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South Africa's economic progress: challenges and opportunities for sustainable development

Andrew O. Enaifoghe [1*], Anita O. Aina [2], Anuoluwapo A. Durokifa [3]

[1] *Department of Business Management, University of Zululand, KwaDlangezwa, South Africa*
[2] *Department of Hospitality and Tourism, Durban University of Technology, South Africa*
[3] *School of Public Management, Governance and Public Policy, University of Johannesburg, South Africa*

Abstract

The study examined South Africa's economic progress, the challenges, and opportunities for sustainable development. The study indicated that the combination of a low growth rate and the continued rise in the unemployment rate, particularly among the youth population in South Africa shows that the country's economic trajectory is not sustainable. The youth are the key drivers of the economy, so their disengagement from economic activities may pose a serious effect on economic development and sustainability. To ensure sustainable growth, the government ought to implement chains of growth reforms that not only promote economic transformation, but support labor-intensive growth, and create a globally competitive economy. This study highlights five fundamental factors as building blocks for promoting sustainable long-run growth and thereby identifying a series of specific and comprehensive reforms to increase potential growth in the country. The economic growth has been driven mainly by the tertiary sector, which includes wholesale and retail trade, tourism, and communications. This is a review study that primarily used secondary sources through a qualitative method. All data were collected through a secondary source since this is desktop research. The collected data were analyzed thematically based on content, the findings show that South Africa's key economic challenges appear to be the high unemployment rate.

Keywords: BRICS; Economic; RDP; Sustainable growth; Tourism; Unemployment

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* Corresponding author. *E-mail address:* andyransey@gmail.com

1. Introduction

The study examined South Africa's economic progress and the government's efforts to achieve long-term economic growth. The objective is to present the government's efforts to achieve long-term economic growth by adopting an inclusive development approach. The global political economy has undergone the most profound changes in the last 20 years since the beginning of the Industrial Revolution. South Africa like other countries in the continent can boast of abundant resources, an advanced industrial sector, robust financial systems, and a progressive legal framework (Brand South Africa, 2015). The country serves as the gateway to other African markets and Europe (Enaifoghe and Adetiba, 2018). South Africa’s economy has been traditionally rooted in the primary sectors, which is the result of a wealth of mineral resources and favorable agricultural conditions (Brand South Africa, 2015).

However, this has changed in recent decades. Since the early 1990s, the country has witnessed a structural shift in its output, economic growth has been driven mainly by the tertiary sector, which includes wholesale and retail trade, tourism, and communications. Currently, South Africa is seen to be moving towards becoming a knowledge-based economy, with a greater focus on technology, e-commerce, financial and other services (Enaifoghe and Asuelime, 2018a). South Africa is seen to be politically stable and has a well-capitalized banking system, abundant natural resources, well-developed regulatory systems as well as research and development capabilities, and an established manufacturing base.

In this study we examine South Africa’s economic diversity in the quest to understand the inclusive strategy adopted for sustainable growth. We first overview the economic history of the country, and then the economic implication of the southern African development community is explored as we look at the economic diversity of South Africa and the effort to achieve social and economic development. Finally, we make discussions on South Africa’s economic transformation and sustainability.

2. Brief overview of South Africa’s economy and transformation

2.1. Economic history of South Africa

Historically, before the European invasion of Africa and settlers in the 14th century, subsistence agriculture and hunting dominated the economy of what would become South Africa (Enaifoghe, 2019a). Tribes of Bantu peoples inhabited territory communally in the country's north, center, and east under tribal chiefdoms (Baten, 2016). It was primarily a pastoral economy, and prosperity was defined by the number of cattlemen owned (Lander and Russell, 2018). Population increase had produced land pressure, causing tribes to migrate slowly away from their roots in central east Africa (Boshoff and Fourie, 2020). San (Bushmen) peoples had nomadic lives centered on hunting in the country's south and west, whereas Khoikhoi (Hottentots) peoples lived a pastoral existence (Fourie and von Fintel, 2014). Agriculture and mining were the two most important sectors of the South African economy in the first half of the twentieth century.

