmenter,1995). This contention is based on the fact that most other benefits of the expansion of tourism may be associated with adverse effects on the economy (such as reduction of primary exports) and may involve costs such as increased imports (see Forsyth and Dwyer, 1993).

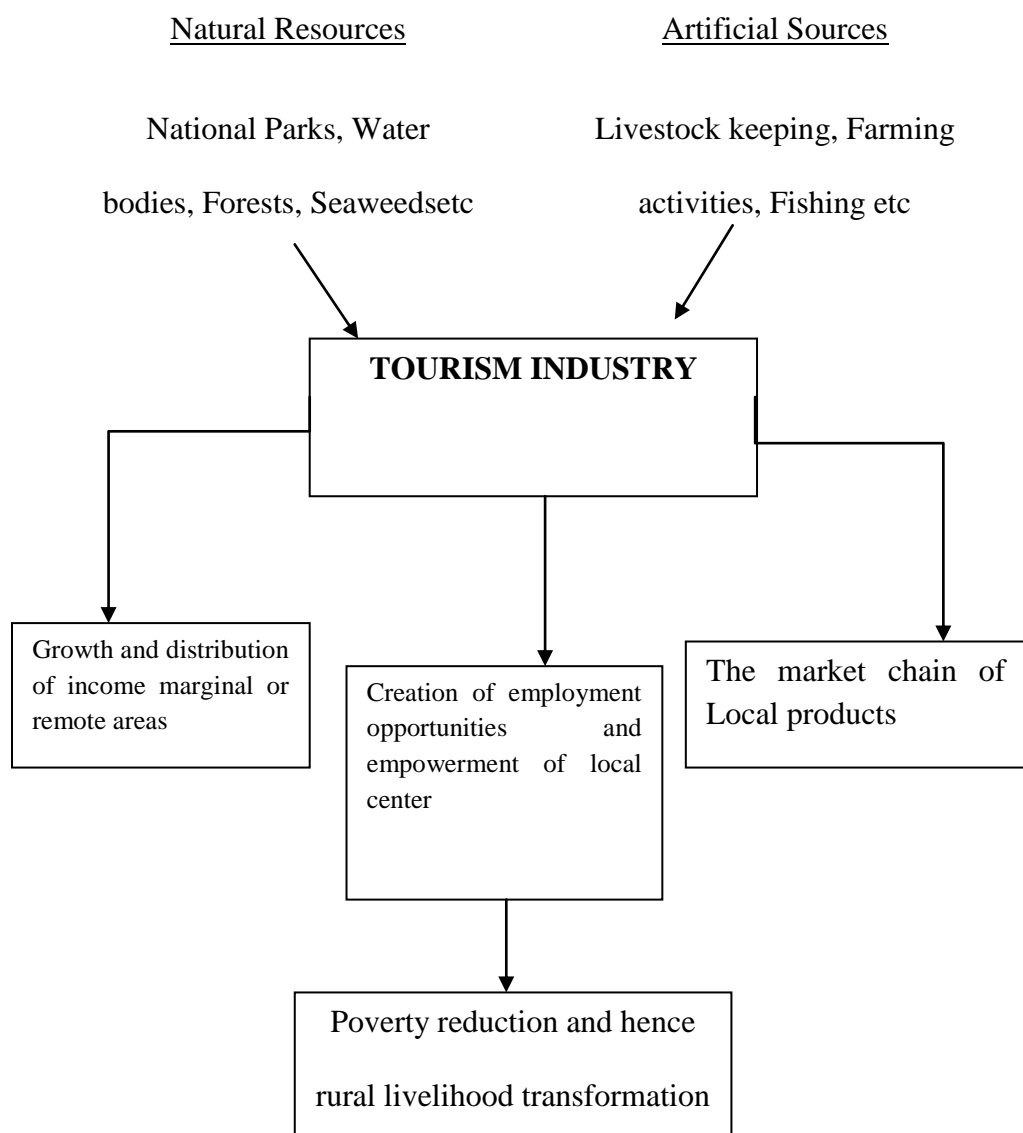
## **2.6 Conceptual Framework**

Kothari (2004) states that a conceptual frame work acts as a map that guides a researcher to be organized in a manner that, makes them easy to communicate to others. It enables the researcher to find links between the existing literature and his own research goals.

The Figure 2.1 below, depicts the relationship between the effective tourism activities and the process of rural transformation. It shows how tourism industry contributes to the social economic development in the local communities. Tourism sources can either be natural or artificial sources both of which can attract visitors/tourists from all over the world where-by through their visits local community can get opportunity to engage in small scale activities, like agriculture and small businesses which generate some income for their daily needs.

Tourism support agriculture activities where by food product from farmers can be traded between visitors and farmers and also farmers and local hotels owners. Also through tourism activities local community can obtain jobs which can support their daily life activities.

Through this intervention of visitors and local community people can get exposure to foreign culture and life style. Also these jobs created from tourism activities help to improve the living standard of people and the whole community in large and hence, reduce poverty among the society members and hence, rural community transformation



**Figure 2. 1: Conceptual Framework**

**Source:** Researcher, 2016

## 2.7 Research Gap

Tourism, is an important industry in many developing countries providing foreign exchange, employment, incomes and public revenue. It has become an important sector and it potentially constitutes one of the fastest growing sectors (Benavides, 2001). Fayissa *et al.* (2009) find a positive and significant impact of international

tourism earnings on the growth rates of GDP per capita by using a panel data for a sample of 17 Latin American countries from 1995 to 2004. Ashley, *et al.* (2005) argues that “despite commercial constraints, much can be done to enhance the contribution of tourism to poverty reduction”. Shapley in support of Ashley and Roe posits that “tourism has long been considered an effective catalyst of rural socio-economic development and income regeneration” (Shapley, 2002). Kweka (2004) did a research on Tourism and Economy of Tanzania. His paper employed economic analysis to demonstrate the potential contributions of tourism for the economic growth in Tanzania and his findings indicate that; tourism expansion has a substantial impact on the economy as shown by the increases in real GDP, total welfare and exports. From the reviews have not shown or little information has shown on the contribution of tourism industry to the social economic development of Tanzania where by Babati District being considered as a case study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This section describes the research methodology adopted in the study area and presents the followings: Research approach, research design, study areas and the justifications of its selections, study population, sampling procedures, research methodology, data analysis procedures, ethical considerations, validity and reliability.

#### **3.2 Research Approach**

This study has employed a mixed research approach. Mixed methods research combines qualitative and quantitative research methods in different ways, with each approach adding something to the understanding to the phenomena in Babati District. Mixed methods usually, offer a better understanding of the research problem than a single method.

#### **3.3 Research Design**

A cross sectional research design had been used in this study. This design was considered to be appropriate as it allows a direct observation of the events to be studied and the interviews of the persons who will be involved in the events. The cross-sectional research design has been selected due to the population under study which composed of various strata at different level, in order to obtain the timely relevance data on the study.

