

Island for sale?

An explorative research into foreign investment in the
(residential) tourism industry of Mauritius



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Executive summary

When thinking of Mauritius most people imagine a peaceful, rural island with white sand beaches and palm trees. However, in a relatively short time Mauritius changed from an agricultural mono-crop economy to a booming tourism destination. This shift has drastically changed, and continues to change, the islands economy, its appearance and the everyday life. Residential tourism and tourism have the potential to promote growth, create jobs, increase foreign exchange rates and generate revenue for governments. However, (residential)tourism has also been associated with possible negative effects for the host area. By viewing perceptions toward (residential)tourism development as feedback upon taken action, current en future problems can be identified en corrected. This will help to minimize negative impacts and maximize the contribution of (residential)tourism to the sustainable development of Tamarin.

Many of these (residential)tourism related developments are the result of the large amounts of foreign investment flowing into the country. The island has been relatively successful in attracting foreign investment over the years, especially into the (residential)tourism sector.

The main research question which this thesis aims to answer is therefore: *What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?*

The findings in this thesis are based upon desk research, 400 questionnaires that have been conducted within Tamarin, and 30 in depth interviews with both key figures and local residents.

When looking at foreign direct investment, policies such as the Integrated Resort Scheme and the Real Estate Scheme have been extremely successful in boosting investments. The latest area of interest of many foreign investors in this sector has been Tamarin. The large scale (residential)tourism developments that are taking place are likely to have some significant impacts on Tamarin and the local residents who live there. To determine to what extent these (residential)tourism developments are threatening or contributing to the sustainable development of Tamarin, the main impacts and especially the perceptions toward these impacts have been researched. The main findings of the questionnaire results and the in depth interviews are:

| Positive perceived impacts | Negative perceived impacts |
|----------------------------|--------------------------------------|
| Job creation | Increase property prices |
| Investment flow | Increase prices goods and services |
| Better infrastructure | Increase squatter settlements |
| More facilities | Over crowding |
| International connections | Feelings of exclusion and inequality |
| | Social polarization |
| | Loss of culture |

Although the majority of the respondents feels (residential)tourism is at the correct level, they also expressed that further (residential)tourism development will bring more benefits than costs to Tamarin. This is interesting, as both the questionnaire and the in depth interviews revealed some major concerns when it comes to further (residential)tourism development. Local residents appear to be very aware of the negative impacts recent developments have had on their town and its people, however, the allure of more jobs, increasing income levels and new investments continue to outweigh these issues. This indicates that although the economy is clearly shifting for fordist to post-fordist, the expected associated shift to a more post-modern society is not (yet) that visible

Preface

This thesis is the final product of my master International Development Studies at Utrecht University. Although this master thesis has been a struggle at times, and definitely took me longer than intended, I have nothing but beautiful memories of doing my research in South Africa and Mauritius. I will never forget the people I have met, the lessons I have learnt, the friends I have made and the experience I have gained.

First of all I want to thank my two supervisors, Guus van Westen and Ronnie Donaldson. Guus van Westen, I want to thank you for your patience, feedback and support. I highly appreciate the fact that you did not give up on my research, even when I was close to giving up myself. Ronnie Donaldson, I want to thank you for giving me this amazing opportunity, your feedback and for welcoming me to your beautiful country, South Africa. Baie Dankie!

I also want to thank Mrs. Juwaheer from the University of Mauritius for helping me with my questionnaire and introducing me to people in Mauritius. Also, the group of students who have helped me conducting the questionnaire. Without their help and language skills I would have not been able to get the response that I have now.

Of course I want to thank the two amazing young women who I have met during my premaster year, Elle de Jong en Roos Oppers. Not only are they great friends to have, their advice and feedback has helped me tremendously. In addition, my parents and boyfriend deserve a thank you. Both for giving me the opportunity to spend some time abroad and for putting up with me when I was stressing out.

Last, but definitely not least, I want to thank all the Mauritians I have met during my time in their country. Without their honesty, help and enthusiasm I would not have been able to do this research. This island will always have a special place in my heart and hopefully life will guide me back to this place someday.

I hope you will enjoy reading this thesis!

Chapter 1: Introduction

You gather the idea that Mauritius was made first and then heaven... and that heaven was a copy of Mauritius" (Mark Twain).

1.1. Topic introduction

When thinking of Mauritius most people imagine a peaceful, rural island with white sand beaches and palm trees. However, in a relatively short time Mauritius changed from an agricultural mono-crop economy to a booming tourism destination. This shift from an agricultural countryside to a countryside with new economic activities that are linked to consumptive activities is also referred to as a shift from productivism to post productivism. Tourism and residential tourism have increasingly been implicated as contributing to such change, especially in the case of Mauritius. This shift to post productivism has drastically changed, and continues to change, the islands economy, its appearance and the everyday life.

Because this shift resulted in fast economic development, it is now also referred to as the 'Mauritian Miracle'. The fast development the island has been experiencing over the past years made it an example for many other countries. However, with a continues flow of foreign investment into (residential)tourism developments, questions about the sustainability of the Mauritian (residential)tourism industry arise.

When the island first started to attract large amounts of tourists during the 1970s, tourism related developments mainly took place in the north of the island. Visitors were looking to spend their holiday at the white sand beaches or shopping in the chaotic shopping districts of the already relatively developed area. However, more recently it is the less developed Black River district in the south-west of Mauritius that is experiencing a major increase in tourism activities. Moreover, the area is facing an immigration boom, with wealthy foreigners buying their own piece of paradise. This increase in 'residential tourism' is in line with a worldwide phenomenon of people who are seeking a comfortable existence in a sunny environment abroad. The Black River district used to be dominated by small fishing villages, salt farms and sugar-cane fields. However, large parts of the district are now rapidly converted into luxurious accommodations. Only a few years ago the area was known to be one of the more deprived areas of Mauritius, whereas nowadays the touristic value of this region is fully recognized. Many small towns, such as Flic en Flac and Tamarin are rapidly modernizing with new resorts, hotels, restaurants, shops, sports clubs and supermarkets popping up each month. The fact that 'something is going on' becomes clear when walking around such towns. There are construction sites wherever you look and it is impossible not to notice the many advertisements trying to tempt people to invest in property in Mauritius (see figure 1.1).

Many of these (residential)tourism related developments are the result of the large amounts of foreign investment flowing into the country. In our ever globalizing world foreign direct investment (FDI) is becoming increasingly sought after by many countries, and Mauritius is no exception to this. The island has been relatively successful in attracting foreign investment over the years. Crucial to this success has been the 2006 economic reform, which mainly focussed at opening up the economy, improving the investment climate and mobilizing FDI and expertise. This new growth strategy has spurred FDI to record levels and changed the islands economy significantly. A large number of foreign investors are currently active on the island. Some investors are buying up land that is often used for the development of tourism and more recently, residential tourism. However, little is known about impact this has on the island and its residents, especially in the long term.

Figure 1.1: Advertisement in Mauritius tempting people to invest in property in Mauritius



(Source: Author)

1.2 Problem identification

As argued above, Mauritius is undergoing a shift from productivism to post-productivism at an extremely fast pace. The success the island has in boosting its economy and achieving overall development has made Mauritius an example for many other countries. The development of a (residential)tourism sector has proven to be crucial to this success, as it is now one of the pillars of the Mauritian economy.

However, because these developments are highly dependent upon foreign investments and not always carefully planned, questions about the sustainability of this (residential)tourism industry arise. Although (residential)tourism has the potential to create jobs and economic growth, increase foreign exchange rates and generate revenue for the government, a fast and significant increase in (residential)tourism often goes hand in hand with an increase in negative impacts. It are these negative impacts that can chase local residents, tourist and residential tourists away. When (residential)tourists are no longer finding the experience they are looking for they will look for new places to stay that do live up to their expectations. Therefore, when (residential)tourism development surpasses its carrying capacity this can cause a decline in its market. For economies that are largely depending on their tourism industry, such as Mauritius, this can have devastating consequences.

Moreover, both tourism and residential tourism are phenomenon's that are active at different scales (global, national, regional and local). It is therefore not sufficient to look at whether or not developing a (residential)tourism industry by attracting large amounts of FDI is a good development strategy at the national level. Attention should also be given to what impact this strategy has at the local level, and how local residents perceive the changes they are facing. Although Mauritius has not been shy to advertise its successes, little is known about how local residents experience the fast changes they are facing. For example, although Mauritius is known for its broad cultural diversity and tolerance, the fast increase in

(residential)tourists is drawing mixed reactions. While the majority of the populations recognizes that these developments bring wealth and employment, complains about the cultural insensitivity of (residential)tourists are surfacing. Not only the local population is complaining, expats who have settled in the Black River district at the beginning of, or even before, the large immigration boom are eager to protect their piece of paradise from newcomers and overcrowding.

With foreign investors buying up pieces of land, the debate on land grab also arises. The contemporary global land grab has recently become a key development issue, with large-scale tourist complexes and residential migration identified as two of the seven processes that are driving the global ‘foreignisation of space’. As in many former colonies, land ownership has always been a sensitive topic in Mauritius. With wealthy, often white, foreigners buying up luxurious accommodations, property prices have skyrocketed. As many local residents are not able to afford property anymore they are pushed out of the property market, which can lead to displacement. This can lead to tension between local residents and (residential)tourists. Especially in a country with a past of slavery, seeing rich white people “take over” local towns could cause feelings of frustration.

It has become clear that the shift from productivist to a post-productivist countryside by attracting large amounts of FDI to the (residential)tourism industry, entails much more than one would first expect. Although it has the potential to create jobs and economic growth, increase foreign exchange rates and generate revenue for the government, attention to possible negative impacts and perceptions of local residents should be taken into consideration. Moreover, the sustainability of the (residential)tourism industry should be secured for long term success. Therefore this thesis will provide an explorative research into foreign investment in the (residential)tourism industry of Mauritius, focussing especially on the perceptions of local residents toward the changes they are facing.

1.3 Thesis structure

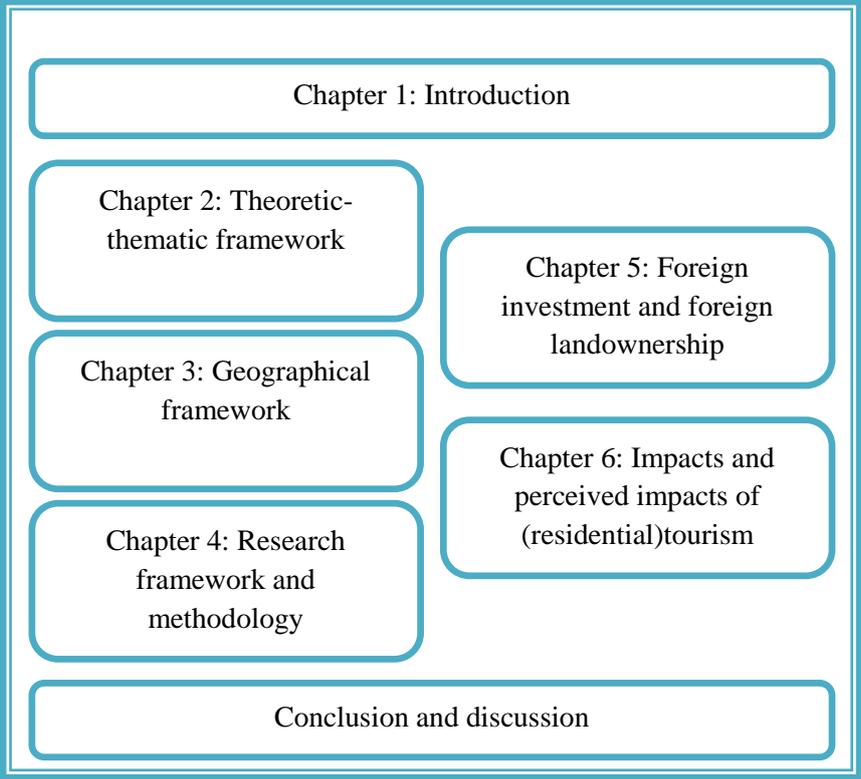
The aim of this research will be to first establish the role that foreign investment and foreign landownership play in Mauritius, and especially in its (residential)tourism industry. The large amounts of foreign investment in the (residential)tourism industry are contributing to fast changes on the island. Therefore, secondly, the impact of these developments in the (residential)tourism industry will be researched. This will be done by looking at some of the main actual changes and more extensively by researching perceptions of changes due to (residential)tourism developments in the town of Tamarin. This information cannot only reveal current issues related to the large inflow of FDI into (residential)tourism development, it can also help predict and prevent the possibility of tourism decline in the area. Moreover, it can give insight to the sustainability of Mauritius fast development, looking beyond just economic results.

The main research question that this thesis aims to answer is: *What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?*

Figure 1.2 is a visualization of the structure of this thesis. Chapter one is introducing the topic and provides a justification for this research. Chapter 2, 3 and 4 are positioned on the left side of this figure, as they function as the necessary framework. Chapter 2 will start by giving a more thorough overview of the theme and existing theories on this topic. However, in order to use some of these theories it is important to take the context of the research into account. Therefore, chapter 3 will provide a geographical framework, in which Mauritius, the Black River district and the town of Tamarin will be discussed. Chapter four will present the aim and objectives of this research. In addition, this chapter will

discuss the methods that are used and the main limitation faced during the research. Chapter 5, 6 and 7 focus on the information that has been gathered during this research. Chapter 5 will explore foreign investment and foreign landownership, with a focus on its role in the (residential)tourism industry. Then, chapter 6 will discuss how (residential)tourism and its impacts are perceived by local residents of Tamarin. The conclusion will focus on answering the research question described above by analyzing the findings of previous chapters. As this is an explorative research it will have a relatively broad approach toward the topic. Therefore, the conclusions of this research could be useful as a starting point for further research.

Figure 1.2: Visualization of the thesis structure



Chapter 2: Theoretic-thematic framework

This chapter provides a theoretic-thematic framework of the research topic. Chapter 1 briefly introduced the research topic and the questions that currently exist. In the following sections different relevant aspects will be discussed to gain a deeper understanding of the research topic. Section 2.1 will explain why (residential) tourism is used as a development strategy. Section 2.2 will discuss the major role that foreign direct investment (FDI) and foreign landownership play in this development strategy. Section 2.3 will look into some of the main impacts that the development of a (residential) tourism industry can have on the host area. Finally, section 2.4 will discuss the sustainability of the (residential)tourism industry and its relation to local perceptions of this industry.

2.1: Tourism and residential tourism as a development strategy

As argued before, Mauritius has been specifically successful in using (residential)tourism for its fast development. Samini, Sadeghi and Sadeghi (2011, p. 28) argue that: “In recent years there is an increasing and widely accepted belief that tourism can play a fundamental role for developing countries to achieve economic growth and development”. In addition, the tourism sector is one of the fastest growing sectors in the world and it accounts for over one-third of the value of worldwide trade of services (Seetanah, 2011). The sector is known to be an important driver of growth for many developing countries (Tajzadeh-Namin, 2011). Chien and Lee (2008, p. 261) argue that: “Tourism-led growth occurs when tourism manifests a motivating influence across the entire economy in the form of spillovers and other externalities”. This so called ‘tourism led growth hypothesis’ has been researched extensively over the past years, for example by Balaguer and Cantavella-Jorda (2002) who focus on Spain and Durbarry (2004) who researched the case of Mauritius. Both studies support the hypothesis of tourism-led economic growth. Figure 2.1 provides a comparison of some of the main empirical results between tourism and economic growth. This comparison indicates that although not all research studies arrived at the same conclusion, most do confirm a relation between tourism and growth, especially in the case of developing countries. Chien and Lee (2008, p. 261) explain that the relationship between tourism and economic growth is: “likely to be subject to variation as a result of changes in the structure of the economy, like changes in tourism development policy or economic development regimes, reforms in tourism regulation, or institutional developments”.

Figure 2.1: Comparison of empirical results between tourism development and economic growth

| Samples | Authors | Empirical method | Period | Country | Causal relationship |
|---------------|-----------------------------------|-----------------------------------|-----------|-----------------------------|---|
| One country | Ghali [17] | OLS | 1953–1970 | Hawaii | Tourism ⇒ growth |
| | Balaguer and Cantavella-Jorda [6] | Error correction model | 1975–1997 | Spain | Tourism ⇒ growth |
| | Dritsakis [10] | Error correction model | 1960–2000 | Greece | Tourism ⇔ growth |
| | Durbarry [12] | Error correction model | 1952–1999 | Mauritius | Tourism ⇔ growth |
| | Narayan [44] | Error correction model | 1970–2000 | Fiji | Growth ⇒ tourism |
| | Oh [51] | Granger causality test | 1975–2001 | South Korea | Growth ⇒ tourism |
| | Kim et al. [28] | Granger causality test | 1956–2002 | Taiwan | Tourism ⇔ growth |
| Cross-section | Lanza et al. [31] | Almost ideal demand system (AIDS) | 1977–1992 | 13 OECD countries | Tourism ⇒ growth |
| | Eugenio-Martín et al. [16] | Panel GLS | 1980–1997 | Latin American countries | Medium- or low-income countries: Tourism ⇒ growth Developed countries: Unclear |
| | Lee and Chang [33] | Panel error correction model | 1990–2002 | OECD and non-OECD countries | OECD: tourism ⇒ growth Non-OECD: tourism ⇔ growth |

Notes: “Tourism ⇒ growth” denotes the causality running from tourism to economic growth. “Growth ⇔ tourism” denotes the causality running from economic growth to tourism development.

(Source: Chien and Lee, 2008, p. 361).

According to the tourism-led-growth hypothesis tourist spending, instead of export, can provide an alternative source of foreign exchange earnings. The host country will use these earnings to import capital goods to produce goods and services needed for the growing tourism industry, which leads to economic growth. An increase in goods and services is often needed to keep up with the tourists demand on these goods and services, such as accommodation, food, transportation and entertainment. Especially in developing countries this increase in demand often means an increase in current levels of production. This increase of production stimulates a rise in employment. Additionally, tourism can contribute to higher income levels by enhancing efficiency which is stimulated by increased competition among firms and other tourism destinations; and by facilitating the exploitation of economies of scale in local firms (Samimi, Sadeghi and Sadegi, 2011). Moreover, the tourism-led-growth hypothesis is based upon the fact that tourism is a multidisciplinary activity, which means that it involves different sectors and draws upon a range of skills. Because of this, the benefits of the tourism sector are believed to spread over a larger part of society compared to other sectors and has a relatively high level of spillovers (Samimi, Sadeghi and Sadegi, 2011). The potential of the tourism sector to promote growth, create jobs, increase foreign exchange rates and generate revenue for the government makes it an appealing sector for many countries (Durberry, 2004).

Besides the economic benefits of tourism described above, there is another reason why many developing countries are interested in using tourism as a development strategy. In recent years multiple academics have emphasized that the development of a tourism industry creates an opportunity for poor people to benefit in particular (see for example Ashley (2000), Goodwin (2005) and Roe (2006)). During the 1990 the term ‘pro poor tourism’ (PPT) emerged, referring to tourism which brings net benefits to the poor. Harrison (2008, p. 854) defines PPT as: “Tourism that is concerned especially with impacts on poor people, though the non-poor may also benefit. Strategies focus less on expanding the overall size of tourism, and more on unlocking opportunities for specific groups within it”. Table 2.2 provides an overview of the main characteristics of pro poor tourism.

Figure 2.2: Characteristics of pro poor tourism

| PPT is not | PPT does |
|--|---|
| anti-capitalist. | focus on incorporating the poor into capitalist markets by increasing job and entrepreneurial opportunities and collective benefits. Like fair trade, it is a form of market intervention, which relies heavily on the private sector |
| separate from wider tourism systems | depend on existing tourism structures and markets |
| a theory or model | orientate research to the net benefits from tourism that can or could accrue to the poor |
| a niche type of tourism, eg CBT | apply to <i>any</i> kind or type of tourism, including large- and small-scale tourism, <i>even if the non-poor also benefit</i> . Can be from regional or national policies or private sector involvement |
| a specific method | use numerous methods, none of which are specific to PPT, including value chain analysis, to collect data and show how the poor are and can be further involved in tourism |
| only about ‘the poor’ | recognise that the non-poor may also benefit from tourism, <i>even</i> disproportionately. It is less concerned with the relative than the absolute (net) benefits received by the poor |
| just about hunger and no/ inadequate incomes | have a broad definition of ‘poverty’, including lack of freedom, opportunity, power, skills and education. It is about ‘development’ |
| only about individual benefits | focus on community benefits—eg water, sanitation, health, education, infrastructure, etc. |
| only for those occupying the ‘moral high ground’ | require wide stakeholder co-operation and commitment, including national and local authorities, planners, the private sector, etc, ideally combining to ensure the poor benefit from tourism |

(Source: Harrison, 2008 p. 856)

However, the use of tourism for poverty alleviation and overall development has also been criticized over the years. Kadt’s collection of papers on this topic has been path breaking. In the summary of Kadt’s work (1979) he lays out the pros and cons of tourism as a development tool. Although he recognizes the contribution to employment, economic growth, entrepreneurship and inter-sector linkages, he also argued tourism could intensify inequalities at both international and local levels. Moreover, he questions to what extent tourism can really contribute to overall development: “More than ever before, the development community is searching for means that will enable the poor to provide for their basic needs through more productive work, more widely available social services, and increased participation in political decision making. It needs to be considered whether the deliberate and large-scale development of tourism, conceived as a major net earner of foreign exchange, leads to results consistent with this newly identified goal of development” (Kadt 1979, p 28). Figure 2.3 summarizes the main criticism to pro poor tourism.

Figure 2.3: Problems/criticism pro poor tourism

| Conceptual or substantive | Problem |
|---------------------------|--|
| Conceptual | Tacitly accepts neoliberal status quo Morally indiscriminate—any tourism can be PPT |
| Substantive | Theoretically imprecise, ‘reformist’, holding position of ‘weak sustainability’ Academically and commercially marginal Narrow and parochial; focuses only on bounded destinations Does not deliver (enough?) benefits to the poor No clear link of PPT with poverty alleviation; ‘normal’ tourism may also be PPT Fails to consider equity or to try and change the overall system Ignores markets and commercial viability Ignores problems and PPT features of mass tourism |

(Source: Harrison, 2008 p. 860).

Not only pro poor tourism has been questioned. The use of tourism for development has generally been a source of critique. Brown and Hall summarized the main critiques of academics toward tourism and its role in development (see textbox 2.1).

Textbox 2.1: Main criticism tourism and its role in development

- It involves exploitation of the labor force because of its low wages, excessive hours or duties (especially in the case of cruise line employees), on the one hand, and often seasonal, temporary nature, on the other, and because in many developing countries there is a lack of possibilities for advancement to senior positions.
- Foreign/outside control of the industry, which sees a high proportion of the economic benefits repatriated rather than remaining in the destination.
- It frequently causes degradation of the environment through unregulated construction, over-use of resources, pollution and diversion of often scarce water supplies.
- It is disruptive of the culture and way of life of local communities.
- Access to a holiday and the improvement in well-being that this can make is highly inequitable.

(Source: Brown and Hall, 2008, p. 841)

After discussing the tourism-led-growth hypotheses and pro poor tourism it has become clear that tourism is often looked upon as a tool for economic growth and overall development. Mauritius has been successful in using the tourism-led-growth hypotheses for fast economic growth, in line with some of the theories discussed in this section. However, the critique that has been found in the existing literature suggests that tourism may not always lead to overall development and can have serious negative impacts. Moreover, with an industry that often experiences foreign control, the question of ‘who actually benefit?’ arises. In order to get a complete picture of the situation in Mauritius and to foresee future problems, attention should also be given to these possible downsides of tourism as a development strategy. Therefore, the following section will look into the role that foreign investment and foreign landownership play in the (residential) tourism industry, and how this may affect the (residential)tourism industry and its impact.

2.2: Foreign investment and foreign landownership in the (residential) tourism industry

The section above looked into why tourism is often looked at as a development strategy. To execute such a strategy, large amounts of investments in hospitality, transportation, basic health and recreation are often necessary in order to satisfy the needs of (residential)tourists and to increase the level of tourism. Moreover, governments have to be active in laying out legislation and ordaining the development of a tourism industry (Chien and Lee, 2008). In order to finance the necessary investments, many countries or areas that aim to use tourism as a development strategy are highly depend upon foreign investors for their success. Therefore, they seek to attract as much foreign direct investment (FDI) as possible (UN, 2006). Mauritius is no different, as it has witnessed a massive increase in foreign investment during its transformation from a fordism to a more post fordism economy with a post productivist countryside. Moreover, the island has created many policies to maintain this rise in FDI. Although a large inflow of FDI can boost the economy of a country, it is also has been critiqued by many academics for its possible negative effects.

When examining the role that FDI plays, it is insufficient to only look at economic impacts, as development is a much broader concept. However, even those studies that only take economic growth into consideration create a blurred picture when it comes to FDI. Some studies report positive effects of FDI on growth (Barry & Bradley 1997, Globerman 1979, Liu et al 2000, Li & Liu 2005), while others report more negative effects (Buckley et al 2007, Meyer 2004 and Meyer & Sinani, 2006). According to Beugelsdijk, Smeets and Zwinkels (2008), an important distinction can be made between developed

and developing countries. They argue that studies that are solely focusing on developed countries generally find a positive relations between FDI and economic growth (Caves 1974, Globerman 1979, Liu et al 2000 and Schneider 2005), whereas studies that focus on developing countries have more mixed results of FDI efficiency gains. Some of these studies find a positive relation, some find no relations (Akinlo 2004 & Schneider 2005) and some find a negative effect of FDI on the host economy (Borensztein, De Gergorio and Lee 1998).

The majority of the existing literature on FDI focuses on the industrial manufacturing sector. Foreign investment in the manufacturing sector is often explained by lower production costs abroad. However, a distinguishing feature of services is their simultaneous production and consumption, which changes the impact it has on a host country. Worldwide FDI in the service sector is growing rapidly (Botti et al., 2007; Brida et al., 2010; Claveria & Datzira, 2009; Curtis & Kokotos, 2009). This trend is especially noticeable in the hotel sector, where companies are active in offering services beyond national boundaries (Pranić, Ketkar & Roehl 2011, Yilmaz & Altintas, 2008). Despite these developments there is a paucity of research involving FDI in tourism (Endo, 2006, Pranić, Ketkar & Roehl 2011).

