

CHAPTER I

INTRODUCTION

A. BACKGROUND

South Africa is the southern country in Africa. South Africa has 55,380,210 total population since July 2018 and make them as the sixth largest population in Africa. There are countries that bordered with South Africa those are Namibia, Botswana, and Zimbabwe. With total of 1,214,470 sq km land area, South Africa has many natural resources such as Gold, Chromium, Nickel and Uranium (CIA WORLD FACTBOOK, 2018).

With all of the natural resources, South Africa known for its mining and minerals industry. Besides there are also other sectors that contribute to the growth of South African economy. Tourism is the main sector of industry in South Africa. This industry considered as the key driver of its national economy and contributes to job creation in South Africa. In 2009, tourism sector contributes 2,8% to the country's gross domestic product (State Tourism Report, 2010) and compared in 2015, it estimated about 9% to the country's gross domestic product. Tourism sector has been contributing to jobs created for South African, there are 538,394 direct jobs related to this sector during 2009 (GCIS, 2016).

South Africa experienced the importance of the tourism sector. It can be seen by its number of tourist arrival to its country which estimated 7 million tourists (State Tourism Report, 2010). By this number, South Africa ranked 61 overall of Travel and Tourism Competitiveness Index. (Blanke, 2009).

	2009		2008	
Tunisia	44	4.37	39	
Brazil	45	4.35	49	
Slovak Republic	46	4.34	38	
China	47	4.33	62	
Latvia	48	4.31	45	
Lithuania	49	4.30	47	
Bulgaria	50	4.30	43	
Mexico	51	4.29	55	
Montenegro	52	4.29	59	
Puerto Rico	53	4.27	46	
Jordan	54	4.25	53	
Panama	55	4.23	50	
Turkey	56	4.20	54	
Chile	57	4.18	51	
Poland	58	4.18	56	
Russian Federation	59	4.14	64	
Jamaica	60	4.13	57	
South Africa	61	4.10	60	
India	62	4.09	65	
Uruguay	63	4.09	61	
Egypt	64	4.09	66	
Argentina	65	4.08	58	
Romania	66	4.04	69	
Dominican Republic	67	4.03	63	

Figure 1. 1
Travel and Tourism Competitiveness Index

Tourism industry in South Africa considered as important sector for the development and growth of South Africa economy. Therefore, any factors that would led to the improve of tourism sector are matter to be considered. Tourism sector is one of the sectors that directly impacted as the growth of the sports and leisure industry. Due to the significant growth of the sports and leisure industry since the 1980s, countries began to put consideration on its economic decision making and planning related to those industries. The impact for tourism is due to the popularity of the sport or in this case football especially the big event of the sports such as World Cup. The popularity of the football cannot be separated with the global media explosion such as the broadcast of the event. Altogether with the broadcast of the event, it also displaying the existence of host-country that would impacted tourist perception of the host-country (Bohlmann, 2006).

Link between sport and tourism has been recognized by The World Tourism Organization (WTO). WTO indicated that link between sport and tourism related has been contributing to countries GDP of industrialized nations which estimated four until six percent. It came with the evidence of Canadian Sport Tourism Alliance which claimed that the country gains US\$2 billion per annum from the sports tourism industry in Canada (Bohlmann, 2005). Besides of improving tourism sector, held such a big event of sport has setting another goal which is listed a number of objectives which including: (Preuss, 2000) putting the existence of the country; showcasing the region; promoting the political system; creating new trading partners; attracting investment; creating jobs and business opportunities; urban renewal including housing and infrastructure; and building a legacy of sports infrastructure.

Another example of the link between sport and tourism can be traced in World Cup 2002 in South Korea. Even though the number of tourists was not significantly change pre, during or post World Cup, it is true that at that time the held of World Cup, the expenditure was different that the regular tourist which is 1.8 times more. Hence, South Korea estimated generated an economic impact of US\$1.35 billions of output or sales, US\$307 million of income and US\$713 million of value added for South Korea (Lee & Taylor, 2005).

In 2010, South Africa has gained an opportunity to improve its tourism sector through the linkage of sport and tourism. South Africa selected to be World Cup host in 2010. World Cup is an event of competition in which countries that participated compete against each other in a football match.