### **3.4 Study Area Selection and Criteria**

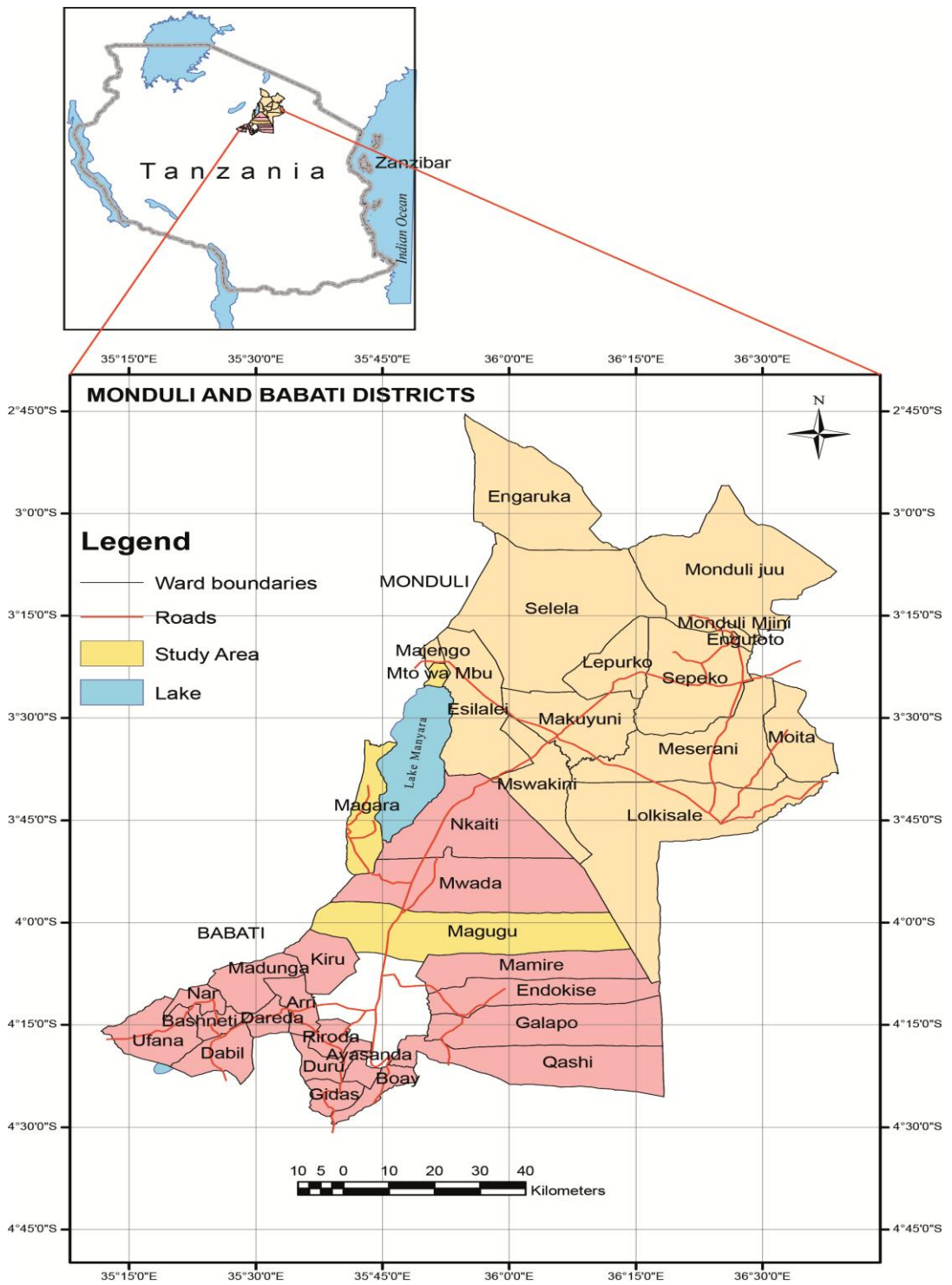
The study took place at Babati District Council. The choice of Babati as a case study was motivated by the number of reasons because as the area had many tourism attractions and many tourism activities were conducted within the district and the region as whole. Tourism centers like Tarangire, Lake Manyara, lake Bungure are among the potential sources of tourism activities. Manyara Region also is a familiar area with an access in data collections, cost saving, time bound and researchable area.

Manyara Region is one of Tanzania's 30 administrative regions. The regional capital is Babati Town. According to the 2012 national census, the region had a population of 1,425,131, which was lower than the pre-census projections of 1,497,555. From 2002-2012, the region's 3.2 percent average annual population growth rate which tied as the third highest in the country. It was also the 22nd most densely populated region with 32 people per square kilometer. Lake Babati is in the northern part of the region.

The district is bordered to the north by the Arusha Region, to the northeast by the Kilimanjaro Region, to the east by the Tanga Region, to the south by the Dodoma Region, southwest Singida Region, and to the northwest by Simiyu Region. The highest mountain in Manyara Region is Mount Hanang. Residents of the Manyara Region are mostly farmers.

Babati is a district of Manyara Region of Tanzania, Eastern Africa. The administrative capital of Manyara region is Babati town, which is 172 km (107 miles) south of Arusha. The district covers an area of 6,069 km<sup>2</sup> (2,343 sq mi),

a large proportion (640 km<sup>2</sup>) of which is covered by the water bodies of Lake Babati, Lake Burunge and Lake Manyara. The district is bordered to the north by Arusha Region, to the south east by Simanjiro District, to the south by Dodoma Region, to the south west by Hanang District, and to the north west by Mbulu District.(NBS 2013)



**Figure 3. 1: Map of Babati District which shows the study area**

### **3.5 Study Populations**

According to Crowl (1993) a study population is defined as a group of study units which the researcher is interested in gathering information from as well as drawing conclusions on. The target population will be all people residing in the selected wards whom were engaged in tourism activities and the council staff.

### **3.6 Sampling Frame and Techniques**

This section presents the sampling frame, sampling techniques, unit of analysis, sampling units and sample size.

#### **3.6.1 The sampling frame**

The study, included the lists of local beneficiaries from the communities, leaders from the street, village wards and district officers.

#### **3.6.2 Sample Size**

Kothari (2004), defines a sample size as the number of items to be selected from the universe to constitute a sample; the sample size should be neither excessively large nor too small. This study will use various levels of respondents for the purpose of obtaining a diversity of data from the field. In this study the researcher included a sample size of 113 respondents in Babati District. This sample size, was suitable to generalize results and study the statistical relations between variables. The sample size was obtained by using Slovin's formula (1960) to determine the sample size as follows;

$$n = N / 1 + N (e^2)$$

Where

n = Sample size

N = Total population (residents) =63,981

e = is the acceptable error (the precision)=0.1(10%)

Therefore

Sample size

$$n= 63,981/1+63,981(0.1)^2$$

n=113

**Table 1.1: Distributions of the Sample Size**

<b>Category of the Respondents</b>	<b>Sample Size</b>
Community (villagers)	100
District Planning Officer	1
Ward executive Officers	3
District Natural Resources officers	3
Village Executive Officers (VEOS)	6
<b>Total</b>	<b>113</b>

**Source:** Survey data, 2016

### **3.7 Sampling Technique**

Two sampling techniques were used; Purposive, systematic random sampling and simple random sampling.