FDI behavior in the (residential)tourism sector can be explained by firm-specific factors and location-specific factors. Many large firms, which often have their headquarters in developed countries, have ownership advantages derived from their size, experience, and technological and marketing superiority. These firm-specific factors often give foreign investors advantage over firms in the host country. Location-specific factors refer to those factors that are outside of the firms control and characterize the host location, for example political stability (Dunning 1980, Erramilli et al. 1997).

The firm-specific advantages that foreign firms often have is one of the main points of criticism on FDI in the tourism industry. It is argued that large foreign firms make it almost impossible for local companies to compete. Moreover, these foreign companies commonly hire foreigners for their management functions, leaving only low-skill low-wage jobs available for local residents.

Moreover, it is argued that large amounts of FDI put industry/company control and the majority of the benefits in the hands of foreign investors. As the development of a tourism industry is often highly dependent upon FDI, it is frequently argued that although it can be an attractive sector with significant employment opportunities, there is a risk that locals 'fall prey to tourism' and only serve to satisfy the needs of large (foreign) tourism firms. Local residents often have little to say about the way in which the tourism sector is developed. In many areas they are under-represented as investors and in the higher positions of the tourism sector. This suggests that even when a host area overall is able to benefit from an increase in the tourism sector, improvements in the lives of many local residents can remain limited (Liu & Wall, 2004). This is for example the case for the Cape Verde islands. Large investments in the tourism industry have helped Cape Verde to rise on the Human Development Index from a poor to a middle-income country. In addition the country is politically stable and has seen an increase of the per capita income to USD 1500 a month. However, the local level shows a different picture. Cape Verde is increasingly populated by Italians who invest in hotel developments, and by migrants from the African mainland who are hoping to work in the hotels. In the meantime, many Cape Verdeans now live abroad or live from the remittances they receive (Zoomers, 2010). This indicates that although Cape Verde appears to have made some major improvements in recent years, Cape Verdeans have only been able to benefit from this to a certain extent. In addition, local residents can experience some of the more undesirable impacts of tourism, which can harm their overall quality of life (see section 2.3). When governments are mainly trying to please investors, tourism developments are often not well managed, which can lead to a rapid increase of the negative impacts associated with (residential)tourism.

Foreign landownership

Many foreign investors are now also buying up pieces of land for tourism development. Transnational corporations or foreign governments buying up pieces of land in other countries is a phenomenon that has been given significant media attention in recent years. This phenomenon is often referred to as 'land grab'. Zoomers defines land grab as followed: "The term 'land grab' generally refers to large-scale, cross-border land deals or transactions that are carried out by transnational corporations or initiated by foreign governments. They concern the lease (often for 30–99 years), concession or outright purchase of large areas of land in other countries for various purposes" (Zoomers, 2010, p 429). Although the main driver of this 'foreignisation of space' is the production of food, (residential)tourism is also acknowledged to play its part.

Zoomers argues that globalization, market liberalization and the rapid increase in FDI are more and more accompanied by land grabbing and a real estate boom. The liberalization of land markets was one of the main policy goals in the 1990s. New policies made land and other natural resources commodities for the worldwide market. Many governments in Africa, Latin America and Asia aimed to create dynamic, free and transparent land markets in order to attract investors, which is crucial for their economic growth. Foreign investors are 'pampered' and it becomes increasingly easy to own houses, land and forest in other countries. The accessibility of the land market has caused a real estate boom in many countries, including Mauritius. Investors are often offered tax concessions and other benefits if they decide to invest in an area. In addition, many countries established specialized firms who help potential investors with their land purchase. Part of the land that is sold to these foreign investors is state land and part of the land sold is land privately owned by individuals. Many of those who sell their privately owned land want to benefit from the rising prices of land. However, in some cases local people are forced to move to more marginal locations. This can also be a result of the rapid increase in prices of food, houses and other necessities (Zoomers, 2010).

One of the seven drivers of current global land grab described by Zoomers is the development of large-scale tourist complexes. Investment in the development of these large complexes are growing rapidly. One of the reasons for this fast increase are the attractive investment arrangements in the tourism industry. International hotel chains are constantly looking for new places to build their resorts. As a result many naturally beautiful places beaches and historical places are now privately owned. Zoomers emphasizes that although it is difficult to know the spatial extent of this process, local impacts are often large. The development of large-scale tourist complexes often leads to 'enclave economies', which have serious consequences for employment, migration and the use of natural resources (Zoomers, 2010). Zoomers also names retirement and residential migration as one of the seven drivers of current global land grab. An increasing number of people are looking for affordable, sunny places to live with a more relaxed feeling. A large part of this group are people over 55 who are no longer working (retirement migration). To attract these type of investors, governments offer a range of benefits to those who purchase a house or a plot of land. Retirement and residential migrants often settle in 'gated communities' with their own facilities, administration and rules. As with the development of large-scale tourist complexes, it is not easy to know the extent of residential tourism communities, as there are often no reliable statistics (Zoomers, 2010).

Because the local impacts of these types of developments are often strong, it is important to look into the impacts that (residential)tourism development can have. The next section will provide an overview of the main impacts associated with (residential)tourism development.

2.3: Impacts of (residential)tourism development

As argued above (residential)tourism has the potential to promote growth, create jobs, increase foreign exchange rates and generate revenue for governments. However, (residential)tourism has also been associated with possible negative effects for the host area. For example environmental degradation, resource scarcity, rising land and food prices, loss of culture and feelings of exclusion (Budowski 1976, Cohen 1978, Hunter 2007, Jim 2000, Marjavaara 2008 and Tangi 1977). In order to examine the current perceptions toward the impacts of the rapidly increasing (residential)tourism industry in the selected research area Tamarin, it is necessary to gain a deeper understanding of the impacts that are associated with(residential)tourism development.

Over the years many studies have looked at the impacts tourism has on a host area. The majority of these studies discusses the economic impact tourism development has on a host area (Archer 1989, Bedate, Herrero & Sanz 2004, Fletcher & Snee 1989, Getz 2008, Halpern 2008 and Lee & Taylor 2005). However, in line with the broader perspective toward development, away from solely looking at economic impacts, a more holistic view on tourism impacts emerged. An increasing number of studies on tourism impact do not only take economic impacts into consideration, they also include spatial, environmental and socio-cultural impacts (Diedrich 2007, Gu & Ryan 2008, Mathieson and Wall 1983, Vehbi & Doratli 2010, Zhong, Deng, Song & Ding 2011). Residential tourism is a study field that has emerged more recently. Although the number of studies on residential tourism and its impacts remains limited, this number is increasing (for example: Hoogendoorn 2010, Hoogendoorn, Visser and Marais 2008, Marjavaara 2008, McWatters 2009 and Noorloos 2012).

Hoogendoorn (2010) argues that there are two main approaches toward the impacts of (residential) tourism on a host area. The first approach is emphasizes the potentially desirably aspects of (residential)tourism developments. This approach focuses especially on the economic advantages these developments can bring. The second approach emphasizes the undesirable aspects, such as a fast rise in prices, environmental degradation, displacement of local communities and uneven development. It is crucial to take both of these approaches into consideration when exploring the impact which (residential) tourism has on a specific area. Most likely, both positive impacts, in line with the first approach, and negative impacts, in line with the second approach can be point out. The extent to which these impacts take place will depend both on the specific context of the area and on the level of tourism development. The following sections will look into some of the main impacts of (residential)tourism. Although many impacts occur with the development of “normal tourism” as well as with the development of residential tourism, there are some benefits and concerns that are specific to either “normal tourism” or residential tourism. Whenever impacts are specific to either of these two this will be clearly stated.

2.3.1: Economic impacts

The main reason for the development of a (residential)tourism industry are the positive economic impacts this can have on the local economy. In the analysis of tourism, much attention has been given to the economic effects this industry can have on the economy. Rapid tourism development in most cases causes an increase in household incomes and government revenues through multiplier effects and improvements in the balance of payments. For this reason, tourism is usually considered to have a positive contribution to economic growth (Balaguer and Cantavella-Jorda 2002, Durbarry 2004 Khan, Phang and Toh 1995 and Lee and Kwon 1995).

According to the tourism-led growth hypothesis tourist spending is essentially an export in service, which contributes to the balance of payments through foreign exchange earnings. This source of earnings can be used to import capital goods for production, which will have growth benefits. Additional economic benefits of tourism can be tax revenues generation, employment opportunities and additional sources of income (Brida et al 2009, Katircioglu 2009, Ozturk & Acaravci (2009) Seetanah, 2011). According to Seetanah (2011), whose research focuses especially on the economic impact of tourism development on island economies, the tourism industry especially contributes to the economic growth of island economies. In fact, he argues that: “tourism plays a relatively more important role in explaining growth of island economies, confirming the fact that tourism development on island economies may have comparatively higher growth effects (Seetanah, 2011, p. 303). The United Nations 2002 report on sustainable tourism adds to this by saying that: “tourism is identified as the most promising driving force for the economic development of less developed countries and regions endowed with areas of natural beauty – including small island developing states” (UN, 2002, p 6).

As argued above, tourism is a multidisciplinary activity, which involves different sectors of the economy and draws upon a range of skills. This is one of the characteristics of the tourism industry that makes it an appealing industry for economic growth. The development of tourism is often accompanied by investments in infrastructure, for example roads, airports, telecommunications and other public utilities. These investments are also beneficiary to the local population. In addition, the development of for example public parks, supermarkets and health care facilities can contribute to improving the living conditions of the local populations. Moreover, this so called ‘social overhead capital’ can attract other industries to these areas, which is of importance for regional economic development. Tourism is considered to be relatively labor intensive, implying stimulating tourism development is a good option for job creation. Not only is the tourism sector known to be labor intensive, it tends to create a wide range of job opportunities. For example in construction, in the hotel and restaurant sector, in transportation, in the retail sector, in different tourist organizations or to work as a guide. Since tourism related jobs include some jobs for which no or little education is required, a large part of society should in theory be able to benefit from the job opportunities created by tourism development. These positive impacts of tourism have been confirmed by numerous studies (such as Chen & Chiou-Wei 2009, Lee 2010 and Shuifa et al 2011).

However, the economic impact of tourism have also been the source of criticism, as it is argued that tourism development can increase inequalities. Research indicates that there is often a difference to the extent that people are able to benefit from (residential)tourism development. Within a society some population groups may get a preferential treatment, which could increase their chances at getting a job or a loan to start up their own business. Moreover, in some cases the number of immigrants looking for a job increases faster than the amount of jobs created by tourism, leading to higher unemployment rates and low wages (UN, 2002). In addition, data collected over the years suggests that many people who are employed in the tourism sector, especially in hotels and catering, often earn less than workers in socially comparable occupations. This difference in income is the largest in the case of unskilled labor, which already knows the lowest wages (UN 2002).

Moreover, as argued in section 2.1, many critics question who really benefits from (residential)tourism development; local residents, or foreign investors? A large number of foreign investors and high levels of foreign control may also threaten the sustainability of the (residential)tourism sector. Overdevelopment can cause a decline in the tourism industry. If this occurs, investors might move on to other opportunities, leaving local residents with a overdevelop and declining industry.

Research indicates that in the case of residential tourism the amount of money people spend on a daily basis tends to be less. Residential tourists for example tend to go less to souvenir shops, restaurants or other leisure activities compared to 'normal tourists'. However, residential tourists do contribute to increasing numbers of employment opportunities and make large contributions towards the local tax base. However, even more so than with 'normal tourism', the development of residential tourism often leads to a massive increase in property prices. Skyrocketing property prices often make houses in those areas unaffordable for local residents, who are then forced to move (Hoogendoorn and Visser, 2009).

This section indicates that tourism has the ability to stimulate the economy by the investments that are being made to develop a tourism sector, by attracting new industries, by increasing employment levels and by the money that tourists spend while they are on vacation. However, it is also argued that tourism development can increase inequalities and mainly creates low income jobs. Moreover, fast tourism development can cause massive increases in the prices of houses and other goods and services. In addition, large amounts of FDI and foreign ownership raise questions about who really benefits from a growing tourism industry: local residents or foreign investors? As tourism development not only has an economic impact, the next section will look into the spatial impacts.

2.3.2: Spatial impacts

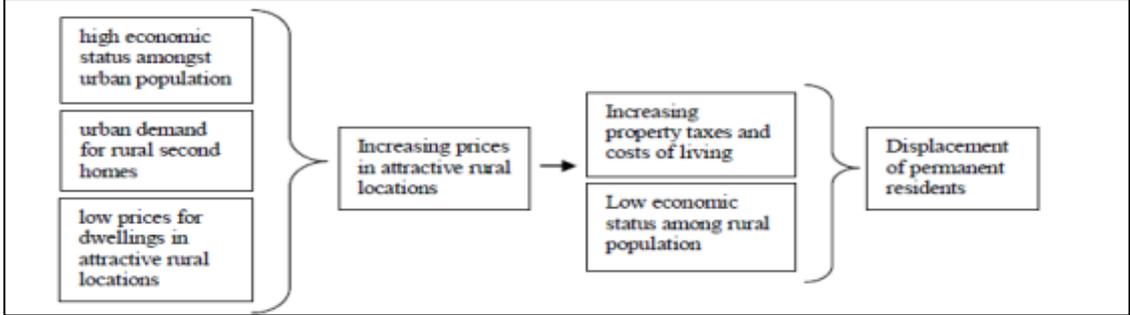
A shift from productivism to post productivism can have a significant spatial impact on an area and its surroundings. For example, rural areas are urbanized, coastlines become a line of hotels and resorts, infrastructure expands, existing buildings are converted to serve the tourism industry and local residents resettle at different locations. Not all of these examples have to occur at every host locations. Spatial impact depend upon the level of tourism development, how tourism development is managed and the local context (Hoogendoorn and Visser, 2009).

Hoogendoorn is one of the academics who uses the term 'post-productivism' to explain some of the major changes many rural areas are undergoing and the important role that (residential)tourism plays in these changes. The productivist area came to an end in the 1970, when an increase in the internationalization of farming and subsequent over production, a declining number of farmers and their declining social and economic states, caused farmers to look for different strategies to adjust economically. In many cases (residential)tourism and the tourism related activities it both induces and supports, are part of the creation of a post-productivist countryside. The post-productivist countryside is characterized by the diversification of economic activities away from the productivist functions. New economic activities are linked to consumptive activities, such as (residential)tourism and related services (Hoogendoorn and Visser, 2009). This shift is closely linked to the broader shift of a fordist to a more post fordist economy. which is characterized by the rise of the service sector, new information technologies, emphasis on types of consumer, choice and product differentiation, lifestyle, the feminization of the work force, more specialized products and jobs, flexible and decentralized jobs. It moves away from a fordist economy, based upon manufacturing, mass production, standardized products, homogeneous consumers and producing for social classes (Clarke, 1990).

With the worldwide increase in (residential)tourism the debate on (residential)tourism and displacement of local residents is in full force. Central to the concept of displacement is the involuntary movement of individuals. This involuntary movement can be caused directly by (residential)tourism development, for example when people need to leave their homes because their land will be used for the development of a resort. Moreover, involuntary movement can also be caused in an indirect way, for example by an increase in cost of living or overcrowding. Figure 2.4 shows the chain of events and preconditions specific to residential tourism development induced displacement. However, increased property prices

and costs of living also occur in the case of ‘normal tourism’ development. As a result, local residents can be competed out of their land and housing market by (residential)tourists. Local residents are often forced to move to more marginalized areas and/or squatter settlements (Marjavaara, 2008, Zoomers 2010).

Figure 2.4: Chain of events and preconditions involved in second home induced displacement



(Source: Marjavaara, 2008)

It can be concluded that (residential)tourism developments can have a significant spatial impact on a host destination. The possible impacts that have been discussed in this section will be used to determine to what extent spatial impacts take place in Tamarin, and how these impacts are perceived. The next section will discuss the main environmental impacts that are associated with (residential)tourism development.

2.3.3: Environmental impacts

Tourism has often been described as the industry that is destroying itself with its success. As tourism is often highly dependent upon the environment, both natural and cultural, of a host destination, for example white sand beaches, local cuisine, rainforest, local craftsmanship or impressive mountains, it is crucial for a destination to preserve its environment. However, one of the undesired impacts of tourism is that it often causes environmental degradation. Not only is this a problem from a point of view in which “nature needs to be saved and local cultures need to be protected”, it is also a serious problem for the tourism industry, as it threatens its sustainability. Especially for host areas that heavily depend upon its tourism industry, sustainability of the tourism industry, and therefore the environment, is crucial. This section will mainly focus on the natural elements of the environment, while the next section will discuss the socio-cultural impacts of tourism.

From the 1970 onwards the negative impact of tourism on the natural environment began to attract the attention of organizations such as OECD and WTO and researchers (for example Budowski 1976, Tangi 1977, Cohen 1978 and Jim 2000). In addition, the importance of environmental protection was recognized, which resulted in a need for major changes in all sectors of economic activity. For many industries, including tourism, this concerns a change on the side of the provider, as well as on the side of the consumer (Radulescu, 2011).

There are numerous ways in which tourism development can cause degradation of the natural environment. The UN (2002) identified 1) pressure on natural resources, 2) pollution and waste generation and 3) damage to ecosystems, as the three main environmental impacts of tourism. The natural resources that experience most pressure with the development of a tourism industry are land, freshwater and marine resources. Fast tourism development intensifies the competition for land resources with other uses, such as agriculture. In addition, land prices often rise rapidly as it becomes

scarcer. Freshwater is also limitedly available and therefore agricultural, industrial, household and other uses of fresh water are increasingly competing. As tourism tends to be water-intensive, tourism development adds to the pressure on freshwater availability. Water scarcity is especially a problem for small islands as they have limited possibilities for surface water use and storage, and the groundwater can be contaminated by saltwater. Marine sources are mainly at risk because of the large expansion of coastal and ocean tourism activities. The tourism industry generates considerable amounts of waste and pollution. This is especially a problem for developing countries, as they often lack the capacity for proper disposal. When waste is not properly disposed this means it will often further decrease the availability of the scarce natural resources described above. Tourism can also contribute by local air pollution by the high levels of energy consumption in hotels and tourism-related transportation. Sound pollution and light pollution also often increase with tourism development. Tourism activity can also seriously damage ecosystems in the host area. This is especially the case if a destination is not prepared to absorb an increase in tourism activity. According to the 2002 UN report on sustainable tourism: “tourism activities can lead to the severe disruption of wildlife habitats and increased pressure on endangered species. Tourism development can also threaten natural landscapes, notably through deforestation, loss of wetlands and soil erosion. Tourism development in coastal areas – including hotel, airport and road construction – is a matter for increasing concern worldwide as it can lead to sand mining, beach erosion and land degradation” (UN, 2002, p. 7). Small islands ecosystems are especially at risk, since they are often more vulnerable. In addition, many small islands highly depend on tourism, which can lead to over-development and irreversible damage to coastlines and other ecosystems (UN, 2002).

Tourism also tends to take place in those areas that are ecologically fragile locations, such as coastal areas, which tends to speed up the process of environmental degradation. Beladi et al. argue that when tourism is not well-managed from the environmental perspective, it is questionable if local communities benefit enough from tourism development to outweigh the environmental costs. If a tourism destination’s natural environment is destroyed, tourist arrivals will decrease as the destination is no longer considered desirable. In that case, the local community is not only left with the economic problem of shrinking tourism sector, they are also left with environmental problems (Beladi et al., 2009).

In the past decades the recognition of the self-destructive pattern of the tourism industry has grown. With this growing realization of the importance of environmental protection, new forms of tourism emerged. A change in consumer preferences and the realization of tourism organizations to protect the product they are selling led to the development of “sustainable tourism”. Sustainable tourism is defined by the World Tourism Organization (WTO) as “tourism that satisfies the needs of present tourists and host regions, meanwhile protecting and enhancing the chances and opportunities for the future” (Radulescu, 2011, p. 3). This definition indicates that sustainability focuses on both the natural environment and the cultural environment. According to Radulescu sustainable tourism should focus on three areas: quality, continuity and balance (see textbox 2.2).

Textbox 2.2: Three focus points of sustainable tourism

- Quality: valuable experience for visitors and increased life quality for host communities through cultural identity, poverty reduction and environmental quality.
- Continuity: exploitation is made at the optimum level that allows the preservation and regeneration of the natural resources.
- Balance: balance between the needs of tourism industry, environmental protection, and local communities by an equitable distribution of benefits among stakeholders.

(Source: Radulescu, 2011)

It has become clear that protecting the natural and social environment is important for sustainable development of Tamarin. Not only because both the natural and social environment are important for the (residential)tourism industry, on which Tamarin is largely depending. Protecting the environment is also important to maintain a good quality of life for local residents. The next section will look into some of the main socio-cultural impacts that are associated with (residential)tourism development.

2.3.4: Socio-cultural impacts

As discussed in section 2.3.3, (residential) tourism has an impact on both the natural and the cultural environment of a host area. Socio-cultural impacts of tourism concern: “the way in which tourism influences and creates changes and transformations in behavior, daily routines, beliefs, values and the social life of people in the host community. It is the impact on the local community as a consequence of direct or indirect contact with (residential)tourists (Cottyn, 2011, p. 20). When an area is undergoing fast changes (for example growing villages, new jobs, new people, new customs), as is the case with Mauritius shift from productivism to post productivism and from a fordist to a more post fordist society, social cultural impacts can be especially large and need to be taken into consideration.

The social-cultural impacts of (residential)tourism are also relatively large, as tourism has a high level of interpenetration. Interpenetration refers to the level in which cultures that seem distant come face to face at the local level. Because of the direct interaction between host and guest at a tourist destination, interpenetration levels are high (Shaw and Williams, 2002). High levels of inter-penetration can be a source of conflict. Understanding the socio-cultural impact of tourism on communities is therefore of importance to national and local governments of the host area. In the first place to prevent that the quality of life for local residents decreases. Secondly, governments have to manage socio-cultural impacts to prevent a community backlash against tourist and tourism development and to preserve the sustainability of the tourism industry (Deery et al., 2012).

The socio-cultural impact that tourism has on a host community depends on a range of variables. Deery argues that the socio-cultural impact and local residents perceptions of tourism impact depend both on variables that are external to host residents (see table 2.1), and on the value variables that may influence perceptions of tourism impacts (see table 2.2). Deery emphasize that it is for this reason extremely important to look at both of these variables to come to a deeper understanding of the socio-cultural impact of tourism as it is experienced by local residents. Combining quantitative and qualitative data is the best way to achieve this deeper understanding (Deery, 2012).

Table 2.1: External to host residents' variables influencing perceptions of tourism impacts

| Resident "external" variables | Reason for use in social impacts studies |
|--|--|
| Economic dependence on tourism; working in or owning a business in tourism or a related industry | Numerous previous studies have investigated this relationship and there is substantial evidence to suggest that working in or owning a business in tourism or a related industry is associated with more positive perceptions of tourism. |
| Distance of place of residence from areas of high tourist activity | Mixed results have been found in studies investigating residential proximity to tourism activity. Some studies have found that residents living closer to high activity areas are more negatively disposed to tourism, whereas others have found an opposite relationship with those living closer having more positive perceptions. |
| Level of contact with tourists | Whilst contact with tourism is likely to be closely related to residential proximity, the two concepts are not synonymous as residents can come into contact with tourists in many different situations, Therefore, some studies have measured contact as a separate variable. |
| Use of facilities also used by tourists | Another variable that is likely to be interrelated with these other dimensions of contact is the extent to which residents utilize facilities and attractions that are commonly used by tourists, as this provides another opportunity for interaction. |
| Tourist/resident ratio | When tourist numbers far exceed resident numbers, levels of tolerance towards tourism may be tested. |

(Source: Deery et al., 2012 p. 68)

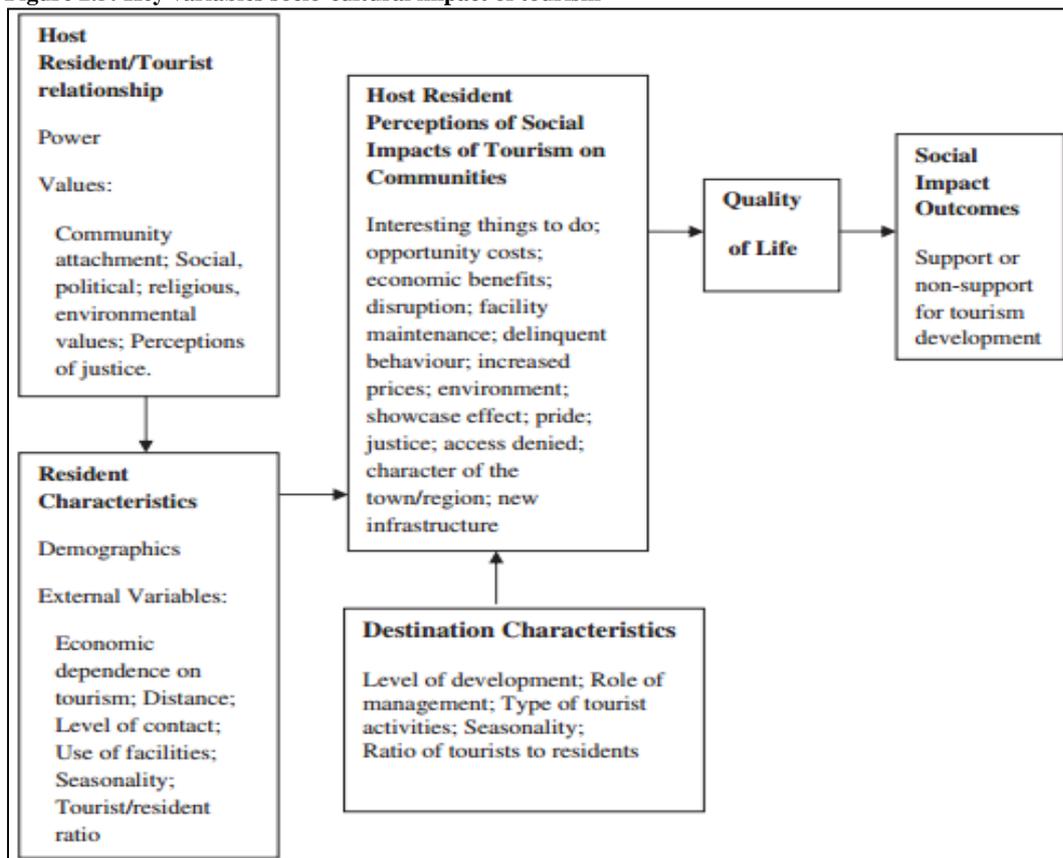
Table 2.2: Values variables that may influence perceptions of tourism impacts

| Resident "values" variables | Reasons found in social impacts studies |
|--|--|
| Community attachment | Community attachment has been operationalized in a variety of ways in different studies including place of birth or number of years of residence in the community. |
| Social, political and Environmental values | Tourism, like any other endeavor, operates with the social, political and, more recently environmental domains of a community, and it is therefore likely that residents with different social, political and environmental values would hold different representations of tourism |

(Source: Deery et al., 2012 p. 70)

Deery's approach clarifies that with a deeper understanding of the variables it is possible to a more holistic approach toward socio-cultural impacts of tourism, and in particular, the end result on the local resident (see figure 2.5). Figure 2.5 also helps to explain why certain impacts have a more intense impact on community A than on community B. Moreover, the experienced social impact might differ between residents of the same community, as no community can be considered to be completely homogenous. This can be explained by the fact that the social impact of (residential)tourism depends upon a range of variables such as the relationship between host resident and tourists, the residents' characteristics, the host residents' perception of social impacts of tourism on the community and the destinations characteristics. These variables influence to the experienced quality of life and the social impact outcomes.