World Cup is held by FIFA or Fédération Internationale de Football Association in each four year (FIFA). In every World Cup that being held, member countries chosen to host the event. In 2010, South Africa pointed to become host of World Cup and make them as the 19th host of World Cup and the first Africa country to choose as a host. The selection of the World Cup host done by the bidding system. Each World Cup host selection has been increasing over periods. The selection of the host took the law of supply and demand. In case of South Africa in bidding the host of World Cup, report showed that the held of World Cup would generate an increase of R21.3 billion (1.2%) in the gross domestic product (GDP) of South Africa, create jobs that estimated to 159,000 jobs, and R7.2 billion additional tax revenue for the South African government (Thornton, 2003).

World Cup considered as nation-building in which host country could maximized leverage from it in terms of its infrastructure improvement, promotion of tourism, job creation and investment. While at the same time it could create branding for its country along with its position in international world (Allmers & Maennig, 2009). For the example, Germany in hosting World Cup 2006 has gain image-building for its country after the held of World Cup 2006. Anholt Nation Brands Index agreed that image of Germany “hard and cold” has improved to a better image after the World Cup. Anholt Nation Brands Index assessing country through its cultural, political, commercial and human assets, investment potential, and tourist appeal (Anholt, 2006). By hosting the World Cup, South Africa which has seen to become a popular

tourist destination could showcase the region and its natural beauty that would attract tourist destination. Besides, World Cup could also determine the image of country in which if the country has good organization and infrastructure, it could be highlights that would attract investment to the country (Bohlmann, 2006).

During the held of World Cup, economic condition of South Africa grows from 2009. It grows 3% and estimated that GDP per capita of South Africa in 2010 was \$7,312. South Africa's annual GDP estimated 375,304 million dollars. (Countryeconomy, 2017) South Africa, like other countries experienced economic crisis in 2008-2009. Before the crisis, South Africa has good trend in the growth of its GDP. In 2007, there are growth in first quarter until third quarter. Yet in the last quarter of 2007 the GDP began to falling until first quarter of 2009. Responding to the crisis, the government put anti-crisis strategy with social partners that resulted in the Framework for South Africa's Response to the International Economic Crisis. It consists of actions that covered macroeconomic policies, industrial policies, support for employment, and social policies. The framework aiming on protecting the economy from harm that caused by the international crisis. (OECD, 2010).

Therefore, by hosting World Cup, the tournament aimed to contribute to the community's wellbeing in South Africa along with the sustainable growth of environment and economy. During the event, the South African Government and its Departments and Ministries cooperated with FIFA as the stakeholders of the event. In achieving the goals, the South African Government put its

commitment through funding that estimated R30 billion rand that allocated for the infrastructure investment programs. The budget specifically targeted at upgrading of facilities, stadiums and precincts, the improvement of transportation infrastructure, communications, health, safety and security. (World Cup Report, 2010) Especially in infrastructure, South African government aimed on the manufacturing and marketing an image of South Africa through its commitment in World Cup. Efforts by the government was in order to shows South Africa' as modern living, technology advanced, democratic, business-friendly and tourist attractable (Alegi, 2008). Yet, Van Der Merwe argued that hosting such big sport event is not only result in good output. The event could become a loss for a country by the controversy within the organizing of the event and could heavily loss in financially followed with another unintended consequences from the event. (Van Der Merwe, 2007) For the example was in World Cup 2002 in Korea and Japan in which there was an accusation of political expedience within FIFA in selecting the host nation, as at that time football is dominated by the European team (Magee, 2017).

In this case, it could be happened if the event was not carefully managed or planned. Along with the fact that there is concern of South Africa government that could hampered its goals in achieving maximum benefits from the World Cup that is violent crime within the livelihood in South Africa. Therefore, South African government along with the World Cup organizer has to play the crucial role to overcome this problem (Bob, Swart and Turco 2006). There is necessity to conduct crime prevention during the World Cup especially

major crime. Allmers stated that the successful of the crime prevention could impacted on the South Africa international image in which affected the dynamics of tourist of South Africa. (Allmers & Maennig, 2009).