#### **3.7.1 Purposive Sampling**

Purposive sampling was important for officials at BDC who controlled and supervised tourism activities in the District. This technique was to select key informants such as officials from Babati District Council, who included the Community Development Officer (CDO), District Natural Resources Officer, District Planning Officers (DPLO) and Ward Executive Officer (WEO) and Village Executive Officers (VEOs). Purposive sampling technique enabled the researcher to

choose respondents basing on the fact that they had desirable characteristics related to the issue being studied (Kothari, 2004). Mentioned officers were selected by the virtual of their positions because they were well informed about tourism activities.

### **3.7.2 Simple Random Sampling**

These sampling techniques were used to select respondents among the population. This type of sampling technique provided an equal opportunity of the selection for the elements of the study population (Kothari, 2004). The researcher used this technique to avoid biasness of responses in order to ensure that data collected represented the reality of the situation of the residents. Simple random sampling, was used because the population understudy comprised of a large number of residents and ensured that, every respondent had an equal chance of being selected

## **3.8 Methods of Data Collection**

Both primary and secondary data collection methods have been used to obtain sufficient and realistic information and justifications to the findings. Primary data were collected through questionnaires and interviews and secondary data were obtained through documentary review.

### **3.8.1 Semi-Structured Interviews**

Semi- structured interviews used a checklist method or guide to collect information from key informants. In this study, a key informant was considered to be an individual who was accessible, willing to talk and had a greater knowledge based on the objectives of the study. Key informants have been included street executive officers, ward executive officers, officials from the District Council.

### **3.8.2 Survey Methods**

The study has used the households questionnaires as tools or techniques because it helped to achieve the information which were filled on papers and gave out views through writing on a paper, the verbal questions and answers from the respondents in Babati District. The structured questionnaires were designed and pre-tested prior to its administration for the purpose of checking their reliabilities and validity of the items necessary for the modifications. Data were collected by using two separate questionnaires with both open and closed questions, one for the actors and the other for the local beneficiaries. Respondents were requested to answer questions related to the objective of the study. Two enumerators assisted the researcher to administer the questionnaires to the respondents.

### **3.8.3 Observations**

This method was used as instruments or tools as well as an observation guide at the study areas. The study obtained the information by meeting with respondents face by face and gave the primary information. Direct observation was used to collect evidence that can be captured without necessary asking the respondents. This was possible by visiting the community participated in decision making activities to which the researcher was a participant to the survey. Observations were used to complement some of the respondents' responses on the community participation in decision making. The information gathered by using this technique was to counter check information provided by respondents. A direct observation helps the researcher to see, observe physically and direction from a real specific situation (Babbie, 2008).

#### **3.8.4 Focus Group Discussions (FGDs)**

The study has used the tools or instruments of checklists in order to get the required information. A structured interview guide or checklists have been used for the focus group discussions. This guide, was used to establish a set of issues for the group to discuss and used it to channel discussions towards the accomplishment of the research objectives. The study has used focus group discussion because they helped to get information from the respondents by asking questions and got answers as well as made a free dialogue and learnt from each other between the researcher and respondents for more clear information.

#### **3.8.5 Documentary analysis**

Secondary data, were collected from various published and unpublished documents relevant for the study from libraries of the University of Dodoma (UDOM), Babati Regional Library, Journals, books and internet. The study, used documentary reviews because they helped to get information which supported the work gaps of knowledge and the background of the problems, theory and the practical experiences from different places in the world.

### **3.9 Data Analysis Methods**

For the quantitatively approach a data base was created, questionnaires were checked for completeness. Statistical Package for Social Science (SPSS) package was used in analyzing them. The analysis involved coding, data entry, data cleaning, and the generating of descriptive statistics.

The simple descriptive technique were used to analyze data coded and presented into frequency tallies, and their corresponding percentage scores. Data from FGD were coded and interpreted to help researcher to get required information

### **3.10 Ethical Consideration**

Ethics aims to protect the participants from harm and to promote their welfare. Data were only accessed by the researcher and respondents who participated in the research voluntarily; no one was forced into participation. The researcher, tried to avoid all events that would have brought embarrassments to the respondents by making them feel free to provide information. The researcher informed the respondents the purpose and objectives of the study so that, they were aware with the situation and confidentiality were maintained. “Respondents are protected by keeping the information’s given confidential (Mugenda & Mugenda, 1999).

### **3.11 Validity and Reliability**

#### **3.11.1 Validity**

The research tools were pre-tested. In this study, the validity of the instruments were developed by the researcher to match with the problem of the proposal step by step and were considered objectives and research questions.

#### **3.11.2 Reliability**

Reliability in this study has been analyzed into two ways such as internal consistence which dealt with the separation of observed items and inter-rater reliability which was looking about correlation. In this study, data collection staffs were trained so as to match with the objectives of the study.

## **CHAPTER FOUR**

### **PRESENTATION OF THE FINDINGS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents and discusses the results and findings of the study using the data collected from the field. Discussions of the findings are based on the designed objectives mainly the specific objectives which (i) Describe the nature and type of tourism industry existing in Babati District Council (ii) Evaluate factors which influenced the contribution of the industry in promoting social economic development and (iii) the challenges that affected the tourism industry for social economic development at the study areas

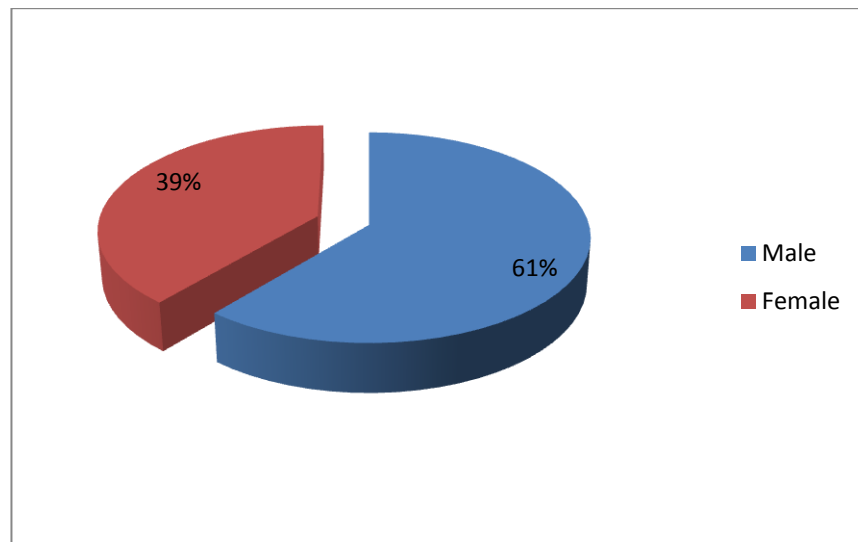
The study has managed to administer questionnaires where-by 100 respondents were surveyed, 13 key informants interviewed and two (2) FGD to Council and National Park leaders were conducted.