Figure 2.5: Key variables socio-cultural impact of tourism



(Source: Deery et al., 2012 p. 72)

As argued above, (residential)tourism has a relatively high level of inter-penetration, which can be a source of conflict. Not only different cultural values can be a cause of a clash between local residents and (residential) tourists, a significant difference in wealth can also contribute to feelings of frustration. According to Marjavaara (2008), the impact of this socio-economic gap is largest in the early stages of (residential)tourism development. In the case of residential tourism, relations are often even more complex, as residential tourists are neither tourists nor permanent residents, but something in between. In the case of Mauritius, the majority of tourists and residential tourists are white upper class, which can increase feelings of ‘us versus them’. Moreover, as Mauritius is a small island (almost) all tourists and residential tourists are foreigners, with their own values, habits and languages.

As argued above, for a sustainable tourism industry it is crucial that the socio-cultural impact of tourism on the host community is fully understood, monitored and managed. The impact of tourism should not exceed the limits deemed as acceptable within the community. The most common socio-cultural impacts of (residential) tourism that were discussed in this section will be used to gather information on what socio-cultural impact the fast changes in the town of Tamarin have on local residents. Moreover, the variables that influence socio-cultural impact might be able to explain some of the findings, for example why some population groups experience different levels of socio-cultural impacts as a result of (residential)tourism development than others.

The possible impacts of (residential)tourism development that were discussed in section will be used to create a questionnaire and conduct in depth interviews in Tamarin, in order to discover perceptions toward these impacts. These perceptions will be useful in determining what stage the

(residential)tourism industry of Tamarin is currently at, what future problems might be, and what these impacts mean for the sustainable development of the town. The next section will look deeper into the link between local perceptions toward (residential)tourism and the sustainable development of the host-area.

2.4: Local perceptions and the sustainability of the (residential)tourism industry

Besides the actual impacts of (residential)tourism that might take place, it is important to take local perceptions toward these impacts into account. If a destination is focused on overall sustainable development, the way in which people experience changes is crucial. When local residents do not feel that the changes are positive and increase their quality of life, sustainable development is not achieved. Moreover, positive perceptions toward (residential)tourism development have proven to be crucial for the sustainability of the industry. Although actual impacts may at times differ from perceptions of impacts, they are closely related. This is because local residents' perceptions are based upon actual impacts, while other variables, such as age, education, job etc., influence how these impacts are perceived (see section 2.3.4).

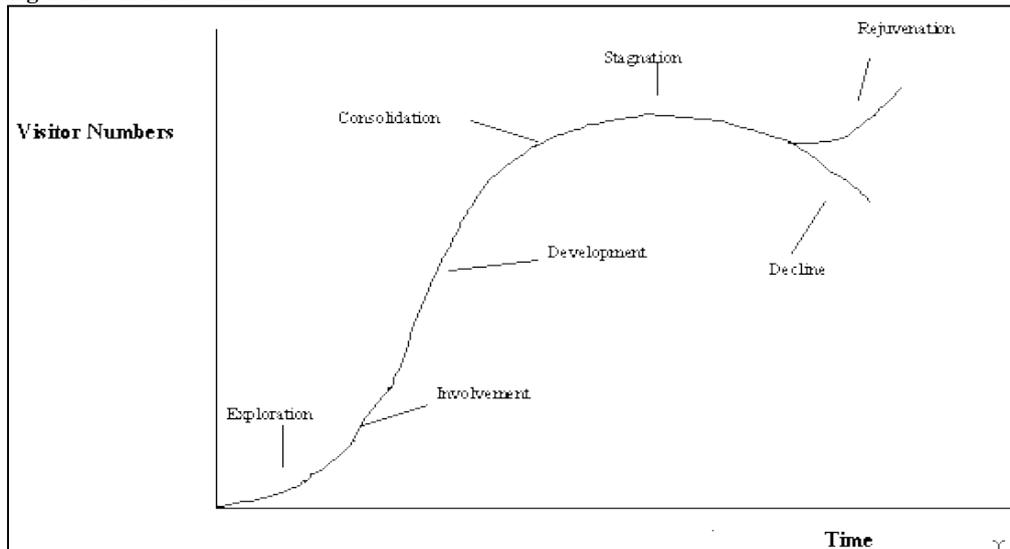
Uncontrolled and fast development might ruin the exact things that attract tourist; for example: beautiful beaches, coral reefs, reasonable prices, friendly locals, etc. Moreover, one can imagine that this fast uncontrolled tourism development and the negative impacts that come with it also change the attitudes of the local population toward further tourism development. This is especially the case when the negative impacts increase faster than the positive impacts (Coccosis 2004, Diedrich and García-Buades 2009, Martin & Uysal 1990, O'Reilly 1986). Recent literature has been giving more attention to impacts, both positive and negative, (residential)tourism has on a host community. Negative impacts of tourism do not only cause negative attitudes among local residents, in time they can also cause a decline in the tourism market. When an economy has become largely dependent on tourism, a decline in the tourism market can be devastating. It is therefore important for host areas to predict and prevent a decline and to focus on maintaining a sustainable and successful tourism industry (Diedrich and García-Buades, 2009).

Butler (1980) was one of the first to link residents' perceptions on tourism impacts to the level of tourism development in order to predict and prevent decline. He argues that although residents are at the first stage of tourism development often very positive, these attitudes frequently change. If the number of visitors continues to increase, local residents often become concerned with the long term impact of tourism. When expectations of tourism related benefits are not realized, feelings of frustration and regret appear. Expectations might not be met because they were unrealistic to start with or because the benefits are perceived to accrue only to a small part of the community. Even when the expected benefits are realized, negative attitudes towards tourism can develop as the negative impacts become larger than first expected by local residents (Akis and Peristianis, 1996).

Butler's Tourism Area Life Cycle (TALC) predicts that when tourism increases, so will its associated impacts (see figure 2.6). The increase of perceptions of benefits is at its highest rate during the initial stages of the TALC. This rate will decrease gradually to the slowest rate at the final part of the development stage. At the same time there is an upturn in the level and rate of increase of perceptions of costs as tourism increases. When perceptions of costs eventually surpass perceptions of benefits, development enters the critical range. This is the point where negative attitudes toward tourism development start to manifest, which makes the area less attractive to tourists and affects the sustainability of the tourism destination. This indicates that the carrying capacity has been surpassed (Coccosis 2004, Diedrich and García-Buades 2009, Martin & Uysal 1990, O'Reilly 1986). The

dimensions of carrying capacity are threefold: environmental (ecological and physical), social (cultural and psychological), and economic. In recent years much attention has been given to social carrying capacity, whereas in the past this often used to be overlooked. Including social carrying capacity allows for the “incorporation of local values, perceptions and desires into the determination of acceptable limits to tourism development” (Diedrich and García-Buades, 2009, p 516). According to Butler the final stages of the TALC are characterized by local withdrawal and alienation. In addition, foreign control of tourism businesses increases in the later stages of the TALC, which often fuels negative attitudes if they out-compete local businesses and job opportunities for the local population are limited (Diedrich and García-Buades, 2009).

Figure 2.6: Butler’s TALC



(Source:

It is argued that the stage of decline can be predicted by measuring local perceptions toward tourism impacts. In other words, Butler and others (such as Gursoy and Rutherford 2004 and Johnson, Snepenger & Akis, 1994) indicate that the level of tourism development influences residents' perceptions of tourism. Gursoy and Rutherford (2004) argue that there is a strong support for the relationship between local residents' perception of tourism impact, the stage of tourism development and local residents' support for further tourism development.

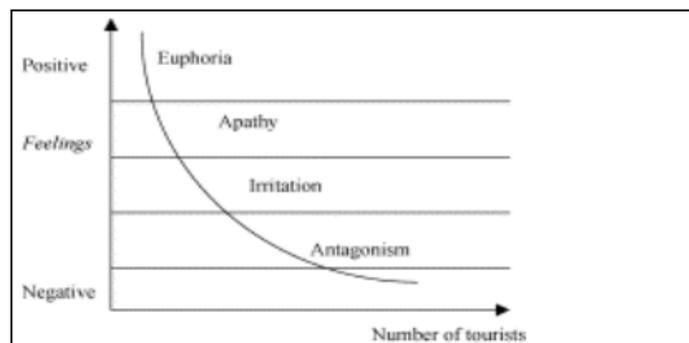
One of the theories that is used to explain the proposed relationship between residents' perceptions and the TALC is the social exchange theory. This theory describes how local residents evaluate tourism by looking at the costs and benefits they expect to incur for their involvement in it. When the perceived benefits are higher than the perceived costs, local residents are likely to have a positive attitude toward further development of the tourism sector (Diedrich and García-Buades, 2009). The proposed relationship can be further explained by the social disruption theory, which is closely linked to the 'boomtown' sociology literature. Boomtowns are “locations experiencing a sudden rapid growth in demand for social services and community infrastructure” (Diedrich and García-Buades, 2009 p 518). This theory suggests that once the first shock of change wears off local residents will adjust to the new situation and the perception of costs may level off or even decline. However, when the increase in perceptions of benefits slows down, the rate of increase in perceptions of costs will start to rise again. This rise in perception of costs is now no longer offset by a rapid increase of benefits, which leaves local residents with a more negative view of tourism development (Diedrich and García-Buades, 2009).

Residents' feelings will "range from euphoria to regret over the span of the life cycle" (Johnson, Snepenger and Akis, 1994, p. 630).

Ap and Crompton (1993) suggest an additional view on attitudes towards tourism that are in line with the theoretical relationships described above. They propose that in the initial stages locals are likely to embrace tourism development because of the potential benefits for their community. However, at some point, when negative impacts start to become more visible, locals enter the tolerance phase where they becomes more hesitant toward tourism development. This stage can be linked with the development phase of Butlers TALC. When the perceptions of negative impacts increase at a higher rate than the perception of positive impacts the balance will start to tip. This is the phase of adjustment, where locals will stop spending time in the main touristic areas in their community. Finally, some locals may withdraw entirely from the community by moving elsewhere to get away from the tourist and the associated perceptions of negative impacts. These phases of adjustment and withdraw coincide with Butler's decline stage (Diedrich and García-Buades, 2009).

In another study, Doxey (1975) suggests that there are four progressive stages of host community attitudes. This theory is commonly referred to as the Irridex Model (see figure 2.7) and suggests that residents attitudes toward tourism are "euphoric in the early stages, progressing to apathy, irritation and, eventually, antagonism" (Diedrich and García-Buades, 2009 p 517). Andriotis linked these stages to the stages of Butlers TALC. He suggests that the antagonistic stage logically coincides with the decline of the destination. At the point where perceptions of negative impacts surpass the positive ones, local residents have entered the stage of irritation and/or antagonism (Doxey) or the withdrawal phase (Ap and Compton) (Diedrich and García-Buades, 2009).

Figure 2.7: The Irridex Model



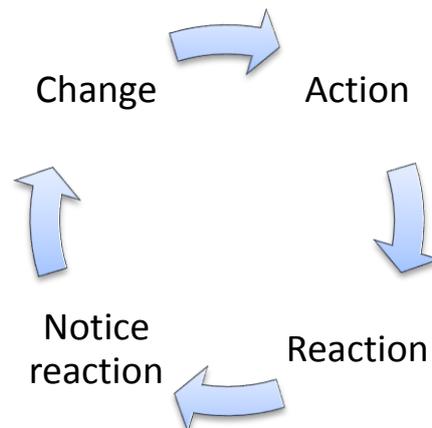
(Source: Diedrich and García-Buades, 2009)

Diedrich and García-Buades (2009 p. 517) conclude that: "Ultimately, one of the primary objectives of tourism studies is to avoid the negative elements associated with decline, whether they are economic, environmental or social. Using the TALC as a point of convergence for additional studies that address sustainability and carrying capacity could help diminish fragmentation in the tourism literature while reinforcing predictive capabilities". Although Butler's TALC model has been criticized for being over simplistic, the underlying idea has been confirmed by evidence from many tourism destinations throughout the world. This suggests that when a host area aims to have a sustainable tourism industry, tourism cannot be permitted to grow uncontrollably. All destinations have a point that cannot be surpassed without creating societal, economic and environmental problems. It is therefore extremely important for tourism destinations to identify potential limits to growth, especially through indicators that allow tourism planners to react before entering the stage of decline (Diedrich and García-Buades, 2009).

For Mauritius this means that foreign investment in tourism development needs to be carefully examined and managed in order to protect the future of the tourism industry. Moreover, attention should be given to local perceptions of (residential)tourism developments. By measuring perceptions of local residents on some of the main impacts of tourism development (see section 2.3), it can be determined how local residents experience tourism development-related changes and what impact these changes have on their life. Moreover, by measuring perceptions it can be determined what stage of tourism development Tamarin is currently at according to the theories described in this section. This can give insight into the question if the large amounts of FDI into the tourism industry and the fast changes that are currently taking place are threatening the sustainable development of Tamarin.

By viewing perceptions toward (residential)tourism development as feedback upon taken action, current en future problems can be identified en corrected. This will help to minimize negative impacts and maximize the contribution of (residential)tourism to the sustainable development of Tamarin. Figure 2.8 in a schematic representation of this ‘feedback loop’, in which ‘action’ refers to the developments taking place in the (residential)tourism sector of Tamarin. The ‘reaction’ are the perceptions that local residents have towards these actions. To ‘notice reaction’, the perceptions of local residents need to be measured, as is done in this research. Possible negative outcomes should be focus points for ‘change’ in order to minimalize negative impacts of (residential)tourism and maximize the benefits of (residential)tourism for local residents.

Figure 2.8: Feedback Loop



Source: Feedbackloop.com, 2013

Conclusion

This theoretic-thematic framework aims to provide a deeper understanding of the concepts that are associated with the shift from productivism to post productivism, and more broadly from a fordist to a more post fordist economy, that Mauritius is undergoing. As (residential)tourism plays an important part in this shift, it is important to have a deeper understanding of why (residential)tourism is often looked at as a good development strategy, and what positive and negative aspects are associated with this development strategy. It can for example create an increase in household incomes and government revenues through multiplier effects and improvements in the balance of payments. Moreover, tourism development can create job opportunities, stimulate local businesses and the development of local facilities such as roads, playgrounds and supermarkets. However, critics argue that fast (residential)tourism development can for example also cause an increase in inequalities, feelings of

exclusion and prices of houses and other goods and services. The role of foreign direct investment (FDI) and foreign landownership in the tourism industry is also a topic of discussion. On one hand FDI is often necessary to finance (residential)tourism development. However, on the other hand high levels of FDI have been associated with foreign control of the industry and uncontrolled development. As the impacts of a large inflow of FDI and the development of a (residential)tourism industry are often significant; it is important to know how (residential)tourism development and possible impacts are perceived by local residents. Perceptions toward (residential)tourism development can function as feedback on actions that have been taken. They can help determine what the current and future problems associated with (residential)tourism development are, in order to find solutions and safeguard the sustainable development of Tamarin.

The theories that have been discussed in this chapter provide the necessary input for researching the role of foreign direct investment in (residential)tourism development. Moreover, this framework is the foundation upon which the questions in the questionnaire and in depth interviews are based, in order to gather a deeper understanding of local perceptions toward (residential)tourism development within Tamarin. Now that the relevant theories for this research have been discussed, the next step will be to take a closer look at the context in which the fieldwork took place. Therefore the next chapter will provide a geographical framework which gives a better understanding of Mauritius, the Black River district and Tamarin.

Chapter 3: Geographical Framework

The aim of the theoretic-thematic framework presented in chapter two was to give a deeper understanding of the research topic and the relevant theories. However, to draw on these general theories and approaches it is crucial to take the context of the specific research area into account. This chapter will focus on the national and local context in which this research has taken place. The national context of Mauritius will provide the necessary background information that has shaped the island over the years. Attention will be given to the so called ‘Mauritian Miracle’, to how the island changed from an agricultural mono-crop economy to a booming tourism destination and to what the tourism industry currently entails. Then attention will be given to what role foreign direct investment and the foreignisation of land play in the case of Mauritius. Next, the local context of the Black River Area and the town of Tamarin, where most of the fieldwork took place, will be discussed.

3.1 National Context of Mauritius

3.1.1 Mauritius: an introduction

Mauritius is a small island of 1,969 square kilometers located in the Indian Ocean, about 800 kilometers east of Madagascar (see figure 3.1). Being a relatively small island can have significant implications for a country’s (economic) development. According to Seetanah (2011, p. 292-293), small islands are particularly vulnerable because of “their smallness, remoteness, geographical dispersion, vulnerability to natural disasters, fragility of their ecosystems, constraint on transport and communication, isolation from markets, vulnerability to exogenous economic and financial shocks, small domestic market, lack of natural resources, limited fresh water supply and dependence on imports”. Because of this, island economies often face massive difficulties in developing their economies.

Figure 3.1: Location Mauritius



(Source: mauritiusattractions.com)

Land is the scarcest resource for small islands and only few islands have adequate natural resources to develop or maintain industries such as mining, agriculture and manufacturing on a scale that would be economically beneficial. The fact that islands also heavily depend upon imports often creates a high level of leakages. However, many islands do have a significant comparative advantage to develop a (residential)tourism sector as a (partial) substitute for other export products. The comparative advantage of islands is often found in their ability to provide natural attractions, long coastlines, unique flora and

fauna and a feeling of being in another world (Seetanah, 2011). Textbox 3.1 gives an indication of current land use on the island.

Textbox 3.1: Land use Mauritius

| | |
|--------------------------------------|-------------------------|
| • Whole island: | 1.969 square kilometers |
| • Agricultural lands: | 43% |
| • Forests and natural lands: | 25% |
| • Built-up areas | 25% |
| • Reservoirs, swamps and rocky lands | 2% |
| • Roads and footpaths | 2% |

(Source: BOI 2012)

The island currently counts around 1.3 million inhabitants. The Mauritian society is a very heterogeneous one, with various ethnic groups living on the Island. The main groups are Indo-Mauritians (68%), Creole (27%), Sino-Mauritians (3%) and Franco-Mauritians (2%). The abolishment of slavery in 1835 led to significant demographic changes. When the African slaves were no longer obligated to work on the plantations, many of them left these plantation to live in unoccupied places. To make up for the large loss in workforce, plantation owners hired Indian laborers. In a period of only 10 years the Indian population on Mauritius went from nonexistent to over a third of the total population. This group of Mauritians is known as the Indo-Mauritians and is now the largest group on the Island. The Creoles are descended from slaves brought to Mauritius from the mainland of Africa and Madagascar, while the Franco-Mauritians are the descendants of the French; who were slave owners. The Sino-Mauritians are the last of the larger groups that came to the island and they are mainly from Chinese origin. Although English is the official language of Mauritius, French is the most commonly used language on the island (Republic of Mauritius, 2012).

Over the past years the country has made significant progress on the Human Development Index markers, positioning the country in the ‘high human development category’ (UNDP, 2011). The fast development of Mauritius is often referred to as ‘the Mauritian Miracle’ which will be further discussed in section 3.1.2.

Agriculture remains the main pillar of the islands economy; followed by manufacturing and tourism. Mauritius has a long agricultural history which started under the ruling of the Dutch (1638-1710). During this time large parts of the island were cleared to create space for agricultural developments. The most important agricultural product for Mauritius is that of sugar cane. Until the 1970s the island had a predominantly agricultural economic system that was based on the mono-cropping of sugar cane. Although sugar cane remains the most important agricultural export product for the island, the island did experience some diversification of its agricultural sector with the export of for example flowers and vegetables. Statistics suggest that sugar cane covers about 88% of the cultivable land, while 7.5% is under vegetables, fruits and flowers, 3.6% under tea and 0.6% under tobacco (Republic of Mauritius, 2012). However, the main diversifications of the economy took place by focusing on the export of textile and the expansion of the tourism sector, which will be discussed in section 3.1.3.

3.1.2 The Mauritian Miracle

Seven years before Mauritius became independent, the Nobel Prize winning economist James Meade (1961, p. 81) wrote: “It is going to be a great achievement if Mauritius can find productive employment for its population without a serious reduction in the existing standard of living. The country has no natural resources to exploit. With a fast growing population and no possibility for expanding the traditional agricultural sector, the outlook for peaceful development is weak”. In addition the International Monetary Fund argued in a working paper (2001) that immediately after independence Mauritius had all the ingredients for failure: a mono-crop economy, prone terms of trade shocks, rapid populations growth and high risk of ethnic tensions (IMF, 2001). However, the country has progressed from an agricultural mono-crop economy into a diversified economy that includes tourism, finance, textiles and even advanced technology. This fast transformation from a fordist to a post fordist society the island has gone through is often referred to as “the Mauritian Miracle”. The country has been able to build a diverse economy, a democratic political system, and a strong social safety and can be considered an example for countries around the world. The fact that the country’s GDP has grown faster than 5% annually for almost 30 years without having any natural resources to exploit, can be considered a miracle in itself (Stiglitz, 2011).

Looking beyond just economic development, significant improvements in Human Development Indicators (HDI) have also been achieved (see table 3.1). Life expectancy at birth for example, increased 6.3 years between 1980 and 2011, while the overall HDI value increased from 0.546 to 0.728. This places Mauritius in the ‘high human development category’ and at the 77th position out of 187 countries worldwide. Compared to an average HDI value of 0.463 for Sub-Saharan Africa, Mauritius has made remarkable progress in its human development.

Table 3.1: Mauritius’ HDI trends 1980-2011

| | Life expectancy at birth | Expected years of schooling | Means years of schooling | Gross national income per capita | Human development indicator value |
|------|--------------------------|-----------------------------|--------------------------|----------------------------------|-----------------------------------|
| 1980 | 67.1 | 9.1 | 4.5 | 3,668 | 0.546 |
| 1985 | 68.4 | 9.7 | 4.8 | 4,269 | 0.572 |
| 1990 | 69.4 | 10.5 | 5.7 | 6,066 | 0.618 |
| 1995 | 70.3 | 11.2 | 6.3 | 7,270 | 0.648 |
| 2000 | 71.2 | 12.4 | 6.2 | 9,092 | 0.672 |
| 2005 | 72.5 | 13.4 | 6.8 | 10,140 | 0.703 |
| 2010 | 73.2 | 13.6 | 7.2 | 12,485 | 0.726 |
| 2011 | 73.4 | 13.6 | 7.2 | 12,918 | 0.728 |

(Source: UNDP, 2011)

The increasingly important role Mauritius is playing in the world economy is acknowledged in the World Economic Forum’s 2010-2011 Global Competitiveness Report, which places Mauritius first in Africa (together with South Africa) and 54th in the world in terms of its competitiveness. In addition, the World Bank’s (2011) ‘Doing Business’ report ranks Mauritius 20th out of 183 economies worldwide (first among African economies) in terms of overall ease of doing business.

There are many theories on why Mauritius had been able to develop at this fast rate while other (African) countries continue to struggle. The International Monetary Fund examined the different explanation in its working paper “Who Can Explain The Mauritian Miracle: Meade, Romer, Sachs or Rodrik?: Initial conditions, openness, and institutions” (2001). Although there is no consensus on which theory best explains the Mauritian Miracle, all four academics agree that the development of the (residential)

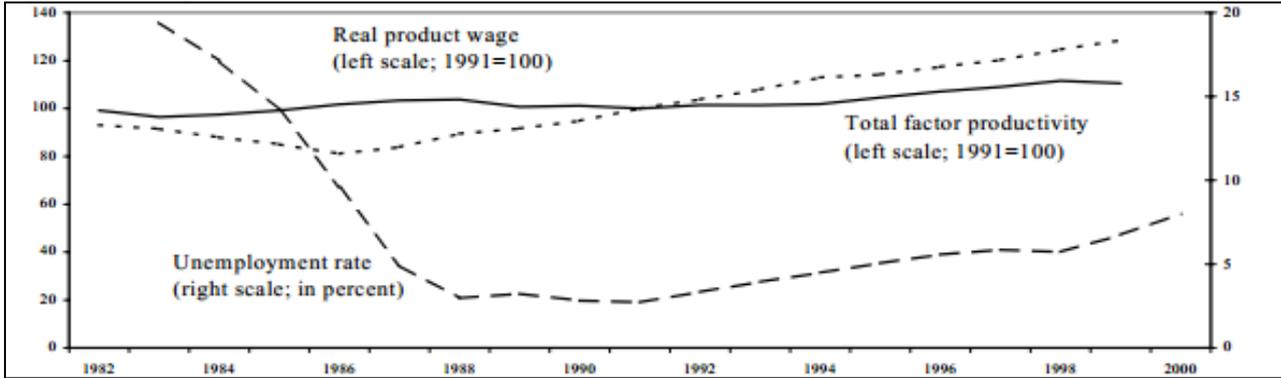
tourism industry plays an important role in the fast changing economy. The next section will first describe how the island changed from an agricultural mono-crop economy to a booming tourism destination. Secondly the section will provide an overview of the current (residential)tourism industry of Mauritius.

3.1.3 From a fordist society to a post fordist society

The ‘Mauritian Miracle’ described in the section above indicates that Mauritius has experienced some fast changes over the years. One of the main changes and drivers of success has been the diversification of Mauritius’ economy. The development of a (residential)tourism industry has played a particularly important role in de diversification strategy of the island. In a matter of years Mauritius has changed from an agricultural mono-crop economy into a booming tourism destination (Durbarry, 2004). The aim of this section is to clarify how Mauritius made these changes. In addition, this section will provide an overview of the current (residential) tourism industry of Mauritius.