Despite of the competition within the tournament, each country trying to prove its presence in international world. For the host itself, host country aiming on achieving its national interest within the tournament. Despite on its high cost, hosting event such as World Cup gave selected country especially middle power country a quasi-great power. It is supported by the fact that countries that hosting such event are selected due to its capacity to organized the events. (Allison and Monnington 2002) In hosting World Cup 2010, South Africa faced with the global perception of country which experienced transitional democracy recovering from years of spatial, racial and political fragmentation (Van Der Merwe, 2007). Therefore, Former South African President, Thabo Mbeki argued that held big event such as World Cup could affecting the confidential of the political leaders and business in marketing the “South Africa Brand” on the global scale. Through football, Mbeki has his vision which regenerating Africa which including in his speech; (Cornelissen, 2004) *“Nothing could ever serve to energize our people to work for their and Africa’s upliftment more than to integrate among the tasks of our Second Decade of Democracy and the African Renaissance our successful hosting of the 2010 Soccer World Cup”*.

The successful of the event which considered as prestigious could impact country’s image which direct and indirectly impact country’s image in

international world. South Africa's image in international world is crucial aspect for its country. Over two decades, South Africa still remains in economic inequality. (Scott, 2019) The fact that South Africa is economically highly polarized country, for the case is that high-skill jobs earn nearly five times the average wage for low-skill jobs which the number of low skill jobs is higher than the high skill job. In race matter, white South Africans make nearly three times the average wage for black Africans which if it being compared, white South African only estimated 10 percent of working population (WorldBank, 2018). In line with the history of apartheid in South Africa, South Africa through the World Cup showed its conformity on inclusive political system typified by a multiracial democracy. This support by the perception of the symbol of the World Cup which is global sporting event that consist of multicultural participants. Besides World Cup 2010, South Africa also historically hosted the 1995 Rugby World Cup, the 1996 African Cup of Nations, the 1998 All Africa Games, and the 2003 Cricket World Cup. Through all of these events, South Africa has been developing its identity by enhancing its democratic and human rights equality (Van Der Merwe, 2007). Therefore, by hosting the World Cup, South Africa expected to promote the equality within the country and aiming on better well-being of the communities.

B. RESEARCH QUESTION

Based on the background of the problem, the researcher focuses the research question on How the strategy of the South African government to develop the tourism sector in 2010?

C. THEORETICAL FRAMEWORK

In addressing the research question within the thesis, researcher has used the concepts of Economic Diplomacy and Cultural Diplomacy. Concept is utilized to describing the empirical world and organizing ideas, perceptions and symbols (Mas'ood).

1. Concept of Economic Diplomacy

Economic Diplomacy defined as activities that referred to gain economic interest of home country. To achieve such interest, government agency played important role to promote business opportunity. Berridge and James defined economic diplomacy as; "*Economic diplomacy is concerned with economic policy issue. Economic diplomats also monitor and report on economic policies in foreign countries and advise the government on how to best influence them. Economic Diplomacy employs economic resources, either as rewards or sanctions, in pursuit of a particular foreign policy objective.*"

Hence, Economic Diplomacy is an effort of forming the correct method of decision making related to the trade of goods, services and production resources within international world. Economic Diplomacy can be understood as the foreign policy decision making that directly related to economic activities such as export, import, investment, debt, support, labour and immigration involved by both government and non-government actor.

Table 1. 1 Role and Function of Post-Modern Diplomacy

	FUNCTIONS	ROLES
STATE ACTORS	<ul style="list-style-type: none"> - Economic Diplomacy - Commercial Diplomacy 	<ul style="list-style-type: none"> - Economic Diplomats - Commercial Diplomats
NON-STATE ACTORS	<ul style="list-style-type: none"> - Corporate Diplomacy - Business Diplomacy - National Ngos - Transnational Ngos 	<ul style="list-style-type: none"> - Corporate Diplomats - Business Diplomats - National Ngos Diplomats - Transnational Ngos Diplomats

Source of: (Sanur & Yie, 2001)

There are four phases of implementation of Economic Diplomacy done by the government. First, Economic Diplomacy exclusively stressed on the trade. Hence, promotion is fundamentally needed in the early implementation. Promotion by the government related to the investment activities. Next phase is network making in which make the supporting actor such as business company easier to contribute in its economic activity. Third phase is the promotion of the country in which showing country's economy profile. Economic Diplomacy utilized as a tool to connecting all economy related activities such as labour, currency exchange and tourism. Last phase is the regulation negotiation. Negotiation is important for country, in this context is in international trade, countries struggling to protect their interest within the regulation.