#### **4.2 Social Economic Characteristics of Respondents**

This section presents the background characteristics of the respondents; with the variability in their profiles. It has intended to explore the respondents' composition in terms of age, marital status, gender and the level of education.

##### **4.2.1 Gender of Respondents**

Findings have shown that 61% of the respondents were males where as 39% females. They have also revealed that, there were more males than females who took a lead in responding to the research questions compared to females. This may be attribute by the fact that, in many African traditions, males were bread earners, However, the situation has started to change as females are now engaged in various economic activities including tourism. Fig 4.1 below



**Figure 4. 1: Percentage Distribution of Respondents by Gender**

**Source:** Survey Data, (2016)

#### **4.2.2 Age of respondents**

In this study, data have revealed that 35% of the respondents were elders between the age of 41-60 years, 25% youth from 18-30 and 40% adult from 31-40 years. This implied that, the study has involved people of different ages due to the nature of the business environment and people's needs to participate in tourism activities. The issue of age was important through it; one can easily segment the market. This is on consumer behavior (Lawton, 2002). From the age characteristic it is possible to establish the requirements of each group segment.

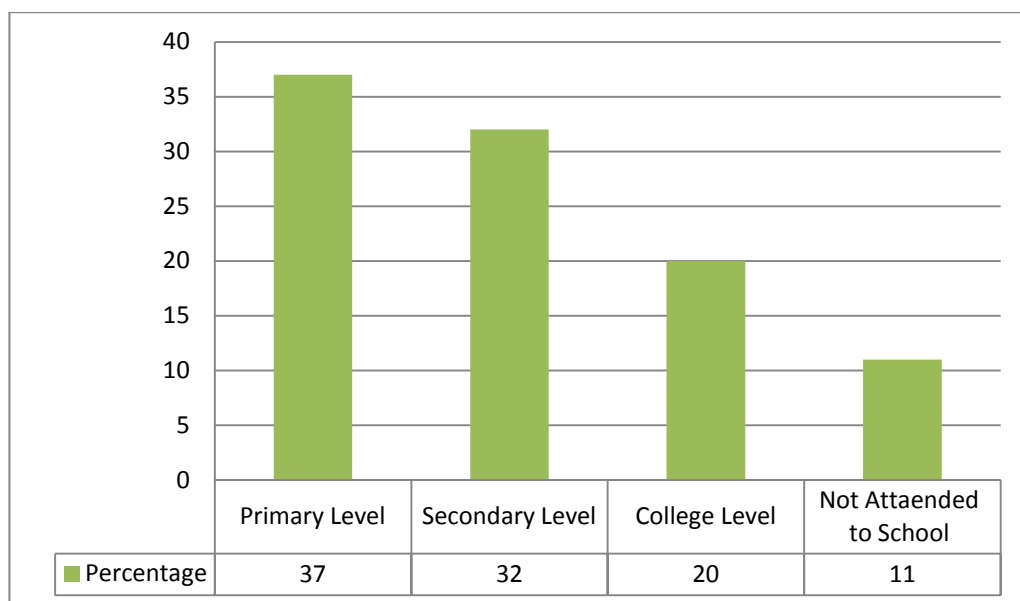
**Table 4.1: Percentage Distribution of Respondents by Age**

<b>Age</b>	<b>Number</b>	<b>Percentage</b>
18-30	25	25.0
31-40	40	40.0
41-60	35	35.0
<b>Total</b>	<b>100</b>	<b>100.0</b>

**Source:** Survey Data, (2016)

### **4.2.3 The Educational Level of Respondents**

The researcher was interested to understand the level of education of the respondents and its implications to tourism activities. Data have revealed that, 37% of them attained primary school education, 32% secondary education and 20% college education. The rest of them (11%) did not attended to any formal education. This revealed that, tourism sector in the study area involved people/individuals from different levels of education. Figure 4.2 below

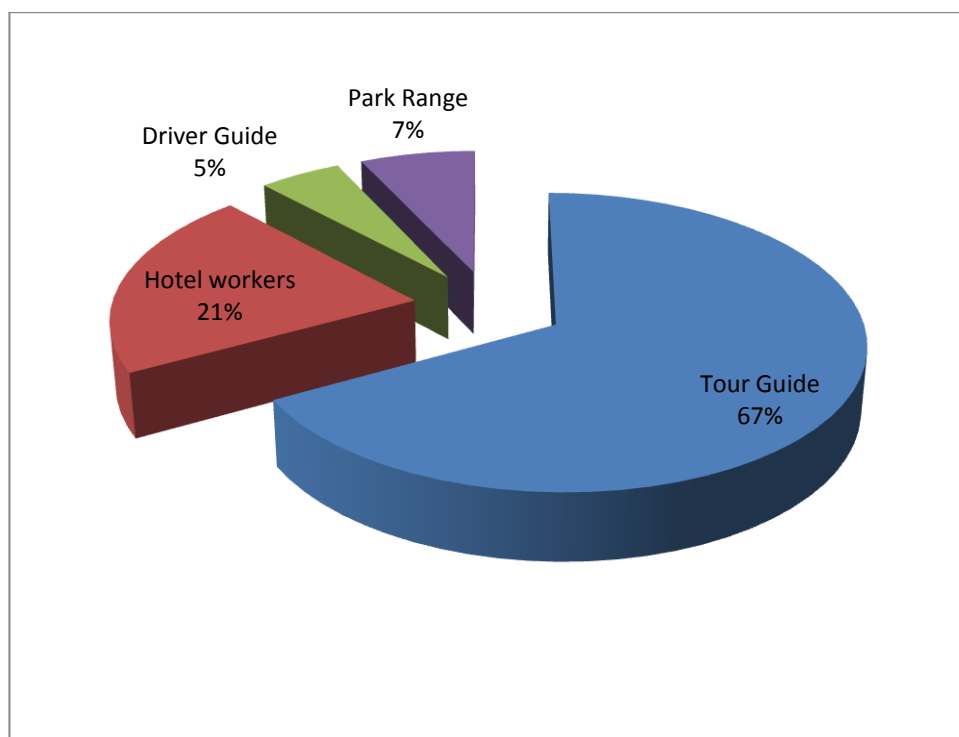


**Figure 4. 2: Percentage Distribution of Respondents by Education Level**

**Source:** Survey Data (2016)

#### **4.2.4 Community engagement in tourist industry activities**

The study was interested to understand the nature and activities that most households were employed to the tourism industry in Babati District Council. Figure 4.3below



**Figure 4. 3: Percentage Distribution of Respondents and Activities Engaged**

Source: Survey Data, (2016)

### 4.3 Nature and Type of Tourism Industry Existing in BDC

As for the nature and type of tourism industry existed in Babati District Council.