2.2. The establishment of the apartheid government

In 1948, a government was formed that implemented the apartheid (segregation) policy, to allow various racial groups to progress in their distinct territories. Whites (especially Afrikaners) climbed over all other ethnic groups in South Africa in the two decades after the National Party acceded to power, owing to their dominating and skillful performance in the labor market (Mapungubwe, 2020). Throughout the 1960s, South Africa dominated the African economy and was regarded as the continent's sole developed country by the United Nations economic standards (Bunting, 1964). White South Africans had living conditions equivalent to or greater than those seen in the West (Clark, 2016).

During this time, South Africa generated twice as much energy and six times as much steel as the rest of Africa combined while accounting for 43 percent of Africa's total mineral production output (Bunting, 1964). During this time, South Africa produced twice as much energy and six times as much steel as the rest of Africa combined while accounting for 43 percent of Africa's total mineral production output (Bunting, 1964). Economic domination was achieved during this time thanks to Black South Africans and migrant labor from Malawi, Lesotho, and Portuguese Mozambique, all of whom endured horrible working conditions and relatively low earnings (Bunting, 1964).

Between the enactment of the Mines and Works Act in 1911 and 1971, real earnings for nonwhite South African miners fell, while nonwhite employees in the manufacturing industry received 18% of white workers' pay (Clark, 2016). The government even stated at the time that Black labor was critical to their economic success, and hence discussions of territorial and political separation along racial lines were viewed as a danger to South Africa's economic progress (Bunting, 1964). By the early 1980s, South Africa had the world's largest wealth disparity, with 40% of the population earning only 6% of the national revenue. Infant mortality rates for blacks and coloreds were 13 times higher than for whites, with one-quarter of newborns dying within a year (Clark, 2016).

3. South Africa’s socio-political economy

The democratization process in South Africa has been accompanied by continuing and even deepening economic inequalities post-apartheid. Instead of presenting a blueprint for a more equitable economic system, the paper attempted to present the key findings and implications of years of research on the history and current dynamics of the South African political economy. We examined a variety of strategic economic trajectories, connecting them to the shifting balance of economic and political power, and they set the parameters for economic and political debates. The acclaim accorded to South Africa's democratization has been tempered by the recognition that economic inequalities remain, if not worsen, in the country (Fine, 2018).

This is especially troubling given the extreme economic disparities encountered by much of the black population. According to Fine (2018), the retreat from the Freedom Charter's commitments to public ownership, the unambiguous protection of private capital, and the obstacles placed in the way of progressive economic policies by business interests and entrenched apartheid-era bureaucracy. However, their approach is not prescriptive; rather, they set the parameters within which economic and political debates take place. They also discuss the theoretical arguments underlying the propositions advanced by them and others.

3.1. The socio-political transformation

South Africa's political transformation is regarded as one of the most amazing political achievements of the twentieth century (Gumede, 2015). Since 1994, the ruling African National Congress (ANC) has dictated the policy agenda until August 2016. When the country held its most competitive local government election since 1994, in which the ANC lost majority support in four metropolitan cities (World Bank, 2021). Political parties made coalition agreements that resulted in the ANC being deposed in Pretoria and Nelson Mandela Bay. The most recent general elections took place in May 2019, while the next local government elections are scheduled for November 2021 (World Bank, 2021). The pandemic's longevity at the global and domestic levels will continue to stymie economic recovery in the first half of 2021. Furthermore, as economic activity resumes, pre-existing structural constraints, such as electricity shortages, are re-enforcing themselves.

> *The economy is projected to rebound by 3.8% in 2021 and 2.5% in 2022. The strong rebound at the end of 2020 has slowed in the first half of 2021 due to a protracted second wave of the virus that has held back economic activity. (OECD, 2021).*

However, growth is projected to pick up in the second half of the year, driven by domestic demand and commodity exports. Household consumption will contribute significantly to growth as the economy opens up and exceptional savings last year are spent at least partially. Private investment will progressively strengthen (OECD, 2021). In 2021, gross domestic product growth is predicted to return to 3% (World Bank, 2021). Commodity prices continue to be crucial for South Africa, which is a large net producer of minerals but a net importer of oil. Improving investment, notably foreign direct investment, will be crucial to accelerating growth and creating jobs (Muzee and Enaifoghe, 2019).

South Africa has made significant strides to improve the well-being of its population since the country's democratic transition in the mid-1990s, but growth has stalled in the recent decade. Between 2005 and 2010, the percentage of the population living below the upper-middle-income-country poverty threshold declined from 68 percent to 56 percent (Enaifoghe, 2019b; World Bank, 2019), but has since trended slightly upwards to 57 percent in 2015 and is expected to reach 60 percent in 2020.