Within this research, South Africa through World Cup 2010 take opportunity to promote its country. Promotion that done by the government firstly attracting investment. thanks to the held of World Cup, there are many

investments implied to South Africa which mostly related to the preparation of the World Cup for the stance is investment in infrastructure. Through World Cup, business company gain much opportunity to increasing their economic activity. For the example is the construction company which had increasing demand during the preparation of the World Cup. Next is that government of South Africa promoting its country related to the economic activities, in this case is tourism. With all the broadcast of the football match in the media, it is true that the South Africa would get mass attention from it. Thus, through its popularity of the sport, it could be utilized for the promotion of its culture and values that would led to attraction of others to its country. Besides it attracts others by its culture and values, host country also could show to the international society about its country-living conditions. For the example is The Beijing Olympics in 2008 in which China hosted the event. While hosting the event, China construct other countries perception of its country. During the Olympics, China managed to show its strength, declining the idea that China remained an undeveloped nation and improving its international appeal in international world. (The diplomat) Last phase is that the opportunity of World Cup 2010 makes South Africa more confident in presenting its country in the international trade. For the example is the address of Jacob Zuma to G20 leaders in 2010 which he stated that Africa is continent of “open for business” which no longer continent of “development aid” destination. South Africa has its interest in international trade especially

inbound foreign direct investment by showcasing the modernity and ripe environment which considered as healthy environment of investment.

2. Concept of Cultural Diplomacy

In defining cultural diplomacy, there are necessity to define the diplomacy as well the culture. According to Holsti in *International Politics, A Framework of Analysis* define diplomacy as the effort of a country to fight for its national interest within the international world. Diplomacy is not all about negotiation, it also consists of all action of country's relation.

While culture in its basic definition means that all of human's yield and cultivation efforts for its environment. (Roy, S.L.) In other hand, Nye define culture as set of values and practices that meaningful to its society which consist of many manifestations. Nye stressed that; "*When a country's culture includes universal values and its policies promote values and interests that others share, it increases the probability of obtaining its desired outcomes because of the relationships of attraction and duty that it creates.*" (Joseph S. Nye Jr. - Soft Power_ The Means to Success in World Politics-Public Affairs (2005). pdf).

Therefore, cultural diplomacy can be defined as the effort of a country to fight for its national interest through cultural dimension. Cultural dimension means that it is non-political, economic and military in nature. For the example, cultural diplomacy can be obtained through sports, science, education and art. By any means of cultural diplomacy, it can be done by any actors including the government, non-government either individually or

collectively. Cultural diplomacy utilized for affecting public opinion of other country that would impact on the government in deciding its foreign policy. (Warsito & Kartikasari, 2007). According to the table, in peace situation cultural diplomacy has five form of diplomacy that is exhibition, competition, mission exchange, negotiation and conference. All of cultural diplomacy's forms done in order to obtain the recognition, hegemony, companionship and adaptation in international world. In peace situation, the tools of cultural diplomacy are consisting of practices such as tourism, sports, education, trade, and art.