After its independence in 1968 the sugar sector no longer provided sufficient employment opportunities. Therefore, Mauritius adopted the strategy of import substitution, however, due to a lack of technical and managerial know how this did little to increase employment and income levels. The failure of the import substitution strategy made the government eager to try other approaches. Therefore the government sent a team to study the export oriented policies of Hong Kong, Jamaica, Puerto Rico, Singapore and Taiwan. The research team recommendations included the establishment of an Economic Processing Zone (EPZ), which was created in 1970. The establishment of this EPZ “allowed EPZ firms to import inputs free of tariffs, gave them liberal tax exemptions, and provided a less regulated labor environment, liberating women especially by providing them with new job options” (Durbarry, 2004, p 390). Because work in the EPZ was labor intensive, the unemployment rate decreased significantly (see figure 3.2). Around the same period the government of Mauritius also started to focus on the development of a tourism industry (Durbarry, 2004).

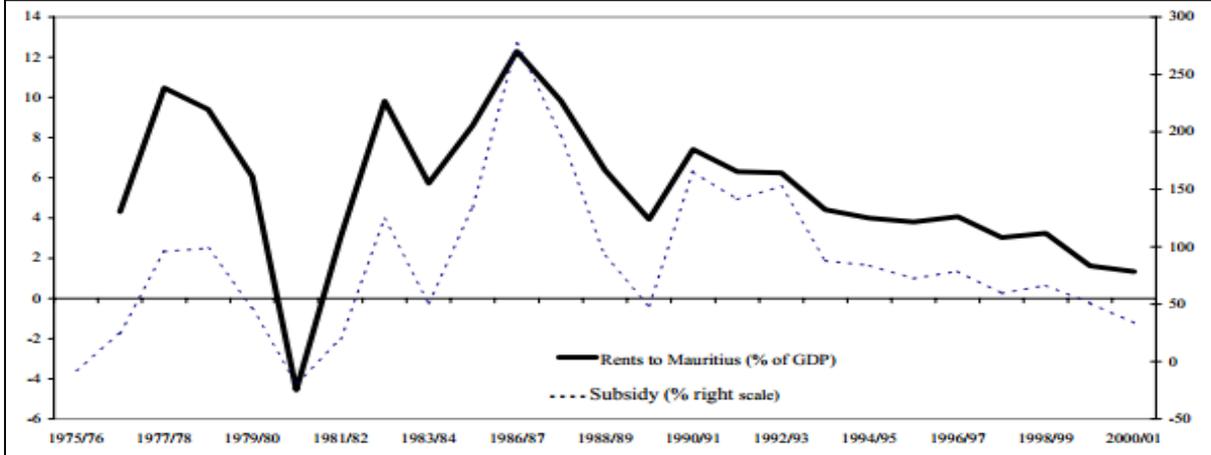
Figure 3.2: Unemployment rate Mauritius 1982-2000



(Source: Durbarry, 2004, p. 390)

Other factors which significantly boosted the Mauritian economy were the adoption of the Multi-Fibre Agreement (MFA) in 1973 and the signing of the Lomé Convention in 1975. The MFA and Lomé convention implied that Mauritius had preferential access to both European and US markets for the export of textiles and sugar (see figure 3.3). In addition, these preferential conditions encouraged some foreign manufacturers to establish factories in Mauritius and with that transferring their know-how and skills to Mauritians. The number of people who were employed in the EPZ increased rapidly, from 21.000 in 1976 to 90.000 in 1986. As a result unemployment rates in Mauritius decreased from 20% in 1970 to only 3% in 1990 (Durbarry, 2004).

Figure 3.3: Mauritius: Benefits from preferential access to Sugar Market



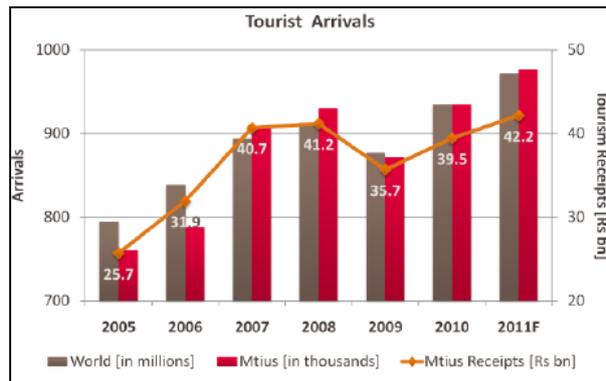
(Source: Durbarry, 2004, p. 393)

However, with the ending of the Lomé Convention sugar-export regime and then the Multifibre Agreement at the turn of the millennium, Mauritius is now forced to compete against much cheaper producers like Bangladesh and China. Both the textile and the sugar industry suffered after the ending of these trade preferences. The government acknowledged the need for a new growth strategy now that the foundation of its prior growth strategy was under pressure.

The new growth strategy, which came into practice in 2006, entailed a thorough economic reform program which aimed to “open up the economy, facilitate business, improve the investment climate and mobilize foreign direct investment and expertise” (Investment Climate Statement, 2011). The economic reform program has successfully spurred foreign investment and created growth in different sectors of the economy. This growth strategy kicked off the rapid transformation from productivism to post-productivism, together with the broader shift from a fordist society to a post fordist society.

The diversification of the economy is mainly driven by an increase in export-oriented manufacturing, financial and business services and the tourism industry. In recent years some new sectors have been successful in attracting investment from both local and foreign investors, which indicates further diversification of the economy. The main upcoming sectors are “the Information and Communication Technology (Business Process Outsourcing, call centers, software development), Hospitality and Property Development (commercial malls, luxury villas, and international flagship hotels), the Seafood and Marine Industry (fish farming, tuna fishing and canning, and seafood processing) and the Biomedical Industry (medical devices, pharmaceutical products, multi-specialty hospitals) (Mauritius: Investment Climate Statement 2011, p. 2).

Figure 3.4: Tourist arrivals Mauritius



(Source: Desai &Tulsidas, 2011)

This transformation from an agricultural economy to a diversified economy in which the service sector of the economy after agriculture and manufacturing. The sector has contributed significantly to the economic growth of Mauritius and is considered a key factor in the overall development of the island.

Between 1990 and 2010 tourist arrivals increased at an average rate of 9%. Figure 3.4 shows the growth of arrivals and tourism receipts between 2005 and 2011. In 2000, gross tourism receipts were 14.2 billion rupees (373 million euro) and contributed to about 11 % of the GDP. About 67% of the tourist arrivals on the island are of European origin. Of the Europeans that visit the island, over half are French. The nearby island Reunion is the most important short haul market and accounts for 13% of tourist arrivals. The third largest source market for Mauritius is Asia, which provides 6% of tourist arrivals, of which most are Indian. The National Tourism Policy says that Mauritius “emphasizes low impact, high spending tourism. Selective, up-market, quality tourism is favored, and although such tourism is not the only type, it constitutes the major segment of our tourists who stay in high class hotels” (Ministry of Tourism and Leisure, 2010). Textbox 3.2 shows the tourism key figures of Mauritius in 2010.

Textbox 3.2: Tourism Key Figures Mauritius 2010

| | |
|----------------------------------|----------------------------------|
| • GDP contribution | 8.2% |
| • FDI in millions | MUR 836 (approx. USD 27 million) |
| • Gross earnings from tourism | 39.456 |
| • Number of hotels | 112 |
| • Number of hotel rooms | 12.075 |
| • Increase in tourist arrivals | 5% |
| • IRS/RES residential units sold | 577 |

(Source: BOI 2012)

More recently residential tourism has become a sector of interest for the island. In 2005 the government began another strategy to diversify the economy. The strategy aimed to increase foreign investment by allowing applicants with at least half-million dollar (around 390.000 euro) to acquire freehold property and a permanent resident status (see section 5.1). The property development sector has benefit significantly from this strategy. In 2010 for example, property development accounted for 19, 3% of total GDP and had a growth rate of 10%. The property development sector attracted around USD 745 million in investment, of which USD 165 million in foreign direct investment (FDI). These investments were mainly in the development of lavish residential properties, shopping centers and office parks. Large investments have also been made in the development of for example La Balise Marina, located in the Black River District. The development of marinas around the island are considered an important

potential to meet the future requirements of yacht owners and residential tourist. Textbox 3.3 shows the real estate key figures of Mauritius in 2010.

Textbox 3.3: Real Estate Key Figures Mauritius 2010

| | |
|--------------------|------------------------------------|
| • GDP contribution | 11.9% |
| • GDP growth | 5.8% |
| • FDI in millions | MUR 3422 (approx. USD 110 million) |

(Source: BOI, 2012)

It can be concluded that Mauritius is going through some major changes that are in line with a change from a fordist to a more post fordist economy, in which the (residential)tourism industry is playing an increasingly important role. The next section will discuss foreign direct investment, as this has been crucial to make these changes in the economy of Mauritius possible, especially when looking at (residential)tourism.

3.1.4 Foreign Direct Investment

The transformation from an agricultural mono-crop economy to a more diversified economy, in which the (residential)tourism industry plays a particular important role, has partly been made possible by the large inflow of Foreign Direct Investment (FDI). Mauritius prides itself on being open to foreign investment and the new opportunities this brings to the country. The World Bank’s report “Investing Across Borders”, which was published in 2010, confirms this statement by naming Mauritius as one of the world’s most open economies to foreign ownership and one of the highest recipients of FDI per head of the population. For several years up until 2005 Mauritius received an average of around USD 33 million in FDI. After the reforms in 2006 (see section 3.1.3) the amount of FDI started to rise significantly. In 2009 for example, Mauritius attracted USD 270 million in FDI and in 2010 this number rose to 350 million. Since 2006 the island has attracted over USD 1.3 billion in FDI, which is an annual average of USD 217 per head. In addition, significant amount of tourism and residential tourism developments take place on land that is owned by foreign investors.

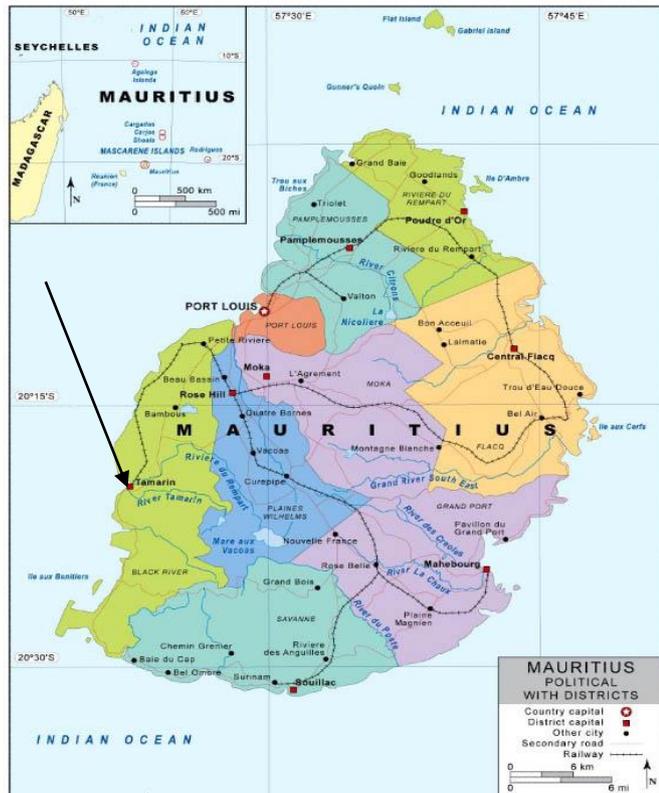
Chapter 5 provides a more comprehensive overview of FDI in Mauritius and foreign land ownership by discussing relevant strategies and policies for attracting FDI and by looking into foreign investment and foreign landownership in Mauritius; especially in the (residential) tourism sector.

3.2 The Black River Area and Tamarin

The majority of the fieldwork for this research took place in Tamarin, a town located in the Black River District. The following sections contain relevant information on the regional context of the Black River District and Tamarin.

Black River is one of nine districts on Mauritius and is located on the west coast of the island (green area on the left side of figure 3.5). The area is about 350 square meters and has a population of 63,137 inhabitants. Although Black River is the third largest district, it is the least populated one. Until recently Black River was known to be one of the more deprived areas of Mauritius, with a low rank in the government's Relative Development Index. Little attention was given to this area due to its poor and rocky soil in an economy that was based on sugar plantations. However, nowadays the touristic value of this region is fully recognized and the area is undergoing some major changes (Black River Council, 2012). Relatively little rainfall, natural sights such as the Tamarin Falls and Chamarel colored earth, vacant areas and beautiful beaches make this area very attractive for tourism development.

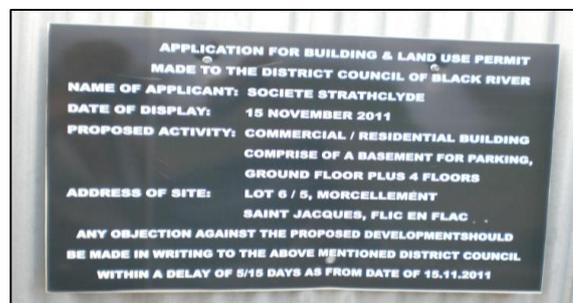
Figure 3.5: Mauritius districts



(Source: Mauritiusattractions.com)

The district is well connected to the capital of the island, Port Louis, and other larger cities, such as Quatre Borne, by highway. Public transportation remains the most important form of transportation, since only 25% of households have their own means of transportation. All households in the area have access to electricity and water, with the exception of the squatter settlements. However, only a few localities are connected to the sewerage network. The national government did commit to extending the sewerage network to more isolated locations shortly (Black River Council, 2012).

Figure 3.6: Building/land use permit, Tamarin



(Source: author)

The district is governed by the Black River Council. The district council of Black River is the youngest local authority on the island. It was created in October 1989 and comprises 16 Village Councils. The most important function of the district council is “to offer services that promote the social, economic, environmental, and cultural well-being of the inhabitants” (UN Habitat, 2012, p. 8). The Black River Council plays an important role in tourism development within the area, as it is responsible for applications for building and land use permits (see figure 3.6) In addition, resident application for the area are processed by the council (Black River Council, 2012). However, Mauritius has a highly centralized government, and decisions on for example regional planning and land allocation are managed at the national level by the respective ministries and institutions (UN Habitat, 2012).

Compared to the other districts of Mauritius, the area has more employment in the service sector; mainly in tourism related fields such as hotels, restaurants and excursion agencies. The area also has relatively more employment in the construction sector, while the number of jobs in manufacturing and trade are considerably lower compared to other districts. Employment in agriculture is comparable to that in other districts. Overall the Black River District is “mostly rural, dominated by sugar cultivation, with some industrial ventures in the north and fast expanding tourism activities, mainly along the coast” (UN Habitat, 2012, p.8). The fact that the area is still mostly rural, with fast expanding tourism activities is an indicator that this area is shifting from productivism to post-productivism.

Now that the Northern part of the island is in the stage of mass tourism, and maybe even decline, many developers are interested in developments in and around town such as Flic en Flac and Tamarin. The area has the highest increase in property development projects in Mauritius (UN Habitat, 2012). The Integrated Resort Scheme (IRS) and various residential developments are attracting an upper-middle class population to the area. Recent developments are stimulating investment and improvements in the area. According to the UN Habitat report (2012, p 6): “Black River has during recent years seen fast-growing urban migration, which is having a significant impact on its socio-economic situation and development”.

The Black River Council acknowledges that recent developments are causing a tremendous rise in prices of private property. As this is making houses unaffordable for many local residents, Black River noticed the establishment of several squatter settlements (see figure 3.7). According to the 2012 UN Habitat report, these squatter settlements are characterized by lack of planning, rapid urbanization, poor infrastructure, and a shortage of basic services such as water, sanitation, and electricity. In addition, the area is facing environmental challenges and fast socio-economic changes such as social polarization (UN Habitat, 2012).

Figure 3.7: Squatter settlements in the Black River District



(Source: UN Habitat, 2012, p. 17/24)

Because of this interest of tourism developers in the area, the fast changes it is undergoing, and concerns of local residents and local authorities, Tamarin has been selected as the main research area for this field study (see figure 3.5 arrow pointing at Tamarin). Tamarin is the capital of the Black River district and has a population of 4030 inhabitants. The town of Tamarin used to be a small fishing village. However, now that many sugar fields and vacant areas are converted into luxury accommodations, the small town is rapidly modernizing with new shops, expat sporting clubs, supermarkets and schools (UN Habitat 2012). The transformation from being a small fishing village with an additional sugar cane sector to a (residential)tourist destination with a rapid growing amount of new facilities creates a clear shift from productivism to post-productivism.

The fact that Tamarin is experiencing a fast increase in (residential)tourism developments becomes clear when looking at some recent projects in the area. For example, at Grande Riviere Noire, situated directly South of Tamarin, a large property development project “La Balise Marina” is currently taking place. This IRS style development is worth around 120 million Euros and is built on 12.8 hectares of land. It consists of 113 luxury residences, a commercial center with restaurants, shops, boutiques and a complex consisting of high-end amenities, including a fine-dining restaurant, a gym, a spa and a Kids' Club (La Balise Marina, 2012). Moreover, situated between Tamarin and Flic and Flac lays the recently developed shopping centre ‘Cascavelle’. Cascavelle consists of 10.000m² of shopping area and 500 parking places. It has numerous fashion shops, restaurants and a large supermarket (Mauritius island information. 2012).

Since the fast increase of these type of IRS projects and new private commercial property projects in Tamarin, prices of properties have skyrocketed. Although these developments have a partly positive effect on the town, the situation is now cause of concern among local residents and district councilors. The fast development of (residential)tourism is not only causing an increase in property prices, the town is also trying to manage its economic, spatial, environmental and socio-cultural impacts, in order to safeguard the sustainability of its tourism industry and the quality of live for local residents (UN Habitat, 2012).

Conclusion

It has become clear that Mauritius is going through a major transformation from productivism to post productivism. One of the main changes and drivers of success has been the diversification of Mauritius' economy. The development of a (residential)tourism industry has played a particularly important role in de diversification strategy of the island. In a matter of years Mauritius has changed from an agricultural mono-crop economy into a booming tourism destination.

Unlike the Northern part of the island, the Black River district is still mainly rural. However, the rapid developments that are currently taking place indicate that this area is undergoing a transformation from productivism to post-productivism. This shift is especially noticeable in the town of Tamarin, which is rapidly changing form a small fishing village to a booming (residential)tourism destination with a range of new facilities. Large amounts of FDI are changing the town at a fast pace. Although these changes have positive impacts, such as an increase in facilities and job creation, negative impacts are now a point of concern for local residents and the government. Based upon this context and the relevant literature discussed in chapter 2, the next chapter will provide a research framework. This research framework will give direction to the research by discussing the objectives, the research questions, the conceptual model, the methodology, the main limitation and defining and operationalizing the main concepts.

Chapter 4: Research framework and methodology

4.1 Research questions

As of now, little is known about the fast changes Mauritius is undergoing in relation to developments in the (residential)tourism industry. Especially possible negative effects appear to receive little attention. This research will therefore be an explorative research, taking a more broad approach toward this topic. As these fast changes are for a large part the result of foreign investment, this research aims to first get a better understanding of the role foreign investors play in these developments. Secondly, the impacts, and especially the perceptions of local residents toward these impacts, of the rapidly growing (residential)tourism sector of Tamarin will be investigated. Taking perceptions of local residents into account is of great importance to achieve overall sustainable development of the area and the (residential)tourism industry. Moreover, these perceptions can provide input to determine the current level of (residential)tourism and the direction of how the (residential)tourism industry should be managed in coming years by using ‘feedback loops’ (see section 2.4). In short, the role of foreign investment in (residential)tourism developments, the impacts of these developments, and especially the perceptions toward these impacts will be investigated in order to answer the overarching research question.

The overarching research question is:

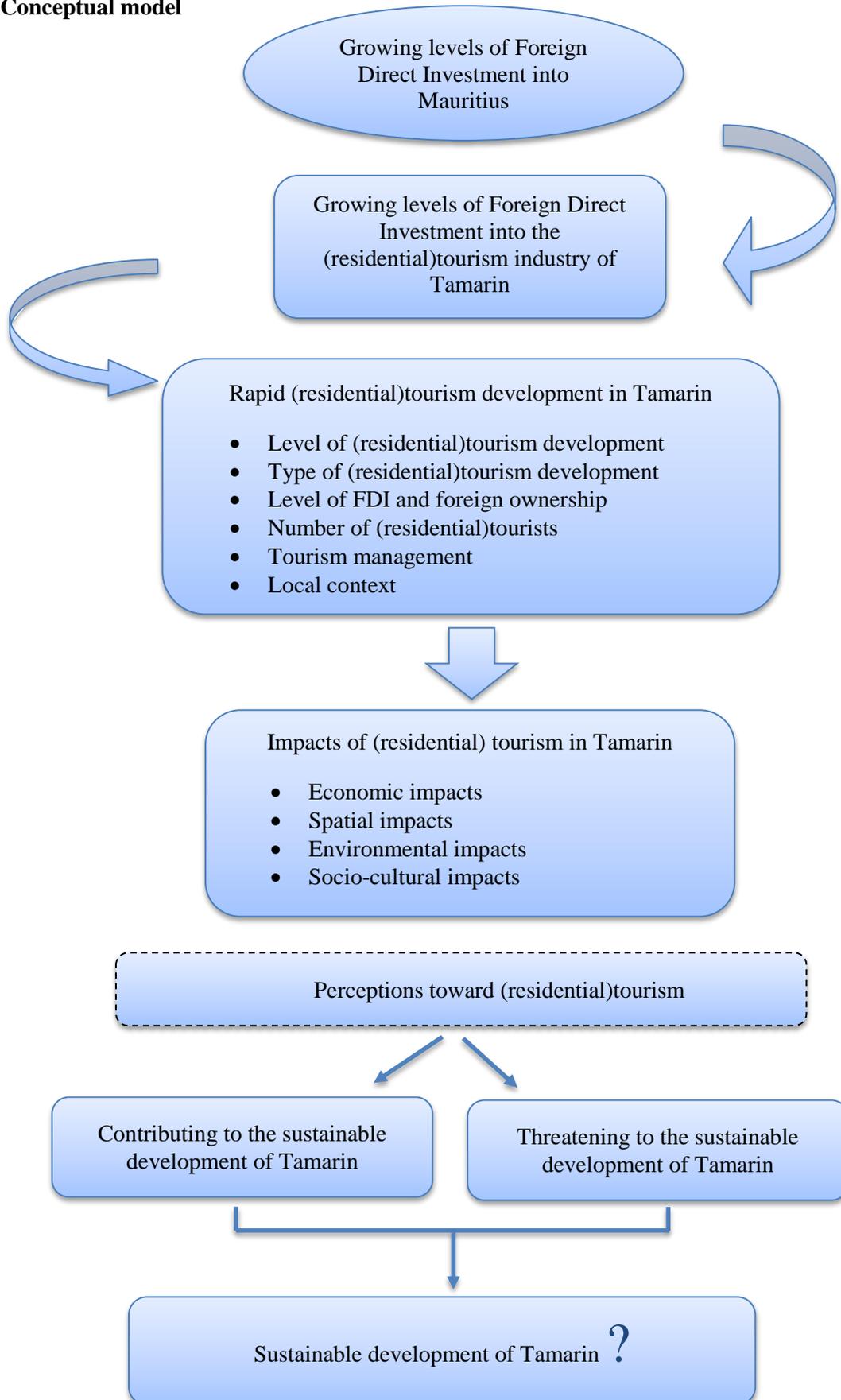
What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?

To answer this research question the following sub-questions have to be answered:

1. What role do foreign investors play in the development of (residential)tourism in Mauritius, and more specific Tamarin?
2. What are the impacts of (residential)tourism in Mauritius, and more specific in Tamarin?
3. What are the perceptions of local residents toward (residential)tourism developments and its impact in Tamarin?
4. To what extent are current developments threatening or contributing to the sustainable development of Tamarin?

Sub-question one will assist in answering the first part of the overarching research question “*To what extent are foreign investors active in the developments in the (residential)tourism sector of Mauritius*”. Sub-question two and three need to be answered in order to answer sub-question 4, which will answer the second part of the overarching research question “*to what extent are these developments contributing to or threatening the sustainable development of Tamarin?*” The next section will provide a schematic overview of the research elements in the form of a conceptual model.

4.2 Conceptual model



The conceptual model

It is suspected that the high and growing levels of foreign direct investment (FDI) into Mauritius, and specifically into the (residential)tourism industry of Tamarin, are the driving force for the rapid development of the (residential)tourism industry in Tamarin. These (residential)tourism developments in Tamarin are characterized by certain elements, such as the level of (residential)tourism developments and how these developments are managed. These elements can be either strengths or weaknesses, and together they shape (residential)tourism developments within the research area.

The (residential)tourism developments within Tamarin will impact the town in numerous ways. The impact of (residential)tourism development can be divided into some subcategories, which are likely to be affected by (residential)tourism. The subcategories are: economic impacts, spatial impacts, environmental impacts and socio-cultural impacts. The actual impacts are ‘filtered’ by the perceptions of local residents. The impacts of (residential)tourism can contribute to- or threaten, the sustainable development of Tamarin.

As the perceptions toward the impacts of (residential)tourism are based upon the actual impacts, they are closely related. In addition, perceptions can be a valuable tool for achieving sustainable development, as they provide feedback and point out existing and/or future problems. Moreover, as people are an important part of sustainable development, it is necessary to get a deeper understanding of how local residents feel about the changes Tamarin is undergoing.

All these elements combined provide the necessary input to answer the overarching research question “*What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?*”.

4.3 Methodology

During this research different types of data gathering were used in order to answer the sub-questions and the research question described in section 4.2. Using different ways of data gathering can improve the validity of the research. Moreover, both qualitative and quantitative data were used (Q-square) as this allows for a more complete picture and deeper understanding of the situation. Section 4.3.1 will discuss how the quantitative data has been obtained while section 4.3.2 will focus on the qualitative data gathering.

The information gathered for this research is the result of both desk research and field research. Desk research has been used to review the relevant literature on the research topic and to come to a deeper understanding of the geographical context of the research area. In addition, desk research was necessary to find secondary data relevant to answering the sub-questions. The desk research took place in the Netherlands and South Africa during the research preparation phase and continued in Mauritius, where the fieldwork took place. Chapter 2 (Theoretic-thematic framework), chapter 3 (Geographical framework) and part of chapter 5 (FDI and foreign landownership) are mainly based upon findings from desk research; while part of chapter 5 (FDI and foreign landownership) and chapter 6 (Impacts and perceptions) are mainly based upon field research. Finally, chapter 7, the conclusion, will be based upon all the information that was gathered and analyzed.