Figure 4.3 above

#### 4.3.1 Types of tourism existing

Figure 4.4 below shows the types of tourism that existed in the study area. Data have revealed that game-view tourism was leading by attracting many people to the industry (35%) This is the type of tourist which is based on viewing of different wildlife habitat in the National park. Non-sink products such as game viewing are mainly done or explored through driving within the game drive circuits or balloon safaris. Game view tourism, is a nature-based tourism which provides incentives for

the local communities and landowners to the conserved wildlife habitats upon which the industry depends. It promotes conservation by placing an increased value on the remaining natural areas. As nature tourism becomes more important to the local economy, communities have additional incentive to conserve their remaining natural areas for the wildlife and their enthusiasts. As shown in Figure 4.3 above, the study has noted that, Game view was the leading type of tourism which attracted large the number of tourist, as well attracted visitors to view different wild animal and wildlife habitat at Manyara National Park

Cultural tourism has ranked the second type of tourism (30%) in BDC. Cultural tourism basically is based on the mosaic of places, traditions, art forms, celebrations, and the experiences that portrayed the nation and its people, reflecting its diversity and characters. It is generally, focuses on the traditional communities who have a diverse customs, unique form of art and a distinct social practices which, basically distinguish it from other forms/types of culture practised both in rural and urban areas. The study has noted that, household respondents as individuals or groups had been involved in curio supplies and other shops, for selling their own cultural commodities of tourism outstanding such as meals, agricultural produces and handicrafts made from the available local materials; they were sold in either as selected local materials; and sold to either to the selected village stations or cultural centres like, the Nyichoka Cultural Tourism and traditional dancing Group; Ikoma Curio shop and Pub and Rogoro Cultural Museum Centre at Nyichoka, Robanda and Makundusi-Nyakitono villages, respectively. This implied that, the study area was rich in cultural tourism opportunities, which were generally performed only in a view of the attractions or natural resources available.

Among the rest mentioned hunting tourism (16%) also took place in BDC. The study has found out that, hunting tourism was another sport performance which was associated with hunting in the rural communities in the study area which was managed by the BRs company in Manyara Game reserve; it was a useful source of desired objects or information derived from the sport of pursuing and killing wild game animals by professional hunters, in order to provide commercial food (meat), or simply for the adventure of the chase, or for the enjoyment of an outdoor life.

This implied that, the study area had a rich source of hunting tourism which preserved the NRs (wildlife) for the present and future costs-benefits of the study area generation, which may greatly be incurred or gained by leading into most improved and or reduced rural poor livelihood towards poverty reduction.

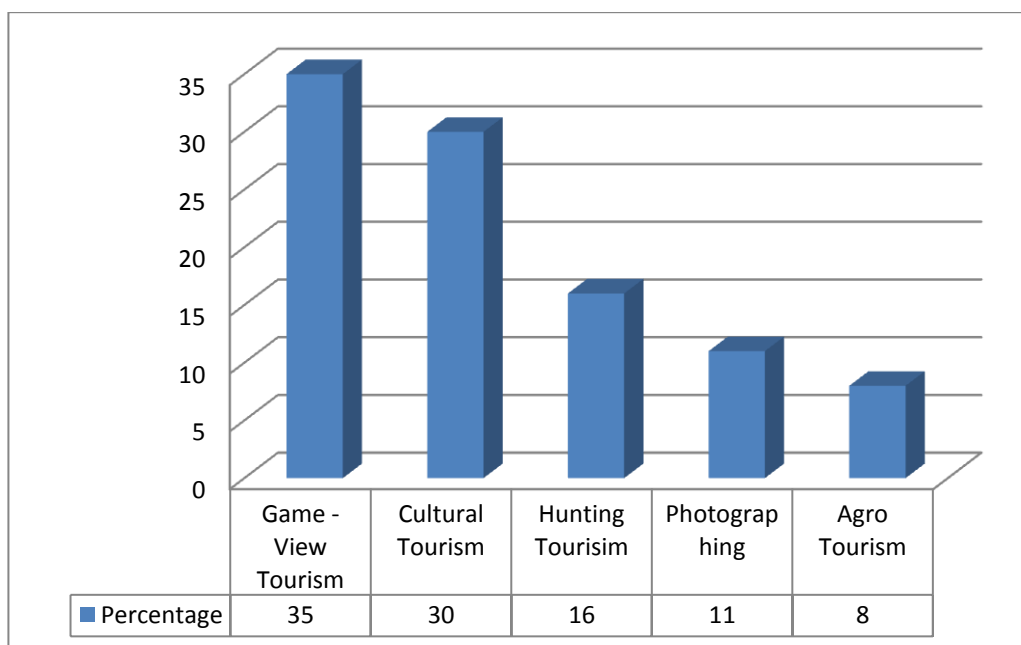
Hunting, is classified as a tourism activity because it is based on wildlife assets and brings in foreigners to the country. It entails among the highest expenditures made by any segment of tourists, may also bring in more revenues per person as compared to other segments of tourism, through a combination of hunting block fees, hunting permits and the slew of licences payable by the hunting organisation (which are comparable to those payable by tour operators).

Figure 4.4 below also, shows photographing tourism (11%) as the type of tourism taking place in the study area. Photographing tourism, is another zonal sport performance whereby tourism artists are using photographs along with films and videotapes, to create outstanding images of the Manyara Wildlife Management Areas (WMA) ,images of people, wildlife and places as well creating new stories when assembled from various activities of them which reflected their living cultures. Similar results have been reported by Mallya (2008) who found out that some

villagers have their own village land of which they had leased their land to the photographing tourism companies such as Thomson Safaris, Zara Tanzania Safaris and other Bush Camps.

Out of 8% of the respondents lastly were engaged in agro-ecotourism in BDC. The term agro-ecotourism generally is synonymous with agro-tourism. It is a form of tourism which capitalises on rural cultures as a tourist attraction. It is similar to ecotourism except that its primary appeal is not the cultural landscape. To ensure that it also helps to conserve diversity, the rural population itself must have recognised agro-biodiversity as a valuable and worth of protection. The study has found out that the tourism industry could provide a room of vacations for tourists when visiting the rural community by staying with the local people in the reserved areas for example at Magugu backyard, where majority supplied, agricultural commodities like flowers, crops/plants, fruits, vegetables and animals are grown and kept for the purpose.

Tourists got services from the local people by buying the raw agricultural produces directly from the farmers.. In addition to that the rural community tourism stakeholders could establish a joint conservation development fund in which the stakeholders have to donate. Figure 4.4 below.



**Figure 4. 4: Percentage Distribution of Respondents and Types of Tourism**

**Source:** Survey Data (2016)

#### **4.4 Livelihood Activities Undertaken**

The study wanted to know various activities performed at BDC. The results were as shown in Table 4.2.