3.2. Unemployment as an obstacle to economic growth

Structural obstacles and slow growth have hampered efforts in poverty reduction, which has been exacerbated by the COVID-19 epidemic. Rising unemployment, which hit an all-time high of 32.5 percent in the fourth quarter of 2020, is significantly limiting improvements in household welfare. Youths aged 15 to 24 have the greatest unemployment rate, at roughly 63 percent. South Africa remains a dual economy with one of the world's highest and most persistent inequality rates, with a consumption expenditure Gini coefficient of 0.63 in 2015 (Enaifoghe and Asuelime, 2018b). High inequality is sustained by a legacy of exclusion as well as the character of economic growth, which is not pro-poor and does not create enough jobs. Wealth inequality is much larger, and intergenerational mobility is minimal, implying that inequities are carried down from generation to generation with little change over time.

4. Economic implication of the Southern Africa Development Community

South Africa’s economy since 1994 has significantly achieved both social and economic development within the last two decades of becoming a democratic state and the later acceptance into the Southern Africa Development Community (SADC). There are a few factors considered to be responsible for the economic development of South Africa; the economy became stabilized in the mid-2000s as the country experienced improved social development (Enaifoghe and Asulime, 2018b). As noted by the World Bank, its GDP is $350.1 billion (R5.416 trillion) and its population is 54 million (Enaifoghe and Asulime, 2018b). According to Leke and Barton (2016) in the World Economic Forum, per capita GDP is $6 483, the nation is always full of hope. It joined the BRIC party of Brazil, Russia, India, and China (now known as BRICS) in 2011.

South African regulation which governs commerce, labor, and maritime concerns is especially strict, and rules on regulatory framework, copyright, patents, trademarks, and disputes adhere to global agreements. After 2015, real GDP per capita started falling (SARB, 2018); economic growth began to dwindle has been sluggish and seems to be declining (Aterido et al., 2019; Kreuser and Newman, 2018), unemployment continues to raise the unemployment rate has recently increased from very elevated levels (Statistics South Africa 2017), and inequality remains extremely high (Wittenberg, 2017). In the southern African sub-region, South Africa has benefited or impacted the region in many aspects of the economy. The establishment of South African companies in the member states, is seen as one of the ways the governments penetrate the entire sub-regions markets.

The government has made efforts to create jobs within the sub-region with much-needed jobs. It has also contributed to the upgrading of both existing infrastructures as well as building new infrastructures (Enaifoghe, 2021), including investing in backbone services and technologies; for example – telecommunications (MTN mobile network). Enabled technology transfer mainly through the development of human resources; increased tax revenues as well as increased consumer choice. This has boosted general investor confidence in the sub-region. South Africa has also played a critical role in terms of being a launching pad for foreign investment into the rest of Africa, hence its acceptance into the BRICS (Brazil, Russia, India, China and South Africa). This role is illustrated by the exponential growth in the number of Trans National Corporations (TNCs) that operate out of South Africa (Enaifoghe et al., 2017).

In the 1990s, South Africa had an estimated 900 TNCs - a figure that had swelled to 2044 by 2002 (and has surely continued to grow since then). Most of these companies and their subsidiaries have had a Sub-Saharan outlook (Richard, 2011).

5. South Africa’s role in the regional economic integration

A scholar noted that there are a few issues and challenges relating to South Africa's role in sub-regional economies and its national growth or expansion in the region (Enaifoghe, 2019a). Most importantly, to understand these challenges, it is good to understand the origins and historical forces that have driven South Africa's expansion into the southern Africa sub-region and the rest of Africa. Broadly viewed, African regional cooperation has been revitalized in some ways. According to Enaifoghe et al. (2017), the revitalization is “due to two main developments at the beginning of the 1990s that include the abolition of the apartheid regime in South Africa and eventual stabilization of political and economic relationships in the Southern Africa sub-region and with the end of the Second World War”. This helped deepen the already existing regional integration in the Southern Africa States.