4.3.1 Quantitative data collection

Quantitative data has been collected by gathering quantitative secondary data and by conducting a semi-structured questionnaire. Over a period of 3 weeks, 400 questionnaires have been conducted. The questionnaires were held among residents of Tamarin, a town in the Black River district. Tamarin has been selected for the field research as it is located in the area of the island that has witnessed the fastest increase in (residential)tourism developments. In addition, Tamarin is relatively easy to reach by public transportation and it is located close to one of the major IRS projects on the island; La Balise Marina. The questionnaire aimed to establish the impact of (residential)tourism developments and the perceptions towards these developments in Tamarin. This household survey has been conducted in collaboration with students from the University of Mauritius, in order to maximize the response rate and the amount of surveys.

A draft version of the questionnaire has been constructed during the preparation phase in South Africa. The questions of the research have been based on the relevant theories and approaches. In addition, some questions have been included on request of supervisor Prof. R. Donaldson of Stellenbosch University. This draft version has been reviewed by Prof. R. Juwaheer, who is a professor Marketing and Tourism at the University of Mauritius. This was an important step, as she was able to make sure the questions were in line with the local context. Then the questionnaire was used in a pilot test, after which the final changes have been made.

Local residents of Tamarin, who are 18 years or older, are considered the general population, as the results of the questionnaire aim to make statements about this group. The original sampling method, as described in the research proposal, was to choose a random starting point in the research area, after which, walking along a pre-determined path that covered the whole area, every n^{th} household would be approached. However, based upon advice on Prof. R. Juwaheer and the local context the questionnaire was conducted by approaching people on the street (non probability sampling) at different locations, days, and times. In addition, both males and females and people from different cultural backgrounds were approached. This was crucial in order to get a sample that is representative of the population (purposive sampling method).

4.3.2 Qualitative data collection

To come to a deeper understanding of the underlying processes that shape the current situation it is important to include the gathering of qualitative data in the research. Qualitative data has been obtained by in depth interviews and non-structured observations. Table 4.1 provides an overview of the in depth interviews that have been conducted. The interviews took place at different locations and were between 1-2 hours. With permission of the interviewees, a tape recorder has been used during all in depth interviews.

Table 4.1: Interviews

| Type of interviewee | Amount |
|------------------------------|-----------|
| Local resident Tamarin | 17 |
| Second home owner Tamarin | 4 |
| Tourism employees | 4 |
| Local resident Grande Baie | 2 |
| South African investor | 1 |
| Employee Board of Investment | 1 |
| Employee Black River Council | 1 |
| Total | 30 |

During the fieldwork non structured observations have been made, for example the many construction sites and the billboards that promote investment in the (residential)tourism sector. Pictures were frequently taken to enhance findings with a visual. Moreover, the northern part of the island has been visited to make some observations about the level of tourism there.

4.4 Main limitations

Some of the main limitations for the data gathering during this research were the accessibility of secondary data, time limitation, language barriers and cultural differences.

Some reports that appeared to contain relevant information were not accessible for people outside of the government or company. When asking for specific information some organizations/people were hesitant to give this information, especially to a foreigner doing research in their country. Although I expected this to be the case for some “sensitive” information, I did expect certain types of information to be public and easy to access.

There was only limited time in Mauritius for the research. Although some parts of the information gathering turned out to go relatively easy, such as finding local residents for in depth interviews, others took more time than expected, such as getting appointments at local governments. In addition, unexpected circumstances at times slowed down the progress of the research. For example, during the weeks that were planned for the survey heavy rainfall made it impossible for some students to reach the research area. In addition, there were no respondents to be found on the streets. Although a reasonable amount of information has been gathered, additional time would probably have increased the amount of information.

The Mauritian society is a very heterogeneous one, with various ethnic groups living on the Island. Although English is the official language on the island, most people speak French. In additions languages such as Creole, Bhojpuri, Hindi, Urdu, Tamil, Marathi, Telugu and Mandarin are also spoken (Republic of Mauritius, 2012). Not all inhabitants speak English or French, which could cause biased results. To limit this bias, local students from different ethnic backgrounds helped to conduct the survey and on occasion functioned as translators during interviews.

Even though I aimed to learn as much about the Mauritian culture as possible before going there, cultural differences did occur. For example, on more than one occasion I showed up for an appointment to do an interview, to find out the person I was supposed to interview was not there. The first time this happened I was surprised and a little annoyed, as it took me 2 hours by public transportation to get there. However, I soon learned that this was just the way things go. In most cases people were very willing to talk to me and curious as to what I was doing in Mauritius. However, some people told me they did not feel comfortable talking to a young foreign woman, and therefore refused to talk to me. Even though I aimed to have a neutral approach during this entire research, I acknowledge that I will always look through a “Western lens” at the situation. Moreover, being a tall, blonde woman, people immediately see I am a foreigner, which may influence the way they approach me and/or the information they give me.

4.5 Main concepts and operationalization

The research questions and the conceptual model are based on concepts derived from existing literature. In order to use these concepts it is necessary to define them, which is the focus of section 4.5.1. Moreover, these concepts need to be operationalized in order to be measured, which will be done in section 4.5.2.

4.5.1 Defining the main concepts

Foreign direct investment (FDI): Foreign investment is the acquisition by individuals, businesses and governments of financial and real assets in a foreign country. This is slightly different from foreign direct investment, as this requires a minimum of 10% ownership in a foreign company. This research will focus on FDI, as most existing data is on FDI. In addition, the 10% ownership limit implies a certain level of influence of the foreign investors (OECD, 2012).

The Organization for Economic Co-operation and Development (OECD) (2012) defines FDI as: “the objective of obtaining a lasting interest by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor (“direct investment enterprise”). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise”. The International Monetary Fund (IMF) (2012) uses the term FDI when one individual or business owns 10% or more of a foreign company’s capital. Every financial transaction afterwards is considered by the IMF as an additional direct investment. If an investor owns less than 10%, it is considered as nothing more than an addition to his/her stock portfolio (IMF, 2012).

The OECD defines a foreign direct investor as: “an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or enterprises which has a direct investment enterprise – that is, a subsidiary, associate or branch – operating in a country other than the country or countries of residence of the foreign direct investor or investors” (OECD, 2012).

Tourism and residential tourism: This research focuses on both ‘normal tourism’ and ‘residential tourism’ as both of these sectors play an important role in the research area and are closely related. Although these concepts have a fields that overlap, it is important to understand the difference between the two.

Although there is no consensus on a definition of tourism, the definition of the World Tourism Organization UNWTO is most commonly used. The UNWTO defines tourism as: “the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to exercise of an activity remunerated from within the place visited” (unwto.org, 2012). Another definition of tourism that is often used is that of Wahab (1977 p. 26): “A human intentional activity that serves as a mean of communication and as a link of interaction between the peoples, inside a country or even beyond its geographical demarcations. It involves the temporary displacement of people from one region to another, country or even continent, with the objective of satisfying necessities and not the realization of remunerated activity. For the visited country, tourism is an industry whose products are consumed in loco, producing invisible exports”. Although Wahab does include tourism as an industry in his definition, it does not become clear what this industry exactly entails. Cuervo’s model (1967) indicates that tourism is a phenomenon that is composed by the following subsets:

- The means of aerial, automobilist, rail, maritime and fluvial communication etc.;
- The hospitality accommodations as hotels, motels, hostels and lodging houses;
- The travel agencies;
- The tour guides
- The restaurants, cafes and other establishments where a fluctuating population receives services of alimentation;
- The commercial establishments dedicated to the sale of souvenirs, articles for the travel and other consume articles common to the travelers;
- The manufacturers of souvenirs, articles for travel and other consume articles common to travelers;
- The workmanship dedicated to the production of typical objects;
- The centers of leisure whose clients are integrated in an important proportion for the fluctuating population

This more complete overview of the components tourism entails has been confirmed by researches such as Acerenza (2002) and Martinez (2005).

In this research tourism development in most cases refers to the development of hospitality accommodations and second home development. However, an increase in this type of tourism development often leads to developments in other subsets, for example restaurants. At the same time, an increase in subsets such as restaurants or commercial establishments can cause an increase in hospitality accommodations and second home developments.

Residential tourism can be seen as somewhere between permanent migration and tourism. One of the main differences with ‘normal tourism’ or ‘short term tourism’ is that residential tourists establish themselves temporarily or permanently in another country or region by either buying or renting a private residence (van Noorloos(a), 2011). McWatters (2009, p.3) defines residential tourism as “the enduring practices and lifestyles which result from a channeled flow of consumption-led, permanent or semi-permanent migration to a particular destination”. Noorloos (2011 (b), p. 89) defines residential tourists as: “people who move temporarily or permanently to another region or country for reasons related to leisure, lifestyle and/or cost of living, and buy or rent a private residence there”. Many of these residential tourist settle in gated communities. These gated communities are not accessible for non-residents and they often have their own facilities, administration and rules (Zoomers, 2010).

Impacts of tourism and residential tourism: Tourism development and its related activities will impact a destination in many ways. An impact entails “tangible and intangible effects (consequences) of one thing upon another” (Business dictionary, 2012). Most destinations will experience both positive impacts and negative impacts. To come to a deeper understanding of the current situation and the sustainability of the (residential)tourism sector in the host area, it is of importance to look into the main impacts. These impacts also play a part in the overall sustainable development of the area. As this research is an explorative research with a broad approach toward this research topic, the main impacts found during the desk- and field research will be discussed. Tourism and residential tourism development can impact a host area in numerous ways. The possible areas of impacts that will be discussed are: economic impacts, spatial impacts, environmental impacts and socio-cultural impacts (see section 3.3).

Perceptions: Perception can be defined as “single unified awareness derived from sensory processes while a stimulus is present” (van Laar, 2011). In the case of this research the stimulus is the presence of tourism developments. Perceived impacts can be different from the actual impact, as they reflect the way in which people see these impacts. However, perceptions are based upon actual impacts and are therefore also provide information on what the main impacts are. As described in section 3.3.4, local residents’ perceptions of tourism and its impacts depend both on variables that are external to host residents, and on value variables of a person that may influence perceptions of tourism impacts. Variables external to host residents that may influence the perception people have of tourism are: the level of economic dependence on tourism, the distance of place of residence from areas with high (residential)tourism activity, the level of contact with (residential)tourists and the level in which people use facilities that are also used by tourists. Value variables of a person that may influence their perception are: their personal values, community attachment and social, political and environmental values (Deery et al., 2002).

Sustainable development: In recent years there has been a growing understanding that the fast changes in the natural environment, society and economy need to be controlled in order to prevent destruction of both the natural and cultural environment. Sustainability is generally defined as “developments that meets our needs today without compromising the ability of people in the future to meet their needs” (Swarbrooke, 1999, p.3). This concept of sustainability includes the environment, people and the economic system. As in all sectors, sustainability is also a reason for concern in the tourism sector. Especially since the tourism sector highly depends upon the natural and cultural environment. Sustainable tourism can be defined as “forms of tourism which meet the needs of tourists, the tourism industry and host communities today, without compromising the ability of future generations to meet their own needs” (Swarbrooke, 1999, p. 13). Swarbrooke emphasizes that sustainable tourism is not only about protecting the environment, it also refers to long term economic viability and social justice. The link between these three components is strong, as protection of the environment and social justice are crucial for long term economic viability.

4.5.2 Operationalizing the main concepts

Now that the concepts from the research questions and the conceptual model have been defined, they need to be operationalized. This means that the concepts have to be made measurable in order to gather the necessary information and analyze this information.

Foreign direct investment (FDI): FDI is measured in numbers (currency), so it does not need to be operationalized as extensively as some other concepts. Most data on FDI is in USD, which can easily be converted to other currencies. In addition to actual amounts of FDI it will also be necessary to look at FDI in a more comparative way, as Mauritius is a relatively small island. Moreover, to have a full understanding of the role FDI plays in the tourism industry, different investment sectors need to be separated.

In addition, the questionnaire includes some questions that focus on the perception toward FDI and related policies, for example:

- Please name the three countries that you think invest the most in tourism related developments within Tamarin.
- Please name which foreign nationals you think mostly buy property in Tamarin.
- The government's policy to issue residency to foreigners who buy property in Mauritius has a positive impact on the development of my town, has neither a positive nor a negative impact on the development of my town, has a negative impact on the development of my town.
- How do you think the government's policy to issue residency to foreigners who buy property in Mauritius has an impact on the local property market?

Tourism and residential tourism: The level of tourism can be measured in different ways. Information about the amount of tourist arrivals, tourist spending, the amount of hotels and resorts, the amount of second homes, the level of investment in tourism and the amount of building applications for tourism purposes all provide insight into the current tourism industry.

Moreover, questions about the perceived level of tourism in Tamarin have been included in the questionnaire:

- The level of tourism within Tamarin is (too low, at the correct level, too high)?
- I would consider the attitudes toward new tourism developments in Tamarin to be (extremely negative, negative, neither negative nor positive, positive, extremely positive)
- Over the past five years, local attitudes toward new tourism developments in Tamarin became a lot more negative, became more negative, stayed the same, became more positive, became a lot more positive.

Moreover, the questionnaire includes some questions that focus on factual information about tourism impact. For example:

- How many people within your household work in the tourism industry? (economic)
- Do you personally work in the tourism industry? If yes, what do you do? (economic)
- What field did you work in five years ago (economic, shift productivism to post productivism)
- Did you relocate to a different town in the past 10 years because of tourism? (spatial)
- If yes, the main reason for moving was: housing became too expensive where I was living, tourism decreased the quality of life where I was living, the land I was living on was used for tourism development, other... (spatial)

Perceptions: The main tool to measure the perceptions of local residents toward (residential)tourism development in Tamarin is the questionnaire. The questions in this questionnaire are based upon the theories and approaches discussed in chapter 2. The questionnaires from prior researches have been used to select questions that can reveal the perceptions of local residents about the level of tourism, its impacts and finally its sustainability. As with the impacts of tourism development, the perceived impacts can be divided into categories.

Economic: The perception of local residents towards the of tourism was for example researched by asking respondents whether they strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following statements:

- Tourism has created job opportunities within our town
- Tourism makes it easier for local residents to start up their own business
- Income levels have increased because of tourism within our town
- The prices of goods and services have increased because of tourism
- The prices of houses have increased because of tourism
- Tourism attracts more investment to our town
- Further tourism development in Tamarin is likely to create more jobs for local residents
- Further tourism development in Tamarin is likely to make houses unaffordable for local residents

Spatial: The perception of local residents toward the spatial impact of tourism was for example researched by asking respondents whether they strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following statements:

- Tourism has decreased access to beaches for local residents
- Tourism has improved the appearance of our community
- Tourism is causing overcrowded recreational areas like parks and hiking trails
- Further tourism development in Tamarin is likely to increase the number of foreign people moving to our community

Environmental: The perception of local residents towards the environmental impact of tourism was for example researched by asking respondents whether they strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following statements:

- The construction of tourist facilities destroys the natural environment
- Tourism creates opportunities for protecting the environment
- Further tourism development in Tamarin is likely to will harm the natural environment of Tamarin

Socio-cultural: The perception of local residents towards the socio-cultural impact of tourism was for example researched by asking respondents whether they strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with the following statements:

- Crime rates have increased because of tourism
- Tourism is destroying local culture
- Meeting tourists from other countries is a valuable experience
- Tourism strengthens the cultural identity of the community

Other questions that focus on perceived socio-cultural impacts are:

- To what extent are some population groups more able to benefit from tourism than others (very much, a little, not at all)?
- If very much/a little, please order the groups from the population group that is most able to benefit from tourism (1) to the group that is least able to benefit (6) (Hindus, Sino-Mauritian, General Population, Franco-Mauritian, Muslims, Foreigners).

Other: Moreover, respondents' perception of tourism development and its impacts were measured by asking them questions such as:

- The level of tourism within Tamarin is (too low, at the correct level, too high)?
- What is the greatest contribution of tourism to Tamarin?
- What is the greatest damage of tourism to Tamarin?
- Overall the benefits of tourism within Tamarin are greater than the costs (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree)?
- Overall the benefits of tourism in Mauritius are greater than the costs (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree)?

In addition, questions about the perceived impact of further tourism development were asked; for example:

- Further tourism development in Tamarin is likely to improve the standard of living in Tamarin (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree)
- Further tourism development in Tamarin is likely to have more benefits for visitors to our community than for local residents (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree)
- Further tourism development in Tamarin is likely to make it less attractive for local residents to live in Tamarin (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree)
- I would consider the attitudes toward new tourism developments in Tamarin to be (extremely negative, negative, neither negative nor positive, positive, extremely positive)
- Over the past five years, local attitudes toward new tourism developments in Tamarin became a lot more negative, became more negative, stayed the same, became more positive, became a lot more positive.

Finally, the last section of the questionnaire is designed to create a demographic profile of the respondents. This information can be used to cross-reference some answers with demographic characteristics. This can give insight into possible differences in perceptions toward tourism between different groups, such as age groups, gender, population group etc.

The same topics have been discussed more extensively during the in depth interviews. In depth interviews with local residents of Tamarin did not only allow to gather a more complete picture of the perceptions toward tourism, interviewees were also able to explain why they had these perceptions of (residential)tourism developments.

Conclusion

In this chapter the research question “*What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?*” and the corresponding sub-questions have been formulated. These questions combined with the objectives of this research and the existing theories and approaches gave shape to the conceptual model. The conceptual model visualizes the links that exist between the main concepts used in this research. After discussing the used methodology and main limitations, these main concepts have been defined and operationalized in order to measure them. As this chapter completes the framework of this research, the next chapters will discuss and analyze the information that has been gathered by both desk and field research. This information will provide the necessary input to answer the overarching research question. First, the role of foreign direct investment (FDI) and landownership in the tourism industry of Mauritius will be discussed (chapter 5). After establishing the roles that FDI and foreign landownership play in tourism development in Mauritius and especially in Tamarin, the impacts of and perceptions toward these developments will be discussed (chapter 6). Finally, in the concluding chapter 7, the overarching research question will be answered.

Chapter 5: Foreign direct investment

In our ever globalizing world foreign direct investment (FDI) is becoming increasingly sought after by many countries, and Mauritius is no exception to this. The island has been relatively successful in attracting foreign investment over the years. As described earlier, the aim of this research is to answer the research question: “*What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments contributing to or threatening the sustainable development of Tamarin?*”. The first part of this question focuses on what role foreign investment plays in the development in the (residential)tourism industry. It is important to get some background information on this topic, as it is suspected that the fast developments taking place on the island, and currently especially in Tamarin, are for a large part due to the continues flow of FDI. In addition, when a sector is financed with money from foreign investors, this can lead to foreign control, which can have implication for the long term and sustainable development of Mauritius and Tamarin. The aim of this chapter will be to discover what role FDI plays in the (residential)tourism industry of Mauritius. First, attention will be given to what relevant strategies and policies are in place for attracting FDI to Mauritius, and the (residential)tourism industry in particular. Secondly, the current levels of FDI in the Mauritian economy will be discussed.

5.1 Relevant strategies and policies

Strategies and policies regarding FDI

The Bank of Mauritius defines foreign direct investment (FDI) activity, in accordance with the fifth edition of the International Monetary Fund’s (IMF) Balance of Payments Manual (BOPM5). FDI is considered “a category of international investment in which the investor (the direct investor) acquires a lasting interest in, or a significant degree of influence on the management of, an enterprise in another economy (the direct investment enterprise). A direct investment link is established between the two parties involved when the direct investor owns 10% or more of the ordinary shares or voting power in an enterprise. Once a direct investment link is established, all financial transactions occurring between the two parties involved are classified under direct investment” (Bank of Mauritius, 2011).

The inflow of foreign capital has been known to stimulate economic growth and overall development because of the capital, technology and know-how that it brings into the recipient country. Therefore, many countries try to attract as much foreign direct investment (FDI) as possible. To stimulate this process, policies are often designed to attract investors to the preferred sectors (Hoogendoorn, 2008). Mauritius indeed has a range of strategies and policies in place that intend to increase levels of FDI. This paragraph will look into main strategies and policies in order to get a deeper understanding of how Mauritius has managed to increase its level of FDI so drastically, which is indirectly responsible for fast developments in the (residential)tourism industry of the island. Moreover, knowing which strategies and policies are in place and what they exactly entail is necessary to research the impact these strategies, policies and increasing levels of FDI have on Mauritius, and in particular Tamarin.

It has become clear that Mauritius is going through a major transformation from an agricultural mono-crop economy into a diversified economy that includes tourism, finance, textiles and advanced technology. As argued in chapter 1, this is in line with the transformation from a fordist to a more fordist economy. Crucial to this transformation has been the economic reform of Mauritius that was initiated by the government in 2006. At the time, the islands economy suffered because longstanding trade preferences in both sugar and textile where phased out. As these two sectors were the foundations of the growth strategy, the government started a thorough economic reform program which mainly focussed

at opening up the economy, improving the investment climate and mobilizing FDI and expertise. This new growth strategy has spurred FDI to record levels and changed the islands economy significantly.

Investments in Mauritius are governed by the Investment Promotion Act, which came into practice in 2000. This act includes the statement that the Government of Mauritius (GOM) does not discriminate between local and foreign investment, with the exception of sugar production and television broadcasting. For activities in these sectors it is necessary to apply for a specific permit or license with the Board of Investment (BOI). The BOI is a “one-stop focal agency for business registration which acts as the facilitator for all forms of investment in Mauritius and guides investors through the necessary processes for doing business in the country” (Investment Climate Statement 2011, p. 2). By registering business activities with the BOI, companies are also able to apply for occupation permits and other facilities offered to their investors.

The Mauritius stock market was opened to foreign investors following the lifting of the foreign exchange controls in 1994. No approval is required for the trading of shares by foreign investors unless investment is for the purpose of legal and management control of a Mauritian company or for the holding of more than 15 percent in a sugar company. As argued above, investment incentives are applied uniformly to domestic and foreign investors and include:

- A flat corporate and income tax rate of 15 percent,
- Up to 100 percent foreign ownership
- Exemption from customs duty on equipment
- Free repatriation of profits, dividends, and capital
- No minimum foreign capital required
- Fifty percent annual allowance on declining balance for the purchase of electronic and computer equipment
- An extensive tax treaty network with several countries (Investment Climate Statement 2011).

In addition to attracting FDI to the island’s economy, Mauritius aims to be a financial portal to other countries. With an active global business sector (formerly known as an offshore sector), Mauritius has been able to become a major route for foreign investments into the Asian sub-continent. With an estimated USD 43 billion over the period April 2000-September 2010, Mauritius is by far the largest source of FDI into India. This is because some major U.S. corporations use the global business sector of Mauritius to channel their investments to India. The Double Taxation Avoidance Treaty (DTAT) between Mauritius and India has been especially important in attracting these investments. Since the beginning of 2011 Mauritius has DTAT’s with 38 countries, among which China, Malaysia, Singapore, South Africa, the U.K, France and Germany (Investment Climate Statement 2011).

One of the main outcomes of the 2006 reforms, which focused on opening up Mauritius’ economy, has been ‘The Business Facilitation Act’. This Business Facilitation Act made the business licensing process significantly easier and shorter, allowing businesses to start operations within three days of incorporation. Moreover, foreign investors, entrepreneurs and professionals now have the possibility to apply for an occupation permit, which is a combination of a residence permit and a work permit (see textbox 5.1). These types of policies have made it significantly easier for foreigners to do business in Mauritius. This is confirmed by the World Bank’s 2011 ‘Doing Business’ report, which ranks Mauritius first among African economies, and 20th worldwide out of 183 economies, in terms of overall ease of doing business (Investment Climate Statement 2011).

Textbox 5.1: Occupation permits and residence permits

The **occupation permit** is a permit which combines residence permits and work permits. This permit is designed to simplify the process of foreign investors, entrepreneurs and professionals who aspire to work and live in Mauritius. Within a maximum of three working days the permit will be granted. To apply for the occupation permit the following conditions have to be met:

- **Investor:** the proposed business activity should generate an annual turnover exceeding MRU 4 million (approx. USD 95.000) with an initial investment of USD 100.000. If more than one investor from the same company is applying for an Occupation Permit, the turnover criteria apply in respect of each applicant.
- **Professional:** the basic monthly salary should exceed MRU 45.000 (approx. USD 1,430). However, for professionals in the ICT sector the minimum monthly salary is MRU 30.000 (USD...)
- **Self-employed:** the annual income from the proposed business activity should exceed MRU 600,000 (approx. USD 19.000), with an initial investment of USD 35.000.

In addition, an investor may apply for a **permanent residence status** if his/her business generates an annual turnover exceeding Rs 15 million (approx. USD 476.190) during the first three years. Self-employed persons can apply for permanent residence if their business activity generate an annual income exceeding Rs 3 million (approx. USD 95.000).

Special regulations apply for those non-residents who come to Mauritius to retire. A **retired permit** allows the holder of this permit to reside in Mauritius for three years. To be eligible for this permit the person must be at least 50 years of age and he/she must transfer at least USD 40.000 to his/her local bank account in Mauritius each year. The initial transfer of USD 40.000 must be made at the time of application.

(Source: Mauritius: Investment Climate Statement 2011 & BOI)

Other policies that have proven to be extremely successful in attracting foreign investors are the Integrated Resort Scheme (IRS) and the Real Estate Scheme (RES) (see textbox 5.2). These policies have been especially important for the (residential)tourism sector, as they focus on people who want to buy property in Mauritius. The IRS and RES opened up a new market of foreigners who want to buy ‘their piece of paradise’, resulting in a real-estate boom. Both the IRS and the RES have had significant effects on the levels of FDI flowing into the real estate sector of Mauritius (see section 5.2).

Textbox 5.2: Integrated Resort Scheme (IRS) and the Real Estate Scheme (RES)

The **Integrated Resort Scheme (IRS)** was introduced in 2007 to attract high net worth non-citizens. The IRS allows foreigners to acquire an immovable property of a minimum of USD 500.000 in Mauritius within a resort approved by the Board of Investment for personal residence.