##### **4.4.1 Source of Livelihood**

Findings in the Table 4.2 revealed that tourism was the second main source of livelihood in the study area. Majority of them 47% said livestock keeping as their main sources of income. 30% tourism and related activities, 10% business while 13% of them were involved in farming activities as their main source of income.

The number of respondents that were engaged in agriculture/e and other activities were insignificant compared with that of those who were engaged in tourism with a

combination with agriculture or other activities (petty businesses, local construction, brick marking, and labor). Table 4.2 below.

**Table 4.2: Percentage Distribution of Respondents and Sources of Livelihood Undertaken**

<b>Income Sources</b>	<b>Number</b>	<b>Percentages</b>
Tourism	30	30.0
Livestock keepers	47	47.0
Business	10	10.0
Farming	13	13.0
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Survey Data (2016)

#### **4.5 Contribution of Tourism Activities on Improving Social Economic Activities**

Data have revealed that (37%) of the respondents reported that tourism contributed in construction and maintenance of schools in the study area. Company like Hoopoe Adventure Tours and Safaris, contributed in building classrooms for Kilimamoja primary school and also encouraged tourist to visit the school.

It also found out that (26%) of the respondents likewise reported that tourism contributed on improving social services by building dispensary and health centre in Babati. However, Manyara National Park with the cooperation of other tour companies support in building of Kirurumu medical center.

Furthermore, 30% reported that tourism contribute in improving social services by sponsoring student in different level of education while the rest of respondents (7%) stated that tourism contribute in improving entertainment services like sponsoring sports like football team and tournaments as a result to encourage employees to volunteer in local communities. Each year Manyara National Park host “*utalii*”

tournament where by surrounding communities and employee from national park engage themselves in sport and support the local teams through buying to them sport facilities. Also the tournament helps in bringing youth together and forms small social clubs and comes out with different ideas and project which are supported by the Manyara national park the results were as shown in Table 4.3.

The finding revealed that some of the community benefits from tourism are in the ways of investors to return their profit for social accountability. Moreover, Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme and watts, 2010).

Tourism can increase employment to local people which lead to increase in their income that makes them to improve their life, and to follow environmental practices at home, provide information to guests on the area's cultural and social characteristics and offer tips on how they can ensure that their behavior i.e. visitors can respond to local culture, Encourage guests to purchase locally produced products and support local service providers.

Supporting the argument, Wade *et al.*, (2001) argued that tourism has the most fundamental aspect of economic development in less developed countries (LDC's). Tanzania included, he said that tourism offers many economic benefits, which comprises of poverty reduction and achieving high standards of living. Moreover incomes generated from tourism are used in other public services such as hotels, school, hospitals, leisure centers and infrastructures. Table 4.3 below

Also FGD respondents were asked to determine the impact of tourism activities in improving social services in order to establish their influence to social and economic development. The respondents mentioned the sector contribute to social services like constructions of schools classrooms and health facilities services like healthy center and dispensaries.

**Table 4.3: Percentage Distribution on Tourism Activities Contribution in Improving Social Activities**

<b>Responses</b>	<b>Number</b>	<b>Percentage</b>
Construction of schools	37	37.0
Construction of Medical Centre/Dispensaries	26	26.0
Student sponsorship	30	30.0
Sports sponsorship	7	7.0
<b>Total</b>	<b>100</b>	<b>100</b>

**Source:** Survey data, (2016)

#### **4.5 Contribution of Tourism to Social and Economic Development**

Data have revealed that tourism contributed in increasing employment in the study area (34.4%) this indicates that tourism contributes significantly to the study area economy through employment creation. Tourism is significant on both direct and indirect employment opportunities. This findings agreed by Goodwin,(2000) who reported that tourism sector is an increasingly a significant generator of direct and indirect employment primarily for unskilled labour, migrants from poor rural areas, people who prefer to work part time, and notably women. Directly, it is observed that there was substantial employment generation in hotels which employ local

Tanzanian in Babati. But these employment opportunities for the locals were mainly observed to be in the lower cadres with low educational/skills requirements and low pay. Indirectly, there was significant local participation in tourist related activities.

Participation in tourist related activities by members of households is motivated by, among others things, the expected benefits (employment, incomes), creation of external links and the desire to use the incomes received from tourist related activities to acquire other assets and improve the living standards. Because the sector is relatively labor-intensive, investments in tourism tend to generate a larger and more rapid increase in employment than equal investment in other economic activities (Jamieson, Goodwin & Edmunds, 2004).

Data also have revealed that 24% of the respondents pointed out that tourism have significantly contribution to the improvement of infrastructure. These findings indicate that, remote area in Tanzania like Babati, particularly, attract tourists because of their geographical importance, cultural, wildlife and landscape value etc. Sometimes the infrastructure and social service facilities are established or improved using earnings from tourism. Some of the community benefits in tourist localities have been the improvement in infrastructure and social services. However, for output impact of tourism to be viably realized, improvement of infrastructure is necessary, for enhancing both the productive efficiency of the economy and integration of rural and urban economic activities.

Nel&Binns (2002) report that, tourism is often identified as the most promising driving force for the economic development of less developed countries and regions endowed with natural beauty because it offers them a valuable opportunity for

economic diversification. In addition, tourism can also stimulate investments in new infrastructure and competition (Brida and Risso, 2010).

Table 4.4 again revealed that, 22.8% of the respondents mentioned that tourism played a role to Increase income to the community living in Babati District. It also indicated that sustainable development of tourism means that the industry may be able to continue generating incomes indefinitely if it avoids destroying the natural capital on which it is based. Also tourism has substantial impact on the economy total welfare and exports. A better infrastructure stimulates economic activities substantially. For instance, the rural household income and welfare increases notably higher than that of the urban household because of heavy investment of tourism in the rural areas where national parks, game reserve and other tourism sites surround. Luvanga.,*et al* (2003) reported that positive impact of tourism can be analyzed via employment and income multipliers whereby income generated from tourism can both be direct or indirect and encourage employment creation by adding total tourism expenditure in the host economy. Many people are involved in several areas of economic activities such as curio shops, tour guides, tour operator, and fruit selling to tourists, agricultural products supplies to tourist hotels and hand craft, all these are important sources of employment.

The data shows that 18.8% of the respondents stated that tourism contributes to GDP of the country. Findings obtained agreed with the report of bank of Tanzania (BOT) which show that tourism sector is contributing to the country`s GDP .The tourism sector currently generates 17.5% of the country`s gross domestic product (GDP) and nearly 25% of total export earnings, the second foreign exchange earner after agriculture. The report which was published recently indicated that the sector's

vigorous growth which is currently experienced will be slowed by the emergence of other sectors of the economy or the growth of the existing sectors of the economy. However, on the monetary terms, the sector contributions to the economy is expected to improve from Tsh2, 378.0 billion or US\$1,759.5million in 2013 to Tsh6,076.3billion or US\$3,836.1million by 2020.