Cheru (2002) noted that since the end of the Cold War, and with the emergence of powerful trading blocs, there has been a renewed interest in South Africa regarding the need to create strong regional economic integration (REI) mechanisms to promote economic growth for the region. This by implication foster South

Africa's National Development trajectory (Enaifoghe et al., 2017). The southern Africa Development Community (SADC) appears to be among the best-integrated sub-region in Africa that is aided largely by South Africa's material, commodity and political investment (Enaifoghe, 2019b; Enaifoghe and Asuelime, 2018a) . The main factors mentioned above (South Africa's material, commodity and political investment) are simultaneous and equally related processes that have been at play in the SADC subregion since the end of apartheid.

The end of apartheid and the cold war, and the associated intensification of the Washington consensus development paradigm pursued by the Bretton Woods Institutions (Enaifoghe, 2019b). The new model development became primarily based on neo-liberal economic perspectives and therefore permit the South African companies operating in other parts of Africa to capture - and in some cases monopolize - the opportunities presented by the global economic pattern (Enaifoghe, 2019a). This reality has been viewed as a thin line between the investment pattern operated by South Africa and that of any other imperialists. Given the processes of regional integration in the Southern Africa sub-region, therefore, require member state's willingness to pool sovereignty, but the extent to which South Africa is willing to pursue this in concert with the rest of the SADC states becomes controversial by scholars (Enaifoghe and Asuelime, 2018b).

A practical example is, whereby the SADC aimed to achieve a regional Customs Union by 2008, South Africa invested much in its institutional and political efforts in strengthening the Southern Africa Customs Union (SACU), therefore using this platform to promote her economic integration into the global economy, and not the region of Southern Africa. However, SACU separates its member states from the rest of the region in terms of connecting globally. Furthermore, South African diplomacy of trade indeed has a key interest in the rest of Africa and the world's economy. Enaifoghe and Asuelime (2018a) argued that South Africa's acceptance into the BRICS framework automatically create limited access to South African markets by other SADC member states.

It rather opens the South African market to ferocious or wild competition from the rest of the world (Enaifoghe and Asuelime, 2018a). More so, it has been observed that South Africa has been pursuing bilateral agreements with several SADC member states to deal with its energy crises and expand access to markets for South African businesses. The trade relations with countries such as Angola and the DRC are examples of this role played by South Africa's bilateral agreement in the sub-region (Enaifoghe, 2019c). South Africa's Minister of Trade, Rob Davies, in a speech during a South Africa-Angola business forum earlier in 2011, noted that Angola - which is endowed with rich resources including oil, diamonds and other minerals - is a strategic partner for South Africa with huge economic potential (2018). Angola is currently the 10th largest supplier of imports to South Africa (Richard, 2011).

6. South Africa's diversity for economic growth and social development

According to a report from the National Treasury (2017), South Africa's success in reforming its economic policies is probably best reflected by its GDP figures, which reflected an unprecedented 60 quarters of uninterrupted economic growth between 1993 and 2007, when GDP rose by 5.1% (Enaifoghe and Adetiba, 2018). With South Africa's increased integration into the global market, there was no avoidance of the impact of the 2008-09 global economic crisis, however, and GDP contracted to 3.1% (Enaifoghe and Asuelime, 2018a).

> *The World Bank reports that while the economy continues to grow – driven largely by domestic consumption – growth is at a slower rate than previously forecast. Real GDP growth is estimated at 2.0% for 2015 and the same for 2016 "due to a combination of domestic constraints and external headwinds arising from the fall in commodity prices and the slowdown of the Chinese economy" (World Economic Forum, 2017: 3).*

6.1. Economic policy measures

To understand the economic policy measures adopted by the South African government for economic growth, the bank predicts a slight recovery in 2017 with real GDP growth estimated at 2.4% as new electricity supply comes online (World Economic Forum, 2017). According to figures from the National Treasury (2017), total government aggregate spending is expected to reach R1.56- trillion in 2017/18 (World Bank, 2016a). This represents more than a doubling in expenditure since 2002/3 in real terms. The government is put in measures to strengthen the efficiency of public spending and to root out corruption to ensure that there is a similar improvement in service-delivery outcomes (Enaifoghe, 2019a). It is allocating resources to South Africa's core social and economic priorities while containing aggregate expenditure growth. Spending plans give effect to the priorities of the National Development Plan and the medium-term strategic framework (World Bank, 2015).

Spending on infrastructure investment and core social programs has been protected. Under its inflation-targeting policy, implemented by the South African Reserve Bank, prices have been fairly steady. In November 2015, the annual consumer inflation rate was 4.8%, rising from October's 4.7% (World Bank, 2015). However, this was down from an annual average in 2014 of 6.1% (IMF, 2016). Stable and low inflation protects living standards, especially of working families and low-income households.