The **Real Estate Scheme (RES)** was introduced in 2007 and allows non-citizens to acquire a residence with no minimum price required. However, in order for the investor and his/her spouse and/or dependents to be granted residency permits the property has to be acquired for a minimum of USD 500.000.

(Source: Mauritius: Investment Climate Statement 2011)

Moreover, as the GOM does not discriminate between local and foreign investment, foreign investors are able to benefit from the same investment incentives as local investors.

Apart from the strategies and policies discussed above, Mauritius is often seen as a good investment choice because it is well governed, politically stable and knows relatively little corruption. In 2010 Mauritius was named as the best governed country in Africa for the ninth consecutive year by the Mo Ibrahim Index of African Governance. This index measures indicators for safety and rule of law, participation and human rights, sustainable economic opportunity and human development.

Civil unrest and political violence are uncommon and free and fair elections are held every five years. In 2010 Mauritius has been ranked the second-least corrupt country in Sub-Saharan Africa by the anti-corruption network Transparency International (TI). On the TI's Corruption Perception Index Mauritius was one of only three Sub-Saharan countries to score over five (with zero being the highest level of perceived corruption and ten the lowest). However, it must be taken into consideration that the measurements by the Mo Ibrahim Index and the TI compare Mauritius to other sub-Saharan countries that are often poorly governed and know high levels of corruption.

5.2 Foreign investment in Mauritius

The strategies and policies described in the section above indicate that Mauritius is eager to continue to increase the levels of FDI in receives. This section will look into the levels of FDI the island has actually received. Attention will also be given to what sectors mainly receive FDI and what the main countries the countries of origin are.

According to the World Bank report "Investing Across Borders", Mauritius is now one of the world's most open economies to foreign investment and ownership. Moreover, the island is one of the highest recipients of FDI per head of population, with an average of USD 217 per head between 2005 and 2009 (Investment Climate Statement, 2011).

For several years up to 2005 FDI averaged at USD 33 million a year. However, since the 2006 reforms the amount of FDI rose rapidly to USD 233.88 in 2006 and 372.87 in 2007. In 2008 total FDI slightly dropped to USD 369.80. However, during 2009 and 2010 the number was rising again (see table 5.1). Although the amount of total FDI dropped in 2011 to USD 306.23 million, the Bank of Mauritius reported that FDI levels raised to record levels in 2012; to USD 452 million. Moreover, the Bank of Mauritius indicates that in 2012 most of the investment was directed to the real estate sector, which attracted USD 165.03 million. The Board of Investment (BOI) expects levels of FDI in the real estate sector to grow even further in coming years. The sector is a "focus point for further development" and has "good investment opportunities" according to the BOI (BOI, 2012). In addition, the 2011 Investment Climate Statement lists Hospitality and Property Development (commercial malls, luxury villas, and international flagship hotels) as one of the main investment opportunities in Mauritius (Investment statement, 2011).

FDI per sector

Table 5.1 indicates the levels of FDI by sector from 2006 until 2011. Especially interesting for this research are the FDI levels of 'accommodations and food service' and 'real estate activities'. Although the food service and real estate sector do not only entail (residential)tourism, FDI in these sectors almost completely focuses on developments targeting (residential)tourist and not local residents. In addition, as (residential)tourism is a multidisciplinary activity, sectors such as 'construction', 'wholesale and retail' and 'arts, entertainment and recreation', are most likely also effected by the (residential)tourism sector.

When looking at FDI in the accommodations and food service sector, it is noticeable that after a significant increase in FDI during the year 2007, FDI dropped again in 2008. After a slight increase in 2009, the amount of FDI flowing into this sector has been decreasing over the past years. The real estate sector also had a sharp increase in FDI during 2007. Although the sector has a slight drop in the amount of FDI during 2009 and 2010, in 2011 FDI raised to record levels. This overall increase in FDI is largely due to IRS and RES. Table 5.1 indicates what part of this FDI inflow is IRS/RES related. In 2011 for example, 73% of FDI in the real estate sector was in IRS/RES developments. The trends in FDI levels in these two sectors can be an indication of a shift in focus away from 'traditional tourism' and toward

‘residential tourism’. As hotels have trouble maintaining their occupation rate, it is possible that the market for hotels is saturated, while the residential tourism market is still upcoming.

Table 5.1: Foreign Direct Investment by Sector, 2006-2011 (USD million)

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Agriculture, Forestry and fishing | 0.84 | 0.58 | 14.48 | - | - | 5.73 |
| Manufacturing | 5.86 | 8.78 | 4.83 | 15.71 | 2.04 | 1.75 |
| Electricity, gas, steam and airco supply | 0.55 | - | - | - | 0.06 | 0.03 |
| Construction | 0.39 | 1.46 | 2.20 | 6.83 | 41.84 | 67.81 |
| Wholesale and retail | 6.41 | 1.23 | 3.34 | 9.42 | 4.05 | 0.68 |
| Transportation and storage | 0.42 | - | 0.45 | 0.32 | 3.56 | 0.13 |
| Accommodations and food service | 44.76 | 103.27 | 43.65 | 59.91 | 27.07 | 18.75 |
| Information and communication | 1.39 | 0.58 | 0.26 | - | 7.61 | 2.46 |
| Financial and insurance | 116,36 | 131.35 | 147.80 | 44.40 | 150.43 | 53.30 |
| Real estate activities | 55.09 | 123.71 | 146.54 | 139.41 | 110.82 | 148.32 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Of which IRS/RES | 39.77 | 90.38 | 85.40 | 67.17 | 65.84 | 108.55 |
| Professional, scientific and technical | - | - | - | - | 13.08 | 7.03 |
| Education | 1.78 | 0.97 | 2.40 | 4.05 | 0.58 | 0.13 |
| Health and social work | 0.06 | 0.94 | 3.89 | 4.70 | 88.47 | - |
| Arts, entertainment and recreation | - | - | - | - | 2.01 | 0.10 |
| Total | 233.88 | 372.87 | 369.80 | 284.76 | 451.70 | 306.23 |

(Source: Bank of Mauritius 2013)

Table 5.2 indicates which countries are the main countries of origin for FDI going to Mauritius between 2007 and September 2010. The total amount of FDI calculated by this source (Board of Investment) differs from the calculations of the Bank of Mauritius as seen in table 5.1. However, table 5.2 is included to get an indication of the main countries of origin that invest in Mauritius. The U.K. has been the largest investor in Mauritius over the past years, with the exception of 2009, when France invested the largest amount of money.

Table 5.2: Foreign Direct Investment by main countries of origin, 2007-2010 (USD million)

| | 2007 | 2008 | 2009 | 2010* |
|----------------|-------|-------|-------|-------|
| China | - | 2.7 | 10.7 | 7.3 |
| Dubai | 40.0 | 29.2 | 11.7 | 6.4 |
| France | 36.7 | 40.2 | 71.8 | 45.0 |
| Germany | 1.8 | 5.9 | 0.8 | 0.1 |
| India | 19.0 | 66.2 | 9.8 | 90.0 |
| Belgium | 14.0 | 9.8 | 3.1 | 4.0 |
| Luxembourg | 2.1 | 7.2 | 2.0 | 1.2 |
| Reunion Island | 18.0 | 1.7 | 6.0 | 2.1 |
| South Africa | 15.6 | 49.0 | 15.7 | 26.0 |
| Switzerland | 40.2 | 21.0 | 13.8 | 12.6 |
| U.K. | 87.6 | 70.0 | 46.0 | 82.8 |
| U.S. | 74.4 | 36.6 | 21.0 | 7.3 |
| Others | 10.6 | 54.0 | 57.6 | 50.0 |
| Total | 359.7 | 393.5 | 270.0 | 334.8 |

* Figures for 2010 are for the period January-September only
(Source: BOI 2012)

However, the numbers in table 5.2 are not specific to FDI in the (residential)tourism sector. Although no statistics have been found that indicate which countries mainly invest in the (residential)tourism sector, the questionnaire that was held in Tamarin did focus on this topic. Respondents were asked:

- Please name the three countries that you think invest the most in (residential)tourism developments within Tamarin.
- Please name which foreign nationals you think mostly buy property within Tamarin.

31% of the respondents answered that France invests most in (residential)tourism development. 28% answered the United Kingdom, 26% answered South Africa and 15% named other countries. France, the United Kingdom and South Africa are perceived to invest most in (residential)tourism development. When looking at table 5.2, these countries are indeed investing in Mauritius. In 2008 and 2010 India was one of the main investors, which is not named by the respondents. As Tamarin is increasingly referred to as “little South Africa”, it is not surprising South Africa is perceived as a large investor. It is also named as the number one country of which people are buying property in Tamarin (38%). The French were named second most (34%) and English were named third most (22%). Together these three countries account for 94% of the answers given by respondents to the second question, which indicates the concentration of these countries when it comes to residential tourism within Tamarin.

Conclusion

This chapter provided information on the relevant strategies and policies, current levels of FDI into the Mauritian economy. It has become clear that Mauritius uses a range of strategies and policies in order to continue and increase the flow of FDI coming in to the country annually. For the (residential)tourism industry, the IRS and RES are especially important. Statistics from the Bank of Mauritius confirm that these policies have considerably increased FDI flowing into the real estate sector, creating a real estate boom on the island.

Partly due to these large amounts of FDI Mauritius is rapidly changing from a mostly agricultural island into a booming tourism destination. The latest area of interest of many foreign investors has been Tamarin. Foreign investors are eager to invest in (residential)tourism related developments in this town. These large scale (residential)tourism developments are likely to have some significant impacts on Tamarin and the local residents who live there. To determine to what extent these (residential)tourism developments are threatening or contributing to the sustainable development of Tamarin, the main

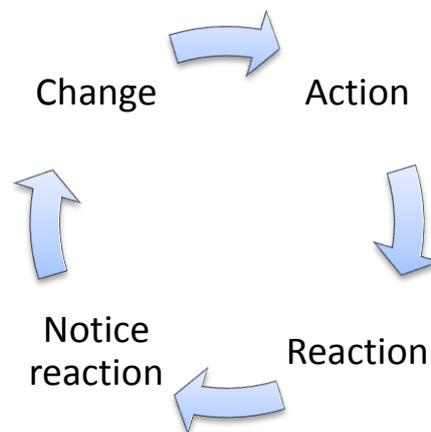
impacts and especially the perceptions toward these impacts have been researched. The results will be discussed in the next chapter.

Chapter 6: Impacts and perceptions

The large inflow of FDI into the (residential)tourism industry of Mauritius is changing the island at a fast pace. Although the fast development of Mauritius is widely documented and recognized, little is known about what impact the rapid increase in (residential)tourism has on local residents. Moreover, local residents' perceptions toward (residential)tourism and its impacts remained unclear. Therefore, this chapter will discuss the main impacts and especially the perceptions toward these impacts. In line with the theory discussed in section 2.3, attention will be given to the following sub-categories of impacts: economic, spatial, environmental and socio-cultural. Finally, perceptions toward the current levels of (residential)tourism and further (residential)tourism development will be discussed. The perceptions discussed in this chapter are based upon the questionnaire and in depth interviews that were held in Tamarin. These results refer to perceptions toward (residential)tourism and its impacts within Tamarin; unless stated otherwise. The aim of this chapter is to get knowledge of to what extent the large amounts of FDI into the (residential)tourism industry and the fast pace at which this industry is growing are threatening or contributing to the sustainable development of Tamarin.

This can be done by looking at the local residents perceptions toward (residential)tourism as feedback. By placing this feedback in a 'feedback loop' (see figure 6.1), possible problems can be noticed and changed. In the feedback loop, 'action' refers to the developments taking place in the (residential)tourism sector of Tamarin. The 'reaction' are the perceptions that local residents have towards these actions. To 'notice reaction', the perceptions of local residents need to be measured, as is done in this research. Possible negative outcomes should be focus points for 'change' in order to minimize negative impacts of (residential)tourism and maximize the benefits of (residential)tourism for local residents.

Figure 6.1: Feedback loop



Source: Feedbackloop.com, 2013

In the UN Habitat 'Mauritius Urban Profile report' of 2012 it is stated that the tourism industry is presently still perceived as a growth sector. The government is aiming to double the number of tourists and attract two million tourists per year by 2015. In addition, the residential tourism sector is described as an opportunity for further development and growth. These statements emphasizes the importance of gaining a deeper understanding of the (perceived) impacts of (residential)tourism, as these are likely to grow when the (residential)tourism industry is expanding. Moreover, if Mauritius wants to double the number of tourist and increase the number of residential tourists without decreasing the quality of life for local residents or the experience tourists have, the negative impacts of tourism need to be managed well. As this chapter will provide insight into the main (perceived) impacts, both positive and negative

of (residential)tourism, it can possibly also give guidance how to manage some of the main (perceived) impacts in the future.

6.1 Economic impacts and perceptions toward these impacts

As argued in section 2.3.1, the possible positive economic impacts of (residential)tourism development are often the main reason for host areas to (further) develop a (residential)tourism industry. The development of a (residential)tourism industry can stimulate the economy by investments that are being made to develop a tourism sector, by attracting new industries, by increasing employment levels, by the money that tourists spend while they are on vacation etc. However, it is also argued that tourism development can increase inequalities and mainly creates low income jobs. Moreover, fast tourism development can cause massive increases in the prices of houses and other goods and services. In addition, large amounts of FDI and foreign ownership raise questions about who really benefits from a growing tourism industry: local residents or foreign investors? This section will discuss some of the economic impacts of (residential)tourism in Mauritius and Tamarin. Moreover, this section will describe how the local residents of Tamarin actually perceive the economic impacts of the fast growing industry. Attention will be given to what extent these perceived impacts are in line with or threaten the sustainable development of Tamarin.

As textbox 6.1 indicates, both tourism and real estate make large contributions to the GDP of Mauritius. Moreover, both sectors are growing rapidly, which suggests that (residential)tourism is overall contributing positively to the economic development of Mauritius.

Textbox 6.1: Tourism and Real Estate Key Figures Mauritius 2010

| Tourism | |
|--------------------------------|------------------------------------|
| • GDP contribution tourism | 8.2% |
| • FDI in millions tourism | MUR 836 (approx. USD 27 million) |
| Real Estate | |
| • GDP contribution real estate | 11.9% |
| • FDI in millions real estate | MUR 3422 (approx. USD 110 million) |
| • GDP growth | 5.8% |

Source: BOI, 2012

Job creation

When the respondents of the questionnaire were asked what they considered to be the greatest contribution of (residential)tourism to Tamarin, the answer that was given most was “job creation” (39%). This indicates that the most important impact of (residential)tourism in Tamarin is considered to be an economic one. The respondents who stated that job creation was the greatest contribution of (residential)tourism were from different age groups, population groups and income groups. This indicates that it is not just one group or type of respondents who recognizes an increase level of job opportunities. However, even when a respondents indicates that there are more job opportunities in Tamarin, does not mean he/she is able to benefit from these opportunities.

Compared to the other districts Black River indeed has a high percentage of employment in the service industry, specifically in the tourism industry. The percentage of people who are working in the construction is also above average, while manufacturing and trade are below average. Employment in

the agricultural sector has decreased and is now comparable to other districts. This pattern is in line with the character of the district and the change it is currently facing. Black River still has large rural areas with a fast expanding (residential)tourism industry along the coast, and some industrial ventures in the northern part of the district. Employment opportunities in the sugar industry and export oriented manufacturing are decreasing in the area, mainly due to mechanization and the ending of preferential trade agreements. Although the growing (residential)tourism industry provides new employment opportunities, the downside is that the majority of these jobs are for unskilled or low skilled labor that pay low wages. Moreover, these jobs are often seasonal and do not provide a year around income (UN Habitat Black River Urban Profile, 2012). The Black River district council confirms this by arguing that: “although this job creation in the region can be interpreted as positive, it also presents the risk of mostly adding to the poor working class with unstable incomes” (Black River District Council, 2012).

The respondents of the questionnaire were also asked whether or not they personally work in the tourism industry. 29% of the respondents answered that they personally work in tourism. Although some people who for example work in a restaurant in a tourism town will consider themselves to work in tourism while other will not, it is interesting to conclude that 29% of respondents perceives their job to be in tourism industry. In order to filter through perceptions of what the tourism industry entails, the respondents were also asked what they do in the tourism industry. The answers given by the respondents were then classified into groups (see table 6.1).

Table .1: Type of job respondents Tamarin 2012

| Type of job | Frequency | Percentage |
|----------------|-----------|------------|
| Hotel employee | 56 | 48 |
| Guide | 35 | 30,5 |
| Tour operator | 21 | 18 |
| Souvenir shop | 14 | 3,5 |
| Total | 116 | 100 |

Notable in these results is that jobs such as car rental service or waiter in a restaurant in a town with high levels of tourism are not considered as the ‘tourism industry’ (other questions and interviews confirm some respondents do work in these fields). In addition to these jobs, which are likely to be highly depending on tourists, jobs such as working in construction or taxi driver will also be stimulated by (residential)tourism. It can therefore be concluded that the impact of (residential)tourism on job creation in Tamarin is most likely larger than the 29% of respondents who claim to work in the tourism industry. This clearly indicates how much the development of Tamarin is depending upon (residential)tourism, which emphasizes the importance of the sustainable development of this industry.

Respondents were also asked in what field they worked five years ago. This question was asked to gain insight into the extent and pace at which the shift to a more post fordist economy is taking place. Although all types of job fields were mentioned, for this research the shift from agricultural related jobs to tourism related jobs is especially interesting (see table 6.2). When the respondents were asked what field they worked in five years ago, 31.5% of the respondents considered themselves to be employed in the agricultural sector. This percentage dropped to 8,5 over the past five years, while the percentage of people considering themselves to work in the tourism industry increased from 12 to 29. These results are in line with the fast shift from a mainly agricultural town changing into a booming tourism destination. Because of the massive real estate boom the area is currently facing, it is also interesting to compare the percentage of respondents who worked in construction five years ago to the percentage that worked in construction in 2012. Although these percentage are considerably lower than those of people working in tourism, they have more than tripled over the past five years.

Table 6.2: Percentage respondents working in agriculture, tourism or construction 2007-2012

| | 2007 | 2012 |
|------------------------------------|------|------|
| Percentage working in agriculture | 31,5 | 8,5 |
| Percentage working in tourism | 12 | 29 |
| Percentage working in construction | 1,5 | 5,5 |

During the in depth interviews job creation was also discussed. Although tourism is known to create low skill-low wage jobs, none of the respondents named this as a concern. When asked specifically about this issue, the main problem that was indicated was that tourism related jobs are often seasonal, creating an unsure situation for employees. A 28 years old male respondent who works as a waiter in a hotel explains: *“I much rather have a year around job with a set income that pays a little less. I have to provide for my family. We rent a house, so if I don’t have enough tips one month, we will struggle. I just started working here, so I also don’t know what will happen when the season is ending. But overall, I am just lucky to have found a job. Tourism is really helping people in this area to live a good life you know”*. This quote is in line with the majority of the respondents answers, who overall feel that (residential)tourism is creating sufficient jobs for local residents, however, the seasonality can be reason for concern. Another respondents (female, 42) added: *“It is true, not many people are complaining about their wages at this moment, but I think this will change. It was only a few years ago that many people struggled to find jobs, and if they had a job they made a lot less money. But this will change. Definitely now that everything becomes way more expensive. We need to keep moving forward and make more money”*. This quote is based upon the idea that because wages are continuously increasing, people feel good about their level of income. However, as confirmed by this respondent, prices of houses, goods and services are also increasing rapidly. Moreover, with a growing level of well-educated people in Mauritius, the desire to work at a higher level in tourism, or elsewhere, is likely to grow.

Survey results

The questionnaire that was held among 400 local residents of Tamarin contained a section of questions/statements that focused especially on the economic impacts. Table 6.3 summarizes the main findings of perceptions toward the economic impacts of (residential)tourism in Tamarin. The respondents were asked to what level they agreed (strongly agree, agree, neither agree nor disagree, disagree or strongly disagree) with the statements presented to them.

Table 6.3: Perceptions economic impacts of (residential)tourism in Tamarin 2012

| Level of agreement | Job opportunities | | Easier start own business | | Increase income levels | | Increase prices goods and services | | Increase prices houses | | Increase attracting investment | |
|---------------------------|-------------------|-------|---------------------------|-------|------------------------|-------|------------------------------------|-------|------------------------|-------|--------------------------------|-------|
| | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. |
| Strongly agree | 84 | 21 | 76 | 19 | 152 | 38 | 170 | 42,5 | 186 | 46,5 | 68 | 17 |
| Agree | 254 | 63,5 | 228 | 57 | 174 | 43,5 | 168 | 42 | 180 | 45 | 261 | 65,25 |
| Neith. agree nor disagree | 46 | 11,5 | 80 | 20 | 44 | 11 | 62 | 15,5 | 34 | 8,5 | 66 | 16,5 |
| Disagree | 16 | 4 | 16 | 4 | 30 | 7,5 | 0 | 0 | 0 | 0 | 5 | 1,25 |
| Strongly disagree | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 | 400 | 100 | 400 | 400 | 400 | 100 | 400 | 100 |

84, 5% of the respondents either strongly agreed or agreed with the statement “Tourism has created job opportunities within our town”. Only 4% disagreed with this statement, and none of the respondents strongly disagreed. In addition, 76% of the respondents either strongly agreed or agreed that “Tourism makes it easier for local residents to start up their own business”. Again, only 4% of the respondents disagreed and none of the respondents strongly disagreed. The majority of the respondents also strongly agreed or agreed (81,5%) that “Income levels have increased because of tourism within Tamarin”. When presented with the statement “Tourism attracts more investment to Tamarin”, 82.25% of the respondents strongly agreed or agreed, while only 1.25% disagreed. The high levels of agreement indicate that the majority of the respondents has noticed some positive economic impacts of (residential)tourism development within Tamarin. They are very aware of the changes it has brought to their town. However, when respondents are asked about the rising prices of goods and services and houses, the responses indicate that there are also some major negative impacts of (residential)tourism development in Tamarin. When presented with the statement “The prices of goods and services increase because of tourism” 42,5% of the respondents strongly agreed, 42% agreed and none of the respondents (strongly) disagreed. The statement “The prices of houses have increased because of tourism” had a similar response, with 46.5% of the respondents strongly agreeing, 45% agreeing, and none of the respondents (strongly) disagreeing. This indicates that although (residential)tourism in Tamarin has created job opportunities, makes it easier for local residents to start up their own business, boosted income levels and attracts new investment, rapidly increasing prices of goods, services and houses are also associated with recent changes.

As described above, job creation is perceived as the main positive economic impact of (residential)tourism development in Tamarin. This is confirmed by the response to the open question “What is the greatest contribution of tourism to Tamarin?”, which 39% answered with “job creation” (see table 6.4). Moreover, 29,5% of the respondents answered that the investment flow to Tamarin is the greatest contribution of tourism. 14.5% of the respondents indicates better infrastructure as the greatest contribution, and 13.5% mentions overall improvement of facilities. 3.5% of the respondents thinks international connections, meeting foreigners and/or learning about other cultures is the greatest contribution of tourism in Tamarin.

Table 6.4: Perceived greatest contribution of tourism to Tamarin 2012

| | Frequency | Percentage |
|-----------------------|-----------|------------|
| Job creation | 156 | 39 |
| Investment flow | 118 | 29,5 |
| Better infrastructure | 58 | 14,5 |
| More facilities | 54 | 13,5 |
| Intern. connections | 14 | 3,5 |
| Total | 400 | 100 |

When asked “What is the greatest damage of tourism to Tamarin?”, the negative economic impacts of increased prices was named by 32.5% of the respondents (see table 6.5). Other negative impacts of (residential) tourism that were named are: overcrowded areas (30%), harming the environment (13%), loss of culture (12%), increased levels of corruption (10,5%) and increased crime rates (2%).

Table 6.5: Perceived greatest damage of tourism to Tamarin 2012

| | Frequency | Percentage |
|----------------------|-----------|------------|
| Increased prices | 130 | 32,5 |
| Over crowded | 120 | 30 |
| Harming environm. | 52 | 13 |
| Loss of culture | 48 | 12 |
| Increase corruption | 42 | 10,5 |
| Increase crime rates | 8 | 2 |
| Total | 400 | 100 |

It can be concluded that the (perceived) economic impacts of (residential)tourism development are substantial. While job opportunities, easier to start own business, increased income levels and increased levels of investment are perceived as positive economic impacts of recent developments, increasing prices of houses, goods and services are the main perceived negative economic impacts.

Although the economy is clearly shifting for fordist to post-fordist, the associated shift to a more post-modern society is not (yet) that visible. The local residents of Tamarin are mainly focused on the jobs and increased income levels (residential)tourism development provides. This will be more thoroughly discussed in the conclusion of this chapter, as it is based upon the different sections of this chapter.

6.2 Spatial

That the impact of (residential)tourism and the associated shift from productivism to post productivism has considerable spatial implications already becomes clear when simply walking around some to the tourist towns. Hotels, resorts, supermarkets, shopping malls and gated communities are popping up at a fast rate. Rural areas are rapidly modernizing and construction sites confirm the continuing trend of (residential)tourism developments. Although (residential)tourism development can have positive spatial impacts, such as improved appearance of town/cities and better infrastructure, there are also negative spatial impacts associated with (residential)tourism development. One possible negative special impact is that of displacement. Moreover, a shortage of land, overdevelopment and overcrowding can cause problems, especially on a small island, where the availability of land is limited.

Rising property prices and squatter settlements

As argued above, one of the negative impacts associated with (residential)tourism development is that of displacement. In the case the Black River district, the rapid development of tourism facilities, Integrated Resort Schemes and new private commercial property projects have caused the prices of properties in the area to skyrocket. This is one of the main causes of concern related to the shift Mauritius and specifically the Black River district is undergoing. District councilors and other policymakers confirm this by identifying a growing number of problems caused by (residential)tourism and resulting high property prices. The main identified negative impact is that of a growing number of squatter settlements within the Black River District. The majority of the people living in these squatter settlements were no longer able to afford their property. Others moved to the area because of the job opportunities and have not (yet) been able to find an affordable place to live. In addition, some people sold their property because they were tempted by the price they could get for it. However, in some cases they have not been able to buy a new house with that money, due to fast rising property prices. The supply of affordable/social housing is not sufficient, which forces a growing number of residents to stay on land they do not own as a squatter. Although it is not clear how many people are currently living in squatter settlements, an increase is confirmed by the government, local governments and residents (UN Habitat Black River Urban Profile, 2012).