**Table 4.4: Factors Influencing Contribution of the Tourism Industry in Promoting Social and Economic Development**

<b>Contribution of Tourism Industry</b>	<b>Number</b>	<b>Percent</b>
Increase of Employment	86	34.4
Improve Infrastructure	60	24.0
Increase GDP	47	18.8
Increase Income	57	22.8
<b>Total</b>	<b>250</b>	<b>100.0</b>

**Source:** Survey Data (2016)

#### **4.6 Challenges that Impede Tourism Industry Growth**

The researcher was interested to understand challenges that impeded the growth of tourism industry. Respondents included in this part were BDC employees, tour operators and community nearby Babati District Council.

Data show that 30% of the respondents pointed out that there were no enough accommodation facilities in Babati District that could fulfill the increase of the inflow of tourist in the country in recent years. Findings have revealed that though there were constructions of high quality hotels in recently year, Tanzania is still

facing a problem of not having enough hotels with international standards to accommodate international tourists.

10% of the respondents said that tourism industry in BDC is facing a challenge of poor infrastructure. Findings have revealed that, our physical connectivity in terms of roads, air and waterways is not well developed and in some places they were poor or non-existent. The existing infrastructure bottlenecks such as inadequate and poor transport & communication network, roads and railways, inefficient ports and regular power cuts seriously limited the productivity and growth.

Infrastructure improvement will benefit the economy in general; and will be a requirement for taking fuller advantage of the expansion of tourism. The improvement of infrastructure and the general performance of the economy matter a lot in attracting tourists. The infrastructure issue is broad. It covers lack of direct international flights to the country, quality accommodation, good tarmac roads, and quality tour operators and guides (MNRT, 2002).

The poor quality of these factors has a negative effect both on attracting more arrivals and on their per capita spending. The problem is more dominant in western and southern areas of the country .which has led to the concentration of tourist activities in the northern part of the county, leaving other areas unexploited, despite their immense wildlife and cultural resources (TTB, 2006).

Moreover, 7% of the respondents reported that there is challenge of lack of social amenities and other services in the tourist site. The findings shows that Lack of social services such as hospitals, sports and other recreational facilities have also hindered this sector from thriving. Most of the tourist sites are located in the remote areas of the country like Babati far from access to these facilities therefore making it

difficult for the tourists to get the services. Hotels, restaurants and other tourist services are inadequate.

Some of these hotels and related services are not of good quality. Hotel services throughout the country are limited especially at the tourist spots. This gives no option for the tourist to make a choice but to opt for what is available at hand although the prices are very high in comparison to the facilities available.

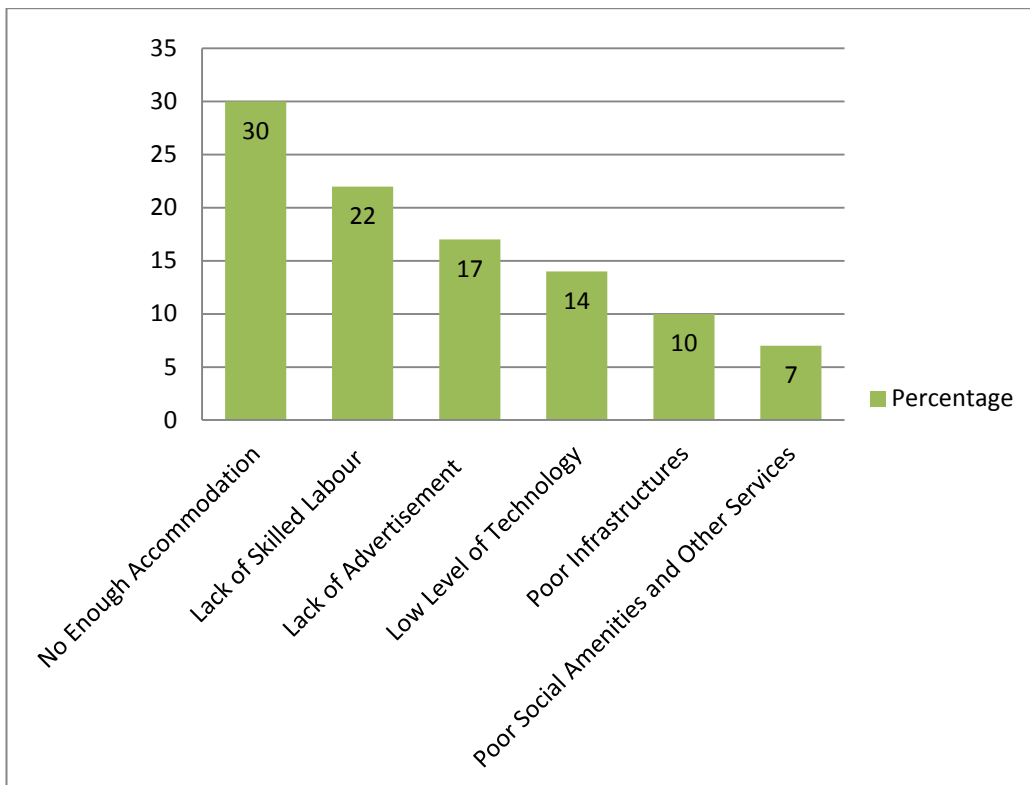
The Findings have shown that 10% of the respondents reported that low level of technology hinder the tourism sector in BDC as well as Tanzania. They have also revealed that some of tourist areas in Babati are not covered with things like mobile phone network, internet and also radio and television networks. For tourists from developed countries, these conditions are too hard to cope with and may make Tanzania unfavorable for the tourists. These findings agree with a report from MNRT (2001) that a need for good quality services along the most travelled roads that can serve both domestic and international tourists. To enable local investors to participate as investors and to set standards for the operations as well as create technology transfer, “franchises” may be appropriate. Such franchises could reflect Tanzanian characteristics.

Figure 4.5 shows that 22% of the respondents from Babati District stated that lack of skilled labour is a problem to the tourism sector in Babati and Tanzania purposively. Lack of education and skills has also been a key factor in the deterioration of this industry. This is true because many Tanzanians do not know the importance of the wildlife and they view them only as means to their own benefits. A region may have natural beauty and all imaginable tourist attractions, but without appropriate expertise to exploit that potential, the region and its people will not be able to enjoy

the fruits of our God-given gifts. Mitchell, (2006) report that lack of skilled labour is among of most recognize challenges facing tourism industry.

Finally, results from the respondents of this study indicates that 17% of them stated that, lack of advertisement and other promotion strategies of other tourist attraction was a challenge that is faced tourism sector in Babati and Tanzania in general. Findings indicated that Tanzania has not put enough efforts to advertise them. As identified by this study, is the lack of empirical studies linking promotion efforts to the growth of tourisms. For example, TTB (2006) argues that, besides recent efforts and measures to advertise and sell Tanzania as a tourist destination, the policy has not achieved much in attracting more tourists or in giving incentives for activities relating to tourism for it to flourish. In general there is a lack of rigorous demand studies which encompass a number of factors such as the studies in merchandize trade by Rutasitara (1999) and Nyoni (1996).