> *South Africa has a diverse economy, with key sectors roughly contributing to GDP* as follows: Agriculture: 2.2%, Mining: 10%, Manufacturing: 13.3%, Electricity, and water: 2.6%, Construction: 3.9%, Wholesale, retail, and motor trade, catering and accommodation: 14.6%, Transport, storage, and communication: 9%, Finance, real estate, and business services: 20.7%, Government services: 17.6%, and Personal services: 5.9% (Note: Percentages based on third-quarter 2015 GDP data from Statistics SA.) (StatSA, 2016).*

The country's outlook is affected both by national concerns, such as unrest in and pressure on the mining industry, as well as international sluggishness, with Europe as one of South Africa's chief export destinations. However, trade and industrial policies encourage local firms to explore new areas of growth based on improved competitiveness. China, India, and Brazil offer significant opportunities. Infrastructure, mining, finance, and retail developments across Africa are helping to fuel a growth trajectory in which South Africa can participate (Kerr, 2015).

6.2. South Africa's green economy

South Africa's most important element of the New Growth Path is a green economy, and the potential to create a lower-carbon economy as a job generator and a spur for industrial development. The government of South

Africa, according to President Jacob Zuma has committed to slowing its growth in greenhouse gas emissions by 34% by 2020, and by 42% by 2025 (National Treasury, 2017). This commitment became a reality as South Africa created its world-leading Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), which put in place a target of 10 000 gigawatt-hours of renewable energy in 2009 (Enaifoghe et al., 2017). Furthermore, it is targeting onshore wind, concentrated solar thermal, solar photovoltaic, biomass solid, biogas, landfill gas, and small hydropower plants.

The government had continued in its commitment and approved 19 wind, solar, and hydropower proposals worth R73-million to help boost clean energy in May 2012, in April 2015, the Department of Energy had approved 79 REIPPPP projects with 5 243MW being added to a national grid desperately in need of power, at a capital cost of R168-billion (National Treasury, 2017). The project winners had to supply all their capital.

> *About 40% of the spent fund is local content and thousands of jobs have been created. Since 2011, the department had procured renewable electricity in bid windows 1 to 4 of the REIPPPP and connected 37 projects. With a capacity of 1 827MW, to the national grid. On average, 15% of this energy was delivered to the power system during system peak periods, alleviating pressure on the power system (National Treasury, 2017).*

The energy contribution is expected to grow to approximately 7 000 gigawatt-hours a year with the first 47 renewable energy independent power producers fully operational and producing at full capacity by mid-2016. In the same year 2011, the government entered into the Green Economic Accord, which aims to create 300 000 jobs in the next 10 years through investment in the green economy. In 2012, the Treasury allocated R800-million over two years to the Green Fund, which aims to provide finance for high-quality, high-impact, job-creating green economy projects around the country (National Treasury, 2017).

6.3. Infrastructure

In the past decade, a substantial increase has been recorded in government social service spending, which has helped reduce poverty, but now the government has begun to place a greater emphasis on infrastructure, employment and economic growth. In addition to that, South Africa is committed to spending R813-billion on infrastructure over the next three years, and in the 2015/16 financial year, its capital expenditure program will come to R274- billion. In a massive public-sector investment (World Bank, 2016a). In the previous three-year budget cycle, it spent R642-billion on infrastructure development – and it plans to spend more than R827-billion over the next three years to improve access to export markets and reduce costs in the economy (World Bank, 2015). South Africa's budget for 2015, included an update on its infrastructure plan, saying infrastructure spending has been quite high for some time (World Bank, 2016b).

Nevertheless, between 2009 and 2014, the country spent over R1-trillion on infrastructure (Kreuser and Newman, 2018). In that fiscal year, most infrastructure spending will be on transport and logistics at R339-billion, followed by energy at R166-billion, and water and sanitation at R117- billion, over the next three years. At the national government level, infrastructure spending will come to R451-billion over the medium term framework (National Treasury, 2017). Most of the infrastructure projects undertaken by the national government (83%) are coordinated by the Presidential Infrastructure Co-ordinating Commission (National Department of Tourism, 2017).