Table 1. 2 Relation Between Cultural Diplomacy

SITUATION	FORMAT	PURPOSE	TOOLS
PEACE	<ul style="list-style-type: none"> - EXHIBITION - COMPETITION - MISSION EXCHANGE - NEGOTIATION - CONFERENCE 	<ul style="list-style-type: none"> - RECOGNITION - HEGEMONY - COMPANIONSHIP - ADAPTATION 	<ul style="list-style-type: none"> - TOURISM - SPORTS - EDUCATION - TRADE - ART
CRISIS	<ul style="list-style-type: none"> - PROPAGANDA - MISSION EXCHANGE - NEGOTIATION 	<ul style="list-style-type: none"> - PERSUASION - ADAPTATION - RECOGNITION - THREAT 	<ul style="list-style-type: none"> - POLITICS - MASS MEDIA - DIPLOMATIC - HIGH-LEVEL MISSION - PUBLIC OPINION
CONFLICT	<ul style="list-style-type: none"> - TERROR - PENETRATION - MISSION EXCHANGE - BOYCOTT - NEGOTIATION 	<ul style="list-style-type: none"> - THREAT - SUBVERSION - PERSUASION - RECOGNITION 	<ul style="list-style-type: none"> - PUBLIC OPINION - TRADE - PARAMILITARY - OFFICIAL FORUM - THIRD PARTY
WAR	<ul style="list-style-type: none"> - COMPETITION - TERROR - PENETRATION - PROPAGANDA - EMBARGO - BLOCKADE 	<ul style="list-style-type: none"> - DOMINATION - HEGEMONY - THREAT - SUBVERSION - RECOGNITION - OCCUPATION 	<ul style="list-style-type: none"> - MILITARY - PARAMILITARY - SMUGGLING - PUBLIC OPINION - TRADE - CONSUMPTIVE GOODS SUPPLY (INCLUDING ARMS)

(Wahyuni & Warsito, 2007)

In 2010, South Africa used sport as the tool of its cultural diplomacy. South Africa selected as the host of 2010 FIFA WORLD CUP. During the event all of countries football representative visited South Africa to held the competition. Therefore, it is true that South Africa gain much attention from other countries during the World Cup. With the fact that South Africa has been increased its tourism sector in each year, South Africa take advantage of the opportunity as host of World Cup to improve its tourism sector especially the tourists.

Sport or in this context football is considered as the effective tool of cultural diplomacy. Football could create a country's recognition as well companionship in international world. The support from the government of South Africa through funding of the facilities and other preparations for the held of World Cup indicated that the government took this tool of cultural diplomacy maximally. Along with the support of the South African, the government believes that hosting the World Cup would improve its economic sector especially the tourism sector. One of the examples of the economic advantage of the held of World Cup is the income of sponsorship during the event.

D. HYPOTHESIS

The strategies of the South African government to develop the tourism sector are;

1. South African government committed on conducting bid for hosting the FIFA 2010 World Cup as part of country's promotion to attract

investment, building network and presenting its presence in international world.

2. Through hosting the World Cup, South African government put the prioritization of tourism at national government level, creating conducive political, policy and regulatory environment related to tourism sector.

E. RESEARCH METHODOLOGY

1) Type of Research

This research uses a qualitative analysis method in order to analyze the strategies of organizing World Cup 2010 on the tourism sector in South Africa.

2) Data Source and Types

The data included in this thesis are classified as secondary data. The data and sources included are from books, e-books, journals, documents and reports.

3) Data Collection Technique

Data collection techniques used in this study were library research. Literature research means that the data and information included come from the literature relating to the topic of the thesis discussion. The data that collected can support the writing process related to the problem and will be arranged systematically that accordance to the topic of discussion.

F. SCOPE OF RESEARCH

The researcher limits this research by the time of the election and the held of South Africa to host the World Cup in 2010. Scope of research limiting the research in order to keep the study in line with the discussion within this thesis.

G. OUTLINE

CHAPTER I: In the first chapter, it contains the introduction that consists of the background of the problem, research question, theoretical framework, hypothesis, scope of the research, research methodology and the outline of the thesis.

CHAPTER II: In the second chapter, it describes the history of the World Cup, FIFA which is organization that cope the event, and the election of the World Cup host. Within this chapter. It also contains explanation of the relation between World Cup and tourism sector.

CHAPTER III: In the third chapter, it contains the explanation of the profile and the condition of tourism sector in South Africa in 2000s.

CHAPTER IV: In the fourth chapter, the researcher explains the strategy of the South African government to develop the tourism sector in 2010.

CHAPTER V: In the last chapter contains a conclusion of the discussion within the thesis.