As a response to the increase in squatter settlements in some areas (see figure 6.2) and a growing concern among residents and local authorities, the Government of Mauritius stated that it recognizes the need to improve access to housing for the urban poor. Although authorities have facilitated 'construction extension loan facilities' for low income groups, a major constraint remains that of land availability. Moreover, the policies of the government in order to help those who can no longer afford their housing are counteracted by the government's policies to stimulate foreign investors to further develop the (residential)tourism industry within these areas. Especially in urban coastal areas land is scarce, causing prices of plots and houses to further increase. The latest 'Housing and Populations Census' reveals that Black River had a 42.6% increase in the number of housing units between 2010 and 2012. Major residential tourism developments are a large part of this increase in the number of housing units. As these are often luxurious and unaffordable for local residents, these residents are competed out of the property market by foreign investors.

Figure 6.2: Squatter settlement Black River



(Source: UN Habitat Mauritius Urban Profile, 2012)

The UN Habitat urban profile of Black River argues that new squatter settlements are especially concentrated in the periphery of the capital Port Louis and among the south-western coastal area, including the Black River area. The increasing number of squatters in these areas are reason for concern because of the many problems related to this phenomenon. The squatters have no legal right to stay in their squatter settlements and can be forced to move at any time. They have no access to electricity water or sewage system, crime rates are relatively high and they are especially vulnerable in the case of a natural disaster.

The topic of rapidly increasing prices of property and the impact this has were also included in the questionnaire. 9% of the respondents indicate that they have moved in past 10 years because of (residential)tourism developments. The respondents who moved because of tourism in the past 10 years were asked what their main motivation was for moving. Out of the respondents who moved, 60% indicated that their main reason for moving was that “Housing became too expensive where I was living” and 40% gave “Tourism decreased the quality of life where I was living” as the main reason.

In depth interviews were also held among some of the local residents who indicated they had moved because of tourism. Although 60% of these respondents said housing became too expensive, they often also felt like the quality of life was decreasing because of overcrowding, pollution, crime, increased prices of goods and services and a loss of culture. Among the respondents who did not move because of (residential)tourism and its impacts, there are also respondents who admitted during in depth interviews that they are struggling with the fast rising prices of houses, and would consider selling their house/plot for a good price in order to move elsewhere.

Respondents were asked “How do you think the government’s policy to issue residency to foreigners who buy property in Mauritius has an impact on the local property markets?”. Although not all respondents were aware of this recent change and what it entails, 96 respondents (out of 400) did answer the question. Out of these 96 respondents 33% answered that houses are becoming more and more expensive, 33% answered that more houses were being sold on Mauritius than before and 33% answered

that locals were now trying to sell their houses to get a good sum of money and move to a more affordable area.

During the in depth interviews, the topic of rising property prices and local residents being forced to move evoked strong emotions. Those who were forced to live in squatter settlements expressed feelings of frustration, anger and betrayal. No longer being able to live in proper house feels like taking a step backwards, which appears to be in contradiction with the fast developments and improvements Mauritius is known for. Those people who seem to miss out on the benefits (residential)tourism brings feel left behind and forgotten by their government. One respondent shares his feelings on this topic by saying: *“How is it possible that my government is not building houses for its own people, but will do whatever they can to make beautiful houses for foreigners? When they have sold all the land to foreigners, where is my family supposed to go? I feel like they are so busy pleasing the ‘men in suits’ that they just forgot about me”*.

The limited availability of land in combination with the fast development of (residential)tourism are not only a problem when it comes to housing. Overdevelopment and overcrowding are threatening the quality of life for both local residents and (residential)tourist and are therefore a threat to the sustainable development of Tamarin.

Overdevelopment and overcrowding

Large scale (residential)tourism development has the risk of overdevelopment and overcrowding. This is especially the case with fast and/or uncontrolled development. As argued in section 2.3.2, large amounts of foreign investment and foreign control are often associated with fast and uncontrolled development, especially when governments are eager to continue the inflow of FDI by catering to the needs of foreign investors. Not only can overdevelopment and overcrowding decrease the quality of life for local residents, it can also have a negative effect on tourists’ experiences. When tourists and residential tourist are no longer finding the experience they are looking for in a destinations, they are likely to go to other places. This can have a serious impact on the local economy and the overall sustainable development of a tourism destination. Because Tamarin’s (residential)tourism industry is growing rapidly and is largely depending on foreign investment, questions about the perceptions toward overdevelopment, overcrowding and town appearance were included in the questionnaire (see table 6.6). 72.5% of the respondents either strongly agrees or agrees that (residential)tourism development is causing overcrowded public and recreational areas, while only 4.5% of the respondents disagree with this statement. This indicates that overcrowding can be considered a major negative impact of (residential)tourism development, especially since the number of (residential)tourists is likely to continue to grow in coming years. However, 69% of respondents do feel that (residential)tourism development has improved the appearance of Tamarin, while only 11% disagrees with this statement. During in depth interviews it was argued that (residential)tourism improved the appearance of the town by the development of beautiful buildings, improved roads, more attention given to parks and other public areas and an overall cleaner town.

Table 6.6: Perceptions overcrowding and appearance Tamarin 2012

| Level of agreement | Overcrowding public and recreational areas | | Appearance Tamarin improved | |
|---------------------------|--|-------|-----------------------------|-------|
| | Freq. | Perc. | Freq. | Perc. |
| Strongly agree | 120 | 30 | 28 | 7 |
| Agree | 170 | 42,5 | 248 | 62 |
| Neith. agree nor disagree | 92 | 23 | 80 | 20 |
| Disagree | 18 | 4,5 | 44 | 11 |
| Strongly disagree | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 |

That overdevelopment and overcrowding are concerns among local residents also became clear during the in depth interviews. A 62 year old woman who moved from Grande Baie in the North of Mauritius to Tamarin about 15 years ago explained: *“I hardly recognize the street I grew up in. It used to be full of family houses, trees and flowers. We could easily walk to the beach, there was not much traffic at all. Now there are hotels and resorts everywhere. And did you see the huge shopping center? I used to buy my fruit and vegetables at little markets on the street. You don’t even see those anymore. It is bricks, streets, cars and neon light wherever you look. I have no idea why somebody would want to spend their holiday there. This is probably why people are now coming to Tamarin. We still have nice beaches here, and quiet places for the honeymooners to kiss (laughing). I’m afraid that Tamarin will be like Grande Baie in a few years. Then they have to find a new place on Mauritius, until the whole island is destroyed”*.

Although this opinion is quite strong, almost all respondents of the in depth interviews expressed their concern about how fast Tamarin is changing, the number of buildings (hotels, restaurants, shopping malls etc.) and the number of people staying there. However, the fear of overdevelopment and overcrowding was especially strong among respondents in the age groups 46-55, 56-65 and 66 or older. This could be because it is especially this age group who have grown up in Mauritius when it was still a agricultural island. Younger people also might be more able to adjust to changes. In addition, the younger generation might associate (residential)tourism development more with progress and opportunities, while older generation associate them with unwanted change, noise, overcrowding and ruining the islands beauty.

Respondents explained their concern on the topic over overdevelopment and overcrowding in two ways, the first mainly focusing on a decreasing quality of life for local residents, and the second focusing on a fear of ruining their unique selling point as a tourism destination. This concern is confirmed by the response to the open question “What is the greatest damage of tourism to Tamarin?”, which 30% of the respondents answered with something in line with “overcrowding”.

It can be concluded that displacement, overcrowding and overdevelopment are all spatial impacts of (residential)tourism development within Tamarin. Although overcrowding and overdevelopment are impacts that were expected to be found, displacement first came to attention during the fieldwork. These findings have been confirmed by different reports, such as the UN Habitat Mauritius Urban Profile, and are a serious concern. Moreover, it is a sensitive topic as it affects people’s lives in many ways.

6.3 Environmental impacts and perceptions toward environmental impacts

As argued in section 2.3.3, tourism is often highly dependent upon the environment, both natural and cultural, of a host destination, for example white sand beaches, local cuisine, rainforest, local craftsmanship or impressive mountains, it is crucial for a destination to preserve its environment. However, one of the undesired impacts of tourism is that it often causes environmental degradation. Not only is this a problem from a point of view in which “nature needs to be saved and local cultures need to be protected”, it is also a serious problem for the tourism industry, as it threatens its sustainability. Besides overdevelopment and overcrowding, which are discussed in the previous section, the negative impact (residential)tourism development can have on the natural environment can decrease the quality of life for local residents and threaten the sustainability of the (residential)tourism industry of Tamarin. Therefore, respondents were also asked questions about how they think (residential)tourism is effecting the natural environment of their town and surrounding areas.

Local natural environment

As argued above, harming the natural environment was named by 13% of the respondents as the greatest damage of tourism within Tamarin. That the environment is perceived to be negatively impacted by (residential)tourism development within the area is confirmed by the fact that 63.5% of the respondents either strongly agreed or agreed and only 3.5% disagreed with the statement that “The construction of tourist facilities destroys the natural environment of Tamarin”(see table 6.7). However, 44% of respondents (strongly) agreed that “Tourism creates opportunities for protecting the environment”, while 13% disagreed.

Table 6.7: Perceptions tourism and the natural environment Tamarin 2012

| Level of agreement | Construction tourist facilities destroys natural environment | | Tourism creates opportunities for protecting environment | |
|---------------------------|--|-------|--|-------|
| | Freq. | Perc. | Freq. | Perc. |
| Strongly agree | 28 | 7 | 4 | 1 |
| Agree | 226 | 56,5 | 172 | 43 |
| Neith. agree nor disagree | 132 | 33 | 172 | 43 |
| Disagree | 14 | 3,5 | 52 | 13 |
| Strongly disagree | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 |

During the in depth interviews respondents were also asked about the environmental impact of tourism. The majority of the respondents argued that (residential)tourism development left little place for natural areas. However, awareness of the impact a growing number of tourists can have on the ocean, its ecosystems and specifically the coral reefs Mauritius is well known for, appears to be limited. Only two (out of 30 in depth interviewees) brought up the oceans themselves when discussing environmental impacts.

Climate change

Although climate change is not a direct impact of the local (residential)tourism developments, the impact climate change has on Mauritius can indirectly be increased by the impact of (residential)tourism. As argued above, massive increases in property prices due to (residential)tourism development and the scarcity of land are forcing a growing number of local residents to move to squatter settlements. These squatter settlements are often not safely constructed and easily destroyed by floods and other natural disasters. Moreover, as these settlements are illegal and not registered, it is difficult to warn people in case of a natural disaster. The vulnerability of Mauritius for natural disasters as a result of climate change was also mentioned by Prime Minister Navin Rangoolam, as a response to the major flood on March 31st (see figure 6.3).

Figure 6.3: Flood Port Louis March 2013



(Source: BBC, 2013)

6.4 Socio-cultural impacts and perceptions toward socio-cultural impacts

Tourism is known to have high levels of interpenetration, which refers to the level in which cultures that seem distant come face to face at the local level (see section 2.3.4). When (residential)tourism is expanding rapidly, as is the case in Tamarin, the socio-cultural impacts of (residential)tourism can be considerable. The questionnaire contained a number of questions focusing on some socio-cultural impacts that are associated with (residential)tourism. Moreover, for this particular topic the in depth interviews proved to be especially useful, as they allowed for more in depth information.

Survey results

Table 6.8: Perceptions socio-cultural impacts of (residential)tourism in Tamarin 2012

| Level of agreement | Tourism is destroying local culture | | Meeting tourists valuable experience | | Tourism strengthens cultural identity | | Crime rates increased due to tourism | |
|---------------------------|-------------------------------------|-------|--------------------------------------|-------|---------------------------------------|-------|--------------------------------------|-------|
| | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. |
| Strongly agree | 38 | 9,5 | 66 | 16,5 | 32 | 8 | 48 | 12 |
| Agree | 184 | 46 | 240 | 60 | 164 | 41 | 206 | 51,5 |
| Neith. agree nor disagree | 140 | 35 | 72 | 18 | 150 | 37,5 | 74 | 18,5 |
| Disagree | 38 | 9,5 | 22 | 5,5 | 54 | 13,5 | 72 | 18 |
| Strongly disagree | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 | 400 | 100 | 400 | 100 |

When respondents were asked to what extent they agreed with the statement “Tourism is destroying our local culture”, 55,5% of the respondents (strongly) agreed, while 9,5% disagreed (see table 6.8). However, 76.5% either strongly agreed or agreed that meeting tourists from other countries is a valuable experience, while only 5.5% of the respondents disagreed. Moreover, 49% of the respondents (strongly) agreed that (residential)tourism strengthens the local cultural identity, while only 13.5 % of the respondents disagreed. This may appear to contradict with the fact that 76.5% of the respondents feels tourism is destroying local culture, however, the in depth interviews provided an explanation for these results.

The majority of the respondents (63,5%) either strongly agreed or agreed with the statement that crime rates have increased due to tourism. The responses during the in depth interviews indicated that respondents feel that people with bad intentions feel tourists are ‘an easy prey’. Moreover, they strongly feel like the individualization of society and a lack of social control. Finally, squatter settlements were named by some of the respondents as places with especially high crime rates.

Social polarization

The following quote is from a 52 year old male interviewee who explains how (residential)tourism changed Mauritius: *“I grew up in the North of Mauritius. You will not believe how much that part of the island has changed over the years. In the beginning we were all so happy. We were getting jobs and money. And yes, also shops and bars.....all kind of things a young person wants. But now, it is like living in a zoo. I don’t know any of the people living there anymore. It is only tourists and people working for the tourists. I work as a taxi driver, so for my job it was a good place to live. I moved to Tamarin to raise my children. Here I was able to afford a nice house and live a more quiet life. Now I see the same thing happening to Tamarin. Tourists and foreigners are taking over. Don’t get me wrong, I have no problem with other people, but I feel like they are stealing my island”.*

The feeling that “foreigners are taking over the island” was expressed during numerous interviews. This feeling is intensified by the fact that there are no longer only “normal tourists” coming to Tamarin, there is a fast growing number of “residential tourist” who are coming to the area. The number of people buying property in Mauritius especially increased since the Integrated Resort Scheme (IRS) and the Real Estate Scheme (RES) came into practice. These policies created a flow a people with considerably more

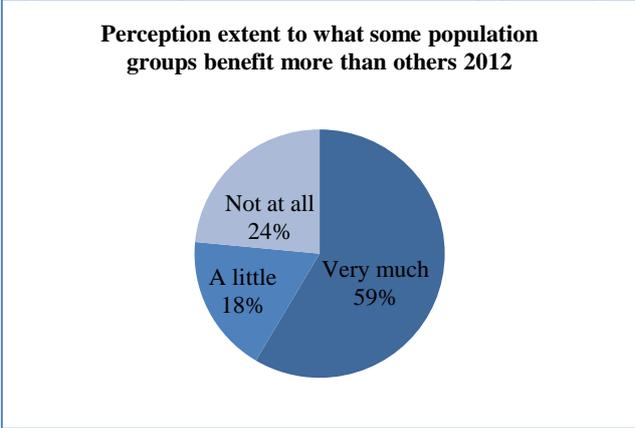
money than the average local resident. Moreover, foreigners who are buying property in Mauritius are often Caucasian, which intensifies feelings of ‘us versus them’. For a country with a history of slavery, this new upper class of white foreigners living in luxury while a number of local residents are struggling can be extremely frustrating.

One 36 year old male respondents explains: *“Mauritius has a lot of resorts and gated communities. The majority of the people who move to Mauritius do not really mix with us. I see them in some of the bars around here and maybe on the beach, but not on the street. And you know, that is kind of where the social life is really happening. But no, they lock themselves up in their resorts. Especially the older people who move here. Did you see the signs promoting gated communities everywhere? There is one that said “Buy your safe piece of paradise in our fully secured community”. It has a picture of a happy white family on it. I find this extremely insulting. Like Mauritians are dangerous and you have to lock yourself away from us. But in the end, it’s their loss...they will never feel the warmth of our hearts”.*

Feelings exclusion

As Mauritius has a very heterogeneous population, it might be possible that some population groups are perceived to benefit more from (residential)tourism than others. These feelings were also expressed during some of the explorative interviews. Therefore the questionnaire included a section focusing on this topic. Figure 6.4 illustrates the responses to the question “To what extent are some populations groups more able to benefit from tourism than others?”. Only 25% of the respondents indicated that all population groups were able to benefit to the same extent. 59% of the respondents answered the question with very much, and 18% answered the question with a little. The fact that 75% of the respondents feel that some population groups are more able to benefit from (residential)tourism indicates feelings of inequality and exclusion. Noticeable is that the 75% of respondents who feel that some population groups are more able to benefit from than others included people from all populations groups, even from those groups that were named as most able to benefit (see figure).

Figure 6.4: Perception of to what extent some population groups benefit more from tourism than others 2012



To gather a more complete picture, the respondents that answered the question above with either “a little” or “very much”, were asked to order the population groups (Hindus, Sino-Mauritian, General population, Franco-Mauritian, Muslims and Foreigners) from the population group that is most able to benefit to that is least able to benefit. On average, foreigners are by far perceived to benefit from (residential)tourism the most, with 56.5% of the respondents ranking this group as number one (see table 6.9). This outcome is in line with the feeling that foreigners are taking over the island, not only as (residential)tourists, but also in business and investments. The Franco-Mauritians were ranked second, Hindus third, the General Population and Sino-Mauritians were on average ranked the same, and the

Muslims are perceived to benefit the least from (residential)tourism. These outcomes are in line with what was expected based upon existing literature and some interviews that were held. During the in depth interviews a view respondents mentioned that “white people” were overall more able to benefit from (residential)tourism than others. When respondents were asked to explain this it was mentioned that Caucasians are often active as investors or at higher positions within companies, enabling them to make more money. In addition, it are mainly Caucasians who are living in the recently developed luxurious houses and resorts.

Table 6.9: Perceptions of who benefits most from (residential)tourism development Tamarin 2012

| Population group | Rank |
|---------------------------------------|------|
| Foreigners | 1 |
| Franco-Mauritian | 2 |
| Hindus | 3 |
| General population and Sino Mauritian | 4 |
| Muslims | 5 |

It can be concluded that although most respondents refer positively to (residential)tourism development and foreigners spending time in Tamarin, the socio-cultural impact is significant. Not only are local residents confronted with people from different cultures with different values, customs and believes, they also express feelings of exclusion and social polarization. This is understandable, as (residential)tourist are often staying/living at the most beautiful places on the island and have relatively much money to spend. Moreover, some respondents are offended by the way in which gated communities are promoted within the area. This is understandable, since it is advertised as a benefit to have a gate/fence between your little piece of paradise and the locals. With the (residential)tourism sector continuing to grow there is a risk of these feelings increasing, causing local residents to look more negative towards (residential)tourism.

6.5 Level of tourism and further development

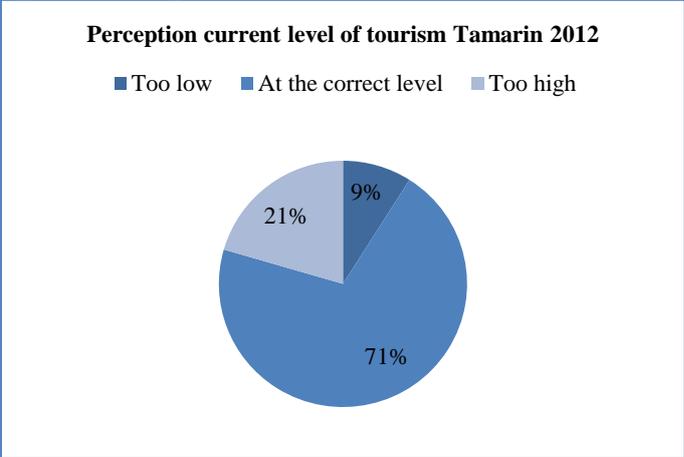
It has become clear that in order to achieve overall sustainable development local perceptions toward (residential)tourism development and its impacts are of great importance. Moreover, these perceptions provide input to determine what level of (residential)tourism the area is currently at and how the impacts should be managed in coming years in order to safeguard the industry’s sustainability. In order to gain more insight into the perception toward the current level of (residential)tourism development in Tamarin and possible new (residential)tourism developments, respondents were also asked questions on this topic.

Current level of (residential)tourism

When the respondents were asked if the current level of tourism within Tamarin is too low, at the correct level, or too high, the majority of the respondents (71%), perceived tourism to be at the correct level (see figure 6.5). This can be an indicator that at the moment the positive impacts of (residential)tourism are perceived larger than the negative impacts. Which results in the majority of the residents having a positive feeling toward current levels of tourism within their town. However, with the government claiming to double the number of tourists and (residential)tourism development increasing rapidly within the area, it is questionable for how long the majority of the respondents considers tourism to be at the correct level. Especially since 21% of the respondents already consider the level of tourism within Tamarin too high. As with feelings of overdevelopment and overcrowding, those respondents that

expressed the level of tourism within Tamarin is currently already too high are mainly from the age groups 46-55, 56-65 and 66 or older (82%).

Figure 6.5: Perception current level of tourism in Tamarin 2012



The respondents were also asked to what extent they agreed with the statements “Overall the benefits of tourism within Tamarin are greater than the costs” and “Overall the benefits of tourism in Mauritius are greater than the costs”. In the case of Tamarin, 58% of the respondents either strongly agreed or agreed, while only 7,5% disagreed (see table 6.10). In the case of Mauritius, 99% of the respondents either strongly agreed or agreed, while none of the respondents disagreed. Although the majority of the respondents perceives benefits of tourism to be greater than the costs for both Tamarin and Mauritius as a whole, the level of agreement with the statement is considerably larger for Mauritius as a whole. It is possible that respondents feel the positive impacts of tourism are greater at other places in Mauritius, or that the negative impacts of tourism are greater in Tamarin. However, during the in depth interviews most respondents stated that although tourism has fast tracked the development of Mauritius, many people do not necessarily enjoy living in areas with high levels of (residential)tourism development. The negative impacts of (residential)tourism are likely to be perceived larger when a person actually lives in an area with high levels of (residential)tourism. These findings are in line with the Not In My Backyard (NIMBY) theory, which is characterized by opposition by residents toward new development proposals that are close to them. Although people do feel these developments are necessary and/or desirable, they do not want them to take place close to their homes (Dear, 1992).

Table 6.10: Perceptions benefits tourism greater than costs 2012

| | Benefits tourism greater than costs Tamarin | | Benefits tourism greater than costs Mauritius | |
|----------------------------|---|------------|---|------------|
| | Frequency | Percentage | Frequency | Percentage |
| Strongly agree | 24 | 6 | 304 | 76 |
| Agree | 208 | 52 | 92 | 23 |
| Neither agree nor disagree | 138 | 34,5 | 4 | 1 |
| Disagree | 30 | 7,5 | 0 | 0 |
| Strongly disagree | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 |

Further (residential)tourism development

In addition, the respondents were asked if “The overall benefits of further tourism development within Tamarin will be greater than the costs”. The aim of this question is to get more insight into the feelings of local residents toward further (residential)tourism developments within their town, and the stage of tourism development the area is currently at.

Table 6.11: Perceptions further tourism development benefits greater than costs Tamarin 2012

| | Further tourism developments benefits greater than costs | |
|----------------------------|--|------------|
| | Frequency | Percentage |
| Strongly agree | 24 | 6 |
| Agree | 232 | 58 |
| Neither agree nor disagree | 76 | 19 |
| Disagree | 52 | 13 |
| Strongly disagree | 8 | 2 |
| Total | 400 | 100 |

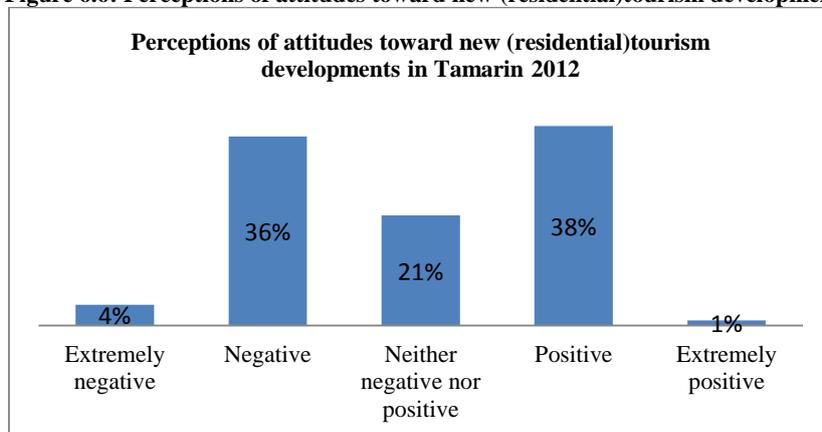
64% of the respondents either strongly agreed or agreed with this statement, while 15% strongly disagreed or disagreed (see table 6.11). These results suggest that the majority of the respondents feel positive about further (residential)tourism developments, as they think the benefits will remain greater than the costs. This seems to contradict the fact that only 9% of the respondents thinks the current level of (residential)tourism is too low. The in depth interviews revealed that many respondents feel tourism is currently at the correct level, as there are sufficient job opportunities and they fear overcrowding and rising prices. However, they do believe that further development of the (residential)tourism industry could help increase the income levels, which is considered an important benefit. Higher income levels might be a strong enough benefit to overshadow some of the increasing costs of further development.