6.4. Trade and investment in South Africa

South Africa as a G20 country member, is considered a low-risk investment destination for investors looking for a foothold into Africa, therefore, the overall investment environment remains very encouraging. As the continent's largest African investor, South Africa sends more than 25% of its manufactured products into the continent (Enaifoghe, 2019a; World Bank, 2016a). Through investment incentives and industrial financing interventions, the government actively seeks to encourage commercial activity and attract foreign capital. Global foreign direct investment slowed by 16% to $1.23-trillion in 2014, according to the 2015 World Investment Report by the United Nations Conference on Trade and Development, released in June 2015 (National Department of Tourism (2017). In line with this, the report said foreign direct investment flows into South Africa dropped by 31.2% to $5.8-billion in 2014, down from $8.3-billion in 2013 (National Department of Tourism (2017).

The above was off earnings of about R42-billion in foreign direct investment in 2011, which was more than four times the amount in 2010 (OECD, 2016). China, the United States, Germany, Japan, and the United Kingdom are the principal international trading partners of South Africa (besides other African countries), and the chief exports are metals and minerals. Machinery and transportation equipment make up more than one-third of the value of the country's imports. Other imports include automobiles, chemicals, manufactured goods, and petroleum. (SA.info).

6.5. Developing tourism for inclusive growth and transformation

Tourism is one of the main sectors with the ability to produce inclusive growth due to its fast labor absorption rate. Tourism has low entry barriers because most tourism companies are small and offer facilities such as hotels, tour guiding, day tours, and taxi services. Tourism, unlike mining, manufacturing, and financial services, is not concentrated in particular development nodes, which is a significant part of its commitment to inclusive growth and economic transition (National Department of Tourism, 2017). As a consequence, it is a major economic driver of rural economies and a tool for developing long-term job opportunities outside of urban and manufacturing areas. This is particularly important because of South Africa's historically uneven spatial development patterns.

> *Tourism employs 9.8 percent of the workforce, up from 6.5 percent in 1995, and contributes a comparable share of GDP (WTTC 2017). The aggregate direct value-added (GDV) of South Africa's tourism industries was R198.7 billion (or 5.8 percent of total GVA generated) in 2014, and R210.0 billion (or 5.9 percent of total GVA generated) in 2015 (National Department of Tourism, 2017).*

The substantially greater rise in indirect and induced contributions shows that perhaps the tourism industry has become more integrated with other sectors of the economy and is thus an important driver of inclusive growth. Tourism is intertwined with 12 sectors in the South African economy (Statistics South Africa, 2016). It is projected that for every direct work generated in the tourism industry, one additional job is created indirectly or induced, rendering the sector's linkages greater than in many other industries. According to the revised National Tourism Sector Plan;

> *the Department of Tourism plans to increase tourism's overall GDP contribution to R948 billion by 2026, as well as the number of direct and indirect jobs generated by the sector to 2.2 million (National Department of Tourism 2017).*

As a result, tourism is a significant future growth factor. In 2016, about 10 million foreign visitors visited South Africa, a 12.8% increase over the previous year. African countries account for 74.7 percent of global visitor arrivals, with the SADC accounting for nearly 97.5 percent of all African visitors (Statistics South Africa, 2016). Several initiatives will boost South Africa's tourism competitiveness. Firstly, tourism agencies need more financial funding, and policies should be put in place to shield their finances from the negative effects of currency fluctuations, given the impact on promotions in international destinations (National Department of Tourism 2017). If a depreciating currency opens up new foreign business segments, tourism agencies need budgetary funding to pursue these prospects. In terms of budgetary funding for travel and tourism, South Africa ranks 130th out of 136 nations (World Economic Forum 2017).

Secondly, the Department of Tourism should provide more assistance to tourism businesses in handling the heavily controlled market climate. Given the various intersections of their business activities, tourism companies face among the highest levels of regulation in the world, including building permits and health and safety regulations in addition to the usual regulatory burden of Small Business Project 2007, (Economic Policy National Treasury, n.d.; Small Business Economy, 2007; United Nations Environment Programme, 2005). South African tourism rivals, on the other hand, are much more tolerant of future foreign investments. Tourism Australia has a dedicated website. Through its Tourism Main Facilitation Program, Tourism Australia has a designated contact person for major tourism ventures to lead prospective developers through the government approval process.