In FGD respondents were asked to identify challenges facing tourism industry in order to establish their influence to social and economic development. Data shows that about one third (1/3) of the official mentioned poor quality hotels to accommodate tourists and other mentioned lack of skilled labor and technology.



**Figure 4.5: Percentage Distribution on Challenges Affect the Tourism Industry**

**Source:** Survey data, (2016)

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter, offers a brief summary of the findings through reiteration of what has been discussed in the previous chapters of the study, provides a conclusion and recommendations. The chapter also recommends the area for further studies.

#### 5.2 Conclusions

In a conclusion of the type nature and type of tourism industry existing in BDC, the study has found out five types of tourism that were taking place in the study area. These are game-view tourism, hunting tourism, cultural tourism, photographing tourism and agro-tourism. It was also concluded that, cultural tourism was emerging as an important tourism attraction with no significant investment requirements. Given that, rural communities in the study area had low education and lack of capital, this type of tourism investment needed to be encouraged in order to contribute towards poverty reduction.

In examining livelihood activities undertaken at BDC, Tourism is a livelihood activity to the community and the government in general. Tourism is the leading economic activities which contributes income to the majority in the study area. Tourism has an effect on social responsibility as to increase income to the people living and creating employment. Not only that, but also improve infrastructure as well as GDP to the nation. Therefore, Tourism as the main activities in the study area which should be promoted and given priorities as to increase the output which the community could benefited in particular

In evaluating the challenges that impeded tourism industry growth, respondents pointed out various factors like lack of skilled labor, poor infrastructure, low level of technology, lack of advertisements, lack of social service in tourist site as well as lack of enough accommodations. The tourism in BDC and Tanzania in general is facing those challenges which impede tourism industry growth. Lack of advertisement is serious challenges as the whole tourism industry depend much on international tourist as the key and main customer for the service, We need to encourage both the domestic and international private sector to rise to challenge and to invest in the tourism sector.

### **5.3 Recommendation**

In light of the findings, the study summary and conclusions, the following recommendations are significant for any authority and stakeholders to have an effective output of tourism industry which is the key source of foreign exchange in our nation:

- i. Tanzania Tourist Body (TTB), should put much emphasis on advertising our natural reserve and attractions to the whole world so as to keep aware all people to discover what we have.
- ii. Cultural tourism is emerging as an important tourist attraction with no significant investment requirements. Given that in most parts of rural Tanzania, the majority have low education and lack of capital, this type of tourism need to be encouraged in order to contribute towards the country economy
- iii. Employment opportunities for the locals are observed to be in the low cadres with low skills and remunerations. In order to increase the impact of tourism

on poverty reduction, there is need to institute training programmes that would ultimately provide chances for the locals to be employed in high cadres with high pay

#### **5.4 Area for Further Research**

The researcher has focused only in Babati District Council to gather its information that represented the overall tourism activities. However, the tourism sector in Tanzania is so broad whereby it comprises of other national parks, museums, fisheries, hotel resorts, Game reserves, beaches and historical sites. The researcher believes that another, study could be done to involve the whole sector to obtain unbiased information hence, bringing more depth to the study by filling up these gaps.

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## APPENDICES

### Appendix 1: Household Questionnaires for the Local and Tour Officials

#### A. General Information Questions

##### Household Characteristics:

1. Name of respondent .....
2. Age.....
3. Sex.....Male 1 Female 2
4. Marital status .....
5. Education level .....
6. Number of household members.....
7. Household age composition .....

#### B. Tourism and Other Economic Activities

1. What are the major sources of household income?
2. What is/are the tourism activities conducted in your village? Tick below
3. Do you participate in any kind of tourism activity? Yes ( ) No ( )
4. Explain how you conduct these activities
  - i. Tour guiding.....
  - ii. Curio shops.....
  - iii. Hotels and lodges.....
  - iv. Camping sites.....
  - v. Traditional dances .....
  - vi. Weaving.....

### **C. Tourism Industry Contribution**

1. Which benefits do tourism contribute to the community ?
2. Explain Where and how
  - i. Employment.....
  - ii. Development of social service.....
  - iii. Culture improvements.....
  - iv. Capacity building and women empowerment
  - v. Others.....
3. Which economic and social the tourism industries contribute to the community?
4. Does your village get any benefit from tourism activities? Yes ( ) No ( )
5. Based on tourism benefits how are you involved conservation activities?  
.....
6. What are the challenges emanated from tourism activities?.....
7. How do they affect you? .....
8. What should be done to mitigate the situation? .....
9. What should be done to improve tourism activities in your village?.....

## Appendix 2 : Questionnaire for the Households Members

This questionnaire aims at exploring your information concerning the contribution of tourism industry in social economic development in Tanzania, a case of Babati district council. Please fill in all questions either by putting a tick [ ] in the boxes provided or by filling in the spaces provided. The information obtained shall be treated with maximum confidentiality and shall be used for the purpose of study only. Thank you for your cooperation.

Instructions:

Kindly respond to all questions. Tick against the correct answer and provide information in the space provided for questions, which require additional information.

1. Date of interview .....
2. Age .....
3. Sex .....
4. Marital status: Single [ ] Married [ ] Widow [ ] Widower [ ]
5. Education level: .....
6. Region.....8. District:.....
7. Department name.....

### SECTION A

8. Are you engage in tourism activities?
  - i. Yes
  - ii. No
9. In which section?
  - i. Tour Guide
  - ii. Hotel workers

- iii. Driver Guide
- iv. Park Range
- 10. What is income you earn per season from your work? TZS.....
- 11. What is your major source of income?
  - i. Crops production
  - ii. Livestock production
  - iii. Tourist employment
  - iv. Crops production
  - v. Other sources specify
- 12. Do you participate in any of tourism venture activity?
  - i. Yes
  - ii. No
- 13. Which type of tourism economic activity are you engaged in?
- 14. Are you aware of any type of tourist investment(s) available in this locality?
  - i. Yes
  - ii. No
- 15. What types of tourism investments affect your household income in this locality?
- 16. What are your suggestions on the types of tourism investments affecting the your household income?
- 17. What are your household livelihood outcome goals associated with tourism investments after their introduction?
- 18. Do you receive income through tourism related activities in which you are engaged in?
  - i. Yes

- ii. No
19. What are Contribution of tourism activities in improving social and economic activities
20. What are your suggestions for the effects associated with tourism based on your household livelihood outcome goals...
21. Have tourism investments contributed to your household livelihood?
- i. Yes
  - ii. No
22. Contribution of Tourism to Social and Economic Development
23. If tourism investments have contributed to your household livelihood, level accordingly the extent to which tourism development potential has been expected
24. What are the challenges that impede tourism industry growth?