Table 6.12: Local residents expected impacts further tourism development in Tamarin 2012

| Level of agreement | Create more jobs | | Makes houses unaffordable for local residents | | Improve standard of living local residents | | Increase recreational facilities for local residents | | More benefits for visitors than local residents | | Less attractive for locals to live in Tamarin | | Harm the natural environment of Tamarin | |
|----------------------------|------------------|-------|---|-------|--|-------|--|-------|---|-------|---|-------|---|-------|
| | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. | Freq. | Perc. |
| Strongly agree | 68 | 17 | 176 | 44 | 16 | 4 | 16 | 4 | 44 | 11 | 56 | 14 | 8 | 2 |
| Agree | 262 | 65,5 | 186 | 46,5 | 46 | 11,5 | 180 | 45 | 112 | 28 | 204 | 51 | 116 | 29 |
| Neither agree nor disagree | 70 | 17,5 | 30 | 7,5 | 142 | 35,5 | 120 | 30 | 88 | 22 | 30 | 7,5 | 124 | 31 |
| Disagree | 0 | 0 | 8 | 2 | 154 | 38,5 | 72 | 18 | 152 | 38 | 110 | 27,5 | 152 | 38 |
| Strongly disagree | 0 | 0 | 0 | 0 | 34 | 8,5 | 8 | 2 | 4 | 1 | 0 | 0 | 0 | 0 |
| Total | 400 | 100 | 400 | 100 | 392 | 98 | 396 | 99 | 400 | 100 | 400 | 100 | 400 | 100 |

To get a deeper understanding of the perceptions toward further (residential)tourism development within Tamarin, the respondents were asked to what extent they agreed with a number of statements (see table 6.12). The majority of the respondents (82.5%) either strongly agreed or agreed that “Further tourism development within Tamarin is likely to create more jobs for local residents”. As job creation was indicated as the greatest contribution of tourism, this can be a strong argument for further (residential)tourism development. However, when respondents were asked to what level they agree with the statement that “Further tourism development within Tamarin is likely to improve the standard of living for local residents” only 15,5% of the respondents (strongly) agreed, and 38,5% disagreed. This might be explained by the expected rise in prices of goods, services and houses. This is partly confirmed by the response to the statement “Further tourism development is likely to make houses within Tamarin unaffordable for many local residents”, as 44% of the respondents strongly agreed, 46,5 agreed and only 2% disagreed with this statement. Although 49% of the respondents (strongly)agreed (and 18% disagreed) that further tourism development will increase the availability of recreational facilities for local residents, the majority of the respondents (65%) argue that further tourism development will make it less attractive for local residents to live in Tamarin. This might be due to an increase in some of the main costs of (residential)tourism indicated by the respondents, such as rising prices, overcrowding, damages to the natural environment, loss of culture and increasing crime rates. Although harming the natural environment was named by 13% of the respondents as the greatest damage of tourism within Tamarin, 38% of the respondents disagree with the statement that “Further tourism development is likely to harm the natural environment of Tamarin”, while 31% (strongly)agrees. Respondents were also asked to what extent they agreed with the statement that “Further tourism development is likely to have more benefits for visitors to Tamarin than for local residents”. With 39% of the respondents (strongly) agreeing and 39% of the respondents (strongly) disagreeing, the opinions appear to be divided.

Figure 6.6: Perceptions of attitudes toward new (residential)tourism developments in Tamarin



The respondents were also asked about their perception of local attitudes toward further (residential)tourism development (see figure 6.6). With 40 % of the respondents considering local attitudes to be either extremely negative or negative, and 39% of the respondents considering local attitudes to be positive or extremely positive, opinions appear to be divided. It could be argued that these results indicate that both positive and negative feelings toward further (residential)tourism development exist, without one being considerably more common than the other. These findings appear to contradict the response to the statement “The overall benefits of further tourism development within Tamarin will be greater than the costs”, where 64% of the respondents (strongly) agreed and only 15% (strongly) disagreed. However, it is possible that although local residents feel that Tamarin as a whole will experience more benefits than costs with further development, their personal feelings toward (residential)tourism may not be as positive. With 56% of the respondents stating that local attitudes

toward new tourism developments became a lot more negative or more negative, 17% stating that attitudes stayed the same and 17% stating that attitudes became a lot more positive or more positive, attitudes might also be currently shifting.

It can be concluded that the majority of the respondents feels that (residential)tourism is not yet at too high a level, and that further (residential)tourism development will have more benefits than costs for Tamarin. Although respondents expect that negative impacts of (residential)tourism will increase, this appears to outweigh the possibility of new job opportunities and increasing income levels. This is again in line with a relatively fordist outlook on life, in which income and social status remain important drivers.

Conclusion

This chapter discussed the results of the fieldwork. It aims to provide a deeper understanding of the perceptions toward (residential)tourism development within Tamarin. The perceptions local residents have toward (residential)tourism and its impacts, combined with some factual impacts, can help determine to what extent these developments threaten or contribute to the sustainable development of Tamarin.

Figure 6.7: Main perceived positive and negative impacts of (residential)tourism development Tamarin

| Positive perceived impacts | Negative perceived impacts |
|----------------------------|--------------------------------------|
| Job creation | Increase property prices |
| Investment flow | Increase prices goods and services |
| Better infrastructure | Increase squatter settlements |
| More facilities | Over crowding |
| International connections | Feelings of exclusion and inequality |
| | Social polarization |
| | Loss of culture |

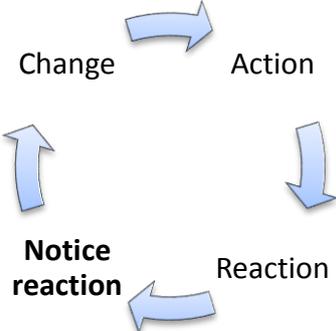
Figure 6.7 summarizes the main positive- and negative (perceived) impacts of (residential)tourism development in Tamarin found in existing literature, the survey among residents of Tamarin and the in depth interviews that were held. As expected, local residents experience both positive and negative impacts of (residential)tourism development within their town. However, when residents were asked if the benefits of (residential)tourism development in Tamarin are greater than the costs, the majority of the respondents (58%) either strongly agreed or agreed, while only 7% disagreed. This indicates that overall, (residential)tourism development is still largely perceived in a positive way. In addition, 71% of the respondents feel that that (residential)tourism is currently at the correct level within Tamarin.

Although the majority of the respondents feels (residential)tourism is at the correct level, they also expressed that further (residential)tourism development will bring more benefits than costs to Tamarin. This is interesting, as both the questionnaire and the in depth interviews revealed some major concerns when it comes to further (residential)tourism development. Local residents appear to be very aware of the negative impacts recent developments have had on their town and its people, however, the allure of more jobs, increasing income levels and new investments continue to outweigh these issues. This indicates that although the economy is clearly shifting for fordist to post-fordist, the expected associated shift to a more post-modern society is not (yet) that visible. The local residents of Tamarin are mainly focused on the jobs and increased income levels (residential)tourism development continues to provide.

This could be because Mauritius has developed at a fast pace over the past years. Local residents view on life might change with time. Moreover, these perceptions indicate that a stable income and being able to meet ones basic needs are not yet considered self-evident. These feelings might be reinforced by the rapid increase in prices of houses, goods and services, making it challenging for part of the society to maintain their lifestyle.

Over time these negative impacts will increase and attitudes of local residents toward (residential)tourism development are likely to change. The (perceived) negative impacts of (residential)tourism development within Tamarin that are serious reasons for concern and that might threaten the sustainable development of the town are: rising property prices and a growing number of squatter settlements, social polarization and feelings of exclusion and overcrowding. The feedback of local residents on these aspects should be taken serious by both the national- and local government. This can be done by using the feedback loop (figure 6.8). Now that the reactions (perceptions) toward the actions taken place (residential-tourism development) have been noticed, adjustments/changes should be made to maximize the contribution of (residential)tourism to the sustainable development of Tamarin.

Figure 6.8: Feedback Loop



Source: Feedbackloop.com, 2013

Rising property prices and a growing number of squatter settlements

The main reason for concern, both expressed by the (local) government and local residents are the skyrocketing property prices within the area. Because of this increase in prices it becomes more and more difficult for many local residents within the area to afford housing. When people are no longer able to afford their house, or sold their house and are not able to find a new affordable house, they are often forced to move to squatter settlements. With a zero-tolerance policy of the Mauritian government, squatters can be forced to leave at any time. Moreover, poverty, high crime rates, no access to public services and vulnerability to natural disasters are all associated with these settlements. Moreover, with a growing number of rich white people moving into beautiful houses that are built upon the ground local residents used to live increasingly cause feelings of frustration and exclusion. Although the government has stated that more social housing is needed, the rapid development of IRS and RES projects is taking up most of the already scarce available land within the area. If the government is serious about providing more affordable and social housing, new IRS and RES projects need to be carefully planned and restricted.

Social polarization and feelings of exclusion

With an increasing number of wealthy white foreigners moving into Tamarin feelings of exclusion and social polarization are rising. Respondents argue that although they are happy to see foreigners coming to Tamarin, it start to feel like they are taking over the town. It is perceived that foreigners have the best jobs, the most beautiful houses and the most money to spend. Some local residents express that they feel left behind. They feel as if their government is making more of an effort to make life easy for those coming to work and/or life in Mauritius, than for local residents. The fact that many local residents have trouble finding affordable housing, while new property developments almost only provide houses for the up-scale market, is a good example of why local residents feel excluded.

Overcrowding

Both local residents and (residential)tourists are arguing that Tamarin is becoming increasingly overcrowded. Local residents fear that the area will become more and more like the Northern part of the island, which is overdeveloped, overcrowded and is witnessing a shift from up-scale tourism to mass tourism. Although the Northern part of the island is perceived to have good job opportunities, the majority of the respondents does not want to live there, as the quality of life is perceived to be lower than in the Black River area. Residential tourist that have bought property within Tamarin are eager to protect their relaxing piece of paradise. They come to the area to escape from their busy life and enjoy the peace and quiet this area still has to offer. Overcrowding and overdevelopment are therefore a risk for the sustainable development of Tamarin, as this town is highly depending upon (residential)tourism. When (residential)tourist are no longer finding the experience they are looking for in Tamarin, they are likely to go elsewhere. When new (residential)tourism developments are not carefully planned, the main reason why (residential)tourist are coming to this area will be ruined. Moreover, the quality of life for local residents and the positive attitudes toward (residential)tourism will also decrease.

It can therefore be concluded that (residential)tourism is currently mainly perceived in a positive way. The benefits of new developments are perceived to have more benefits than costs for the area and are supported by the majority of the respondents. However, with increasing negative impacts attitudes are likely to change. Moreover, when these negative impacts are not taken serious, (residential)tourism development will start become more of a threat to the sustainable development of Tamarin than a contribution.

The next chapter will provide a conclusion, which aims to answer the research question “*What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin?*”.

Chapter 7: Conclusion

This thesis is constructed around the main research question “*What role does foreign investment play in the developments in the (residential)tourism industry of Mauritius and to what extent are these developments threatening or contributing to the sustainable development of Tamarin*”. This chapter will use the findings of previous chapter to answer the main research question and come to a conclusion. As the research question consists of two parts, these will first be discussed and answered separately. Attention will also be given to further research opportunities and some of the limitations of the results this research provides. Finally, the findings of this researched will be discussed in relation to existing theories and approaches.

Foreign investment in the developments of the (residential)tourism industry

The first part of this research question “What role does foreign investment play in the developments in the (residential)tourism industry...” was based upon desk research, which suggested that the fast changes that are currently taking place on the island are mainly a result of foreign investment. Mauritius has been praised in many articles and reports as being extremely successful in attracting foreign investment. In the case of (residential)tourism development foreign direct investment (FDI) plays a major role. With the opening up of the economy during the 2006 reforms, the levels of FDI flowing into the country skyrocket. For several years up to 2005 FDI averaged at USD 33 million a year. However, since the 2006 reforms the amount of FDI rose rapidly to USD 233.88 in 2006 and 372.87 in 2007. Although the amount of total FDI dropped in 2011 to USD 306.23 million, the Bank of Mauritius reported that FDI levels raised to record levels in 2012; to USD 452 million. Moreover, the Bank of Mauritius indicates that in 2012 most of the investment was directed to the real estate sector, which attracted USD 165.03 million. With the expectation that FDI levels in the real estate sector will grow even further in coming years, the importance of foreign investors within this sector cannot be underestimated. Especially the RES and IRS have attracted large amounts of money to the Black River area and Tamarin. Although these strategies to attract investment have proven to be extremely successful, there is also a downside. Eager to attract more and more money into the country, there appears to be no limit to the level of development. High levels of FDI in the (residential)tourism sector have also been associated with uncontrolled and fast development and the possibility that it are mainly foreign investors who benefit, not local residents. Moreover, this extreme focus on providing resorts, housing and facilities for foreigners, instead of a focus on local residents, is causing growing feelings of frustration and exclusion. Because of the strong focus on constantly attracting more FDI and the lack of control, combined with the fast pace at which (residential)tourism development is currently taking place in Tamarin, it is necessary to look at how local residents perceive the fast changes they are currently facing.

Threatening or contributing?

The second part of the research question “...to what extent are these developments threatening or contributing to the sustainable development of Tamarin?” is concerned with the impact these developments have on Tamarin and the people who are living there. Although Mauritius has not been shy to advertise its successes when it comes to attracting FDI and the rapid development of a (residential)tourism industry, little was known about possible negative impacts and how local residents experience the fast changes they are facing. In line with other areas where fast development of a (residential)tourism sector took place, some concerns and negative feelings are arising. Not only among local residents, local governments and (residential)tourists have also expressed their concern. Therefore,

the extent to which recent developments in the (residential)tourism sector of Tamarin are threatening or contributing to the sustainable development of the town has been researched. This research mainly focusses on the perceptions of local residents. Not only can these perceptions function as feedback, local residents should be the focus point of sustainable development. Their lives should be improved by development, and continue to do so in the future.

In short it can be stated that to the larger extent, Tamarin has indeed been able to benefit from (residential)tourism development and related developments. The fast changes taking place in Tamarin cannot be denied. Local residents are excited about the new opportunities (residential)tourism development is bringing to Tamarin. Job creation is by far the most celebrated impact of (residential)tourism. In addition, a continues investment flow, better infrastructure, more facilities and international connections are considered positive impacts. The positive attitudes toward (residential)tourism development are confirmed by the fact that the majority of the respondents believe further (residential)tourism development will have more benefits than costs to Tamarin and its residents.

However, it appears that the town and its residents are currently at a crucial point, where attitudes toward (residential)tourism and its impacts are slowly beginning to change. This is for a large part due to the lack of addressing some major concerns. If Mauritius and Tamarin want to continue to be successful in attracting large flows of FDI into the (residential)tourism sector, and if they want to continue with further (residential)tourism development, the main negative impacts found in this study can no longer be ignored. Moreover, it often takes time before people start to notice negative impacts and speak up. At first, the allure of rising incomes, more job opportunities, better facilities and further investment are overshadowing associated negative impacts. However, at some points these negative impacts become too significant to ignore.

Not only are some concerns, such as overcrowding and overdevelopment, threatening the quality of life for local residents, they are also ruining the 'high class (residential)tourism destination', the area aims to be. Some residential tourists are already expressing feelings of dissatisfaction. The real estate boom within the area is turning their 'piece of paradise' and 'escape away from it all' into a mass tourism destination with crowded beaches, neon lights and large shopping malls.

Although rising property prices were expected to be a problem within this area, this problem is larger than first expected. As a middle-income country with rising income levels en new job opportunities, one would expect the number of squatter settlements to decrease. However, with only limited land available and the fast development of luxurious houses, property prices are skyrocketing. This is causing an actual increase in the number of squatter settlements, especially in those areas with high levels of (residential)tourism.

Along with other negative impacts associated with (residential)tourism, the housing problems is also a cause for feelings of frustration, exclusion and social polarization. The local residents of Tamarin start to feel like foreigners are 'taking over their town'. A reason for concern is that some local residents express that they feel as if they are not taken serious by their government. They argue that is feels as if their government is making more of an effort to make life easy for those coming to work and/or life in Mauritius, than for local residents. The fact that many local residents have trouble finding affordable housing, while new property developments almost only provide houses for the up-scale market, is a good example of why local residents feel excluded. Not only are these growing tensions between local residents and (residential)tourism negatively impacting the quality of life, they are also a threat to the (residential)tourism industry. Hostile attitudes toward (residential)tourist need to be avoided as they can

negatively impact (residential)tourists' experiences. Moreover, they can be a constrain for further (residential)tourism development.

Limitations of research results and opportunities for further research

The title of this thesis, "*Island for sale? An explorative research into foreign investment in the (residential) tourism industry of Mauritius*" indicates that this is an explorative research with a broad approach toward the research topic. This approach was chosen as it was not yet clear to what extent the current shift on the island is causing problems, or what these problems are. This study has been useful in identifying the main problems within the research area of Tamarin. However, because of its broad approach toward the topic, many finding remain somewhat on the surface. In addition, although researching perceptions has proven to be useful to pinpoint how local residents are experiencing the fast changes they are facing, what the current areas of concern are and what could become areas of concern in the future, 'hard evidence' might be required in order for (local) governments to undertake action.

Now that the main threats to the sustainable development of Tamarin and its (residential)tourism industry have been identified, these topics can be input for further research. Especially the housing problem and the associated growing number of squatter settlements raise many questions. Moreover, the large invasion of relatively wealthy white people taking over the island is an interesting topic for further research. Many respondents expressed feelings of exclusion or being less important to the government than foreigners. Advertisements that promote a clear separation between (residential)tourists' 'piece of paradise' and local residents come across as highly insulting. These developments are increasingly causing social tension, especially in those areas with high levels of (residential)tourism.

Findings and theories

The findings of this thesis are for the most part in line with the body of knowledge in this field. Both positive and negative impacts of recent developments have be identified, and with time negative attitudes toward (residential)tourism appear to grow stronger. However, this research clearly indicates that although the success of a country's or area's development can be highly celebrated and acknowledged, local residents are the ones left to deal with some major downsides. Moreover, although a mild shift in local residents' attitudes has been identified, the majority of the respondents remain in favor of further development. So in spite of the expected growing resistance toward further development described in the theories of Akis and Peristianis (1996), Butler (1980), Coccossis (2004), Diedrich and García-Buades (2009), Doxey (1975), Martin & Uysal (1990) and O'Reilly (1986), local residents in Tamarin remain in favor of further development. This could be an indication that the level of (residential)tourism and its associated negative impacts have not yet reached its turning point.

Butler (1980) argues, that attitudes toward (residential)tourism are most likely to change when expectations are not realized or when negative impacts of tourism are larger than expected. It has become clear that the positive expectations of tourism are perceived to be realized. A continuing flow of investment, job opportunities, increasing income levels and better facilities were noticed by the majority of the respondents. However, based upon the second part of Butler's statement, that attitudes are likely to change when negative impacts of tourism are larger than expected, a stronger resistance to further (residential)tourism development would be expected. Local residents of Tamarin appear to be very aware of some major problems that are associated with (residential)tourism. The fact that the majority

of the respondents remains positive about further development indicates that the perceived costs of tourism do not (yet) outweigh the perceived benefits.

Ap and Crompton (1993) argue that host areas residents will first embrace (residential)tourism, as they are excited about the possible positive impacts. When some of the negative impacts associated with (residential)tourism development become more visible and local residents become aware of these negative impacts, people will become more hesitant toward further development. This phase is known as the 'tolerance phase'. Tamarin can be placed at the beginning of this phase. The majority of the respondents is aware of the negative impacts, however, only some people express to be hesitant toward further development. Most local residents agree that with further development the negative impacts will increase, however, they remain positive toward further development as they expect positive impacts to increase as well. As Tamarin is at the beginning of the 'tolerance phase', addressing the main negative impacts and carefully planning further developments can prevent the area from going into the phase of withdrawal/decline.

With some of the perceived negative impacts being as significant as they are, attitudes toward further (residential)tourism development would be expected to be more negative. It is interesting that although most people are very aware of the major negative impacts, they do not (yet) outweigh the allure of higher incomes, job opportunities and new investment. It appears that although the economy is clearly shifting from fordist to post-fordist, the expected associated shift to a more post-modern society is not (yet) that visible. The local residents of Tamarin are mainly focused on the jobs and increased income levels (residential)tourism development continues to provide. This could be explained by the extremely fast pace at which Mauritius and specifically Tamarin have been changing over the past years. As argued throughout this thesis, Mauritius rapidly changes from a mono-crop agricultural country into a country with a diversified economy and a booming tourism industry. Local residents views and attitudes might change with time. Moreover, these perceptions indicate that a stable income and being able to meet ones basic needs are not yet considered self-evident. These feelings might be reinforced by the rapid increase in prices of houses, goods and services, making it challenging for part of the society to maintain their lifestyle.

It can be concluded that it is crucial that the perceptions toward negative impacts indicated by this research will be taken seriously. They provide feedback to the current situation and can be a valuable tool to deal with current problems associated with (residential)tourism development and prevent future problems. By doing so, attitudes toward (residential)tourism will remain positive and the sustainability of the (residential)tourism industry can be safeguarded. Moreover, by taking local residents' perceptions serious and by minimalizing negative impacts, (residential)tourism can continue to be a major contribution to the sustainable development of Tamarin.

Appendix 1: References

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- Noorloos, van F. (2011), Lecture on Residential Tourism, University of Utrecht 2011
- Zoomers, A. (2011) Lecture on Land Grab, University of Utrecht 2011

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Appendix 5: Questionnaire

| |
|-------------------|
| Student: # |
|-------------------|

The following questions are part of a tourism impact research for the University of Utrecht in The Netherlands. All the information given by the respondents will be confidential; responses will not be identified individually. Please make sure all the questions are answered. The questionnaire will take about 15 minutes.

1. The level of tourism within Tamarin is
 Too low At the correct level Too high

2. The following statements are about the potential impacts of tourism in **Tamarin**. Please record whether you strongly agree (SA), agree (A), neither agree nor disagree (N), disagree (D), or strongly disagree (SD) with each of the following statements.

| | SA | A | N | D | SD |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| a. Tourism has created job opportunities within our town | <input type="radio"/> |
| b. Tourism makes it easier for local residents to start up their own business | <input type="radio"/> |
| c. Income levels have increased because of tourism within our town | <input type="radio"/> |
| d. The prices of goods and services have increased because of tourism | <input type="radio"/> |
| e. The prices of houses have increased because of tourism | <input type="radio"/> |
| f. Tourism attracts more investment to our town | <input type="radio"/> |
| g. Tourism has decreased access to beaches for local residents | <input type="radio"/> |
| h. The construction of tourist facilities destroys the natural environment | <input type="radio"/> |
| i. Tourism creates opportunities for protecting the environment | <input type="radio"/> |
| j. Tourism has improved the appearance of our community | <input type="radio"/> |
| k. Tourism is causing overcrowded recreational areas like parks and hiking trails | <input type="radio"/> |
| l. Crime rates have increased because of tourism | <input type="radio"/> |
| m. Tourism is destroying local culture | <input type="radio"/> |
| n. Meeting tourists from other countries is a valuable experience | <input type="radio"/> |
| o. Tourism strengthens the cultural identity of the community | <input type="radio"/> |

3. What is the greatest contribution of tourism to Tamarin?

4. What is the greatest damage tourism causes to Tamarin?

5. Please record whether you strongly agree (SA), agree (A), neither agree nor disagree (N), disagree (D), or strongly disagree (SD) with each of the following statements

| | SA | A | N | D | SD |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Overall the benefits of tourism within Tamarin are greater than the costs | <input type="radio"/> |
| Overall the benefits of tourism in Mauritius are greater than the costs | <input type="radio"/> |

6. To what extent are some population groups more able to benefit from tourism than others?
 Very much A little Not at all

If very much/a little, please order the groups from the population group that is most able to benefit from tourism (1) to the group that is least able to benefit (6)

___ Hindus ___ Sino-Mauritian ___ General Population ___ Franco-Mauritian ___ Muslims ___ Foreigners

7. How many people within your household work in the tourism industry? _____

8. Do you personally work in the tourism industry? yes no
- If yes, what do you do? _____
- If no, what field do you work in? _____
9. What field did you work in five years ago? _____
10. Did you relocate to a different town in the past 10 years because of tourism? yes no
- If yes, the main reason for moving was
- Housing became too expensive where I was living
 - Tourism decreased the quality of life where I was living
 - The land I was living on was used for tourism development
 - Other, _____
11. The following statements are about the expected impacts of further tourism development within Tamarin. Please record whether you strongly agree (SA), agree (A), neither agree nor disagree (N), disagree (D), or strongly disagree (SD) with each of the following statements
- | Further tourism development within Tamarin is likely to: | SA | A | N | D | SD |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 1. Create more jobs for local residents | <input type="radio"/> |
| 2. Make houses within our town unaffordable for local residents | <input type="radio"/> |
| 3. Increase the number of foreign people moving to our community | <input type="radio"/> |
| 4. Improve the standard of living in the community | <input type="radio"/> |
| 5. Increase the availability of recreational facilities for local residents | <input type="radio"/> |
| 6. Have more benefits for visitors to our community than for local residents | <input type="radio"/> |
| 7. Make it less attractive for local residents to live in Tamarin | <input type="radio"/> |
| 8. Will harm the natural environment of Tamarin | <input type="radio"/> |
12. The overall benefits of further tourism development within Tamarin will be greater than the costs SA A N D SD
13. Please name the three countries that you think invest the most in (residential)tourism developments within Tamarin
1. _____ 2. _____ 3. _____
14. Please name which foreign nationals you think mostly buy property within Tamarin?
1. _____ 2. _____ 3. _____
15. The government's policy to issue residency to foreigners who buy property in Mauritius
- Has a positive impact on the development of my town
 - Has neither a positive nor a negative impact on the development of my town
 - Has a negative impact on the development of my town
16. How do you think the government's policy to issue residency to foreigners who buy property in Mauritius has an impact on the local property markets? _____
-
17. I would consider the attitudes toward new tourism developments in Tamarin to be
- Extremely negative
 - Negative
 - Neither negative nor positive
 - Positive
 - Extremely positive
18. Over the past five years, local attitudes toward new tourism developments in Tamarin
- Became a lot more negative
 - Became more negative
 - Stayed the same
 - Became more positive

Became a lot more positive

The following questions are used for respondents profiles. All the answers given are confidential and will not be identified individually.

- What is your gender? Male Female
 - What is your age (in years)?
 18-25 26-35 36-45 46-55 56-65 66 or older
 - What is your highest educational qualification obtained? No schooling completed University
 Primary school Others, _____
 Secondary
 - Do you have an education in the field of tourism? yes no
 - What is your work status? Full time employed Part time employed
 Unemployed (looking for work) Home duties
 Retired Student
 Not able to work Other, _____
 - Of how many people does your household consist? _____
 - What is your net (monthly household income? Less than Rs 7500 Rs 25.000 – Rs 50.000
 Rs 7500 - Rs 10.000 More than Rs 50.000
 Rs 10.000 – Rs 25.000 Rather not say
 - Which population group do you consider yourself part of? Hindus Sino-Mauritian
 General population Franco-Mauritian
 Muslim
 Other, _____
- If Mauritius is not your country of birth, where were you born? _____ And since when have you been living in Mauritius ? _____
- How long have you been living in Tamarin? _____
 - Do you live in this house The entire year
 Part of the year
 During your holidays
 Other, _____
 - If necessary, can we contact you for additional information? yes no
If yes, how can we contact your (telephone number preferred)? _____

This is the end of the questionnaire, thank you for your time. Do you have any questions or comments regarding the topic of this questionnaire?