It is unclear to what degree this work may be done locally by One-Stop Shops, but for the time being, big tourism developers are generally left to manage the challenging regulatory terrain on their own. Third, South Africa's visa requirements should be updated to strike a better balance between security issues and tourism development. The enforcement of visa restrictions runs counter to a global trend of relaxing visa conditions. Countries usually find it easy for visitors to fly, and South Africa is at risk of falling behind (National Department of Tourism, 2017: 4).

Finally, the government should follow plans to reintroduce and improve the Tourism Safety Initiative, which includes extremely visible police in visitor hotspots. The view of South Africa as dangerous remains a major impediment to tourism expansion, and the successful introduction of this initiative will provide additional reassurance to tourists. While it started as a private-sector project, it could be extended with increased government support and other assistance. Countries with a strong tourist industry, such as Thailand, are considered to have a committed police presence in tourist hotspots (National Department of Tourism, 2017: 4). Tourism incentive program funds could be used to assist the South African Police Force in maintaining more visible police patrols in these regions or replenishing visible policing efforts in different jurisdictions situated in tourism hotspots.

6.6. Reconstruction and development program

Since 1994 when South Africa conducted its first non-racial election, which brought Nelson Mandela on board as the first black democratically elected president at the end of Apartheid, the country became a democratic state and recognized globally. South Africa has put several policies in place to help repair and strengthen the inherited nearly dead economy of apartheid which was filled with several international sanctions (Enaifoghe, 2019a). First, the ANC government launched the Reconstruction and Development Program (RDP), which had the primary objective of removing racial biases from the economic and social structure of South Africa, which was aimed to address both poverty and socio-economic inequalities (Enaifoghe, 2019a).

The injustices inflicted by apartheid had left most South Africans around the poverty line and with limited access to adequate education, resulting in their effective exclusion from higher-skilled employment opportunities, and facing poor health care and housing conditions (Enaifoghe, 2020). The RDP was meant to reverse these inequalities. According to the Community Survey released in October 2007 shows that in South Africa over 88% currently have access to piped water (Enaifoghe 2019a), compared to only half of the population having had access to water in their homes in 1996 which is remarkable. Similarly, about 64% of the population lived in formal housing in 1996, with this ratio presently standing at 70% (Enaifoghe and Maduku, 2019). There has also been steady progress in people's access to schooling, health care, electrification, roads, telecommunications and public transport, although much work still needs to be done in the reconstruction and transformation of South African society.

The RDP was a socio-economic program as opposed to an integrated macroeconomic policy framework. The implementation of its full vision depended on access to substantial resources, requiring complementary policy initiatives (Jan, 2010). Furthermore, South Africa partnering with New Partnership for Africa's Development shows that South Africa has been actively involved in other initiatives outside its boundaries such as the New Partnership for Africa's Development (NEPAD), for the region's total integration to promote development and growth in the Africa region (Enaifoghe et al., 2017). NEPAD's key objectives include;

> *increasing Africa's integration into the global markets, eradicating poverty, placing African countries on the path to sustainable growth, accelerating the empowerment of women, and curbing the marginalization of Africa in the globalization process (Enaifoghe et al., 2017).*

However, it is important to note that NEPAD's achievements have been modest to date, it has served as a platform to engage African Development Bank and the World Bank in Africa's development (Gumede, 2013). Other notable achievements recorded by NEPAD include promoting collaboration among African leaders to entrench democracy, address conflict and poverty, and create an environment conducive for foreign direct investment in the region. Nevertheless, NEPAD also faces several challenges which include; improving the quality, and confidence in its implementation; inviting more ownership and leadership by Africans; more involvement and support by development partners; identification of gaps and their importance; and focusing on the program's sustainability.

7. South Africa's economic transformation and sustainability

The South African economy is presently in an unsustainable situation. Poverty and inequality are compounded by low economic growth. Large income inequality exacerbates socioeconomic instability and jeopardizes global development (Putnam, 2007). Inequality fosters highly divergent opinions, rendering consensus difficult; the resultant power struggle and policy instability will intensify economic vulnerability. Therefore, addressing the economic challenges requires an immediate focus on policies, which will advance South Africa's potential growth. These development reforms are structured around the following themes:

- (i) modernizing network industries;
- (ii) lowering entry barriers and fixing distorted ownership structures by expanding competitiveness and small business growth;
- (iii) prioritizing labor-intensive growth in sectors such as agriculture and services, including tourism; and
- (iv) introducing oriented and scalable industrial agglomeration.

We measure the overall economic effect of the planned policies over time depending on whether they will be reasonably adopted and found that they will boost future growth by 2–3 percentage points a year. and create over one million job opportunities. According to recent projections of South Africa's potential growth, the country's growth rate is poor and has been slowing (World Bank, 2016b; Brand South Africa, 2015). As a result, a viable economic trajectory for South Africa is one in which several changes are initiated to increase South Africa's possible growth rate. A growth-oriented policy strategy must be followed by interventions that reform how growth gains are spread and radically transform the ownership and control processes that dominate our economy (Richard, 2011; Putnam, 2007). Initiatives that change the economy must pass both the resilience and intergenerational equity checks.

In other words, technological change must be incorporated in a way that would not jeopardize the economy's long-term capacity to succeed in global commodity and labor markets (Richard, 2011). This suggests that at the core of the country's economic policy must be a simultaneous focus on economic development, sustainable growth, and productivity, as this provides the most logical approach for addressing the problems of jobs, hunger, and inequality. Economic revolution refers to a sudden and structural shift in the ownership and control processes that regulate the economy. The primary goal of this shift in economic relations must be to provide prospects for all South Africans to succeed and to live productive, prosperous, and dignified lives.

A multitude of causes, such as the presence of scale economies; rules and strategies that benefit incumbents or are unsuccessful in aiding rivals and emerging companies; competitiveness law that benefits big firms and incumbents; and access to financial obstacles, all inhibit greater involvement by new firms in the economy (CCRED 2016a, 2016b, 2016c, 2016d, 2016e). Historically, unequal and ingrained urban planning impacts commuting costs essentially excluding multiple people from equitable economic participation by the public (Kerr 2015). These and other causes, which we discuss in greater depth, are preventing the South African economy from transforming in a meaningful way.

This research offers an evidence-based perspective on the role that development policies can play in fostering economic change. Inclusive prosperity refers to a rising market in which the gains of growth are widely spread. To put it another way, global prosperity must be balanced by a decrease in inequality. However, a growing economy ought to be the starting point. Investor skepticism, exacerbated by political and policy instability, structural flaws, and unresolved regulatory tensions, has led to a low-growth climate (National Treasury 2017). Low growth reduces the economy's potential to transform because it jeopardizes the viability of vital social spending by the government as well as the overall progressivity of tax and fiscal policy.

Furthermore, low growth reduces the counter-cyclicality of fiscal and tax policy, which could otherwise be used to raise aggregate demand. Finally, low growth can jeopardize the economy's overall long-term potential growth rate if it translates into a country's failure to introduce crucial growth-enhancing initiatives such as efficient infrastructure or better education and skills training (Richard, 2011). Putting the nation on a faster growth path can be accomplished by systemic change (i.e., shifting into higher production areas) or by extending current operations where a strong competitive advantage exists (for example, the export of services and certain high-value agricultural products).

Pursuing structural change and sustainable development must be balanced by a focus on developing a globally competitive economy. In other words, pushing an economic transition and sustainable development agenda cannot jeopardize the long-term stability of a small open economy that depends on selling goods and services to the rest of the world. This is by attracting investment to fund its economic development. The study suggests that if the country can increase its relatively low domestic savings rate while decreasing the dependence on foreign savings to finance investment and economic development, the competitiveness of the economy must remain a key focus area.

An economy's competitiveness can be calculated in a variety of ways, including the prices of its products (for example, port and energy tariffs), labor or total factor output, or the competitiveness of individual markets (e.g. how deep and liquid its financial markets are). A focus on the competition often stresses the trade-offs coupled with business change and inclusive development, where such trade-offs occur. Prioritizing led to a great deal by state-owned enterprises, for example, will promote economic transformation and sustainable growth, but the short-run effect on competition would not be neutral if local companies are unable to produce the designated goods at the same price as the national industry.

However, this does not imply that the mid-to long-run effect on competition would be negative; however, it emphasizes the fact that the economy will need to incur certain short-run transition costs to reap long-term benefits. These three results form a virtuous loop in which economic change encourages equitable and balanced development which is likely to lead to a higher future growth rate. Inclusive growth decreases inequalities and can create opportunities for economic change both directly (via social investment, for example) and indirectly (via expanded opportunities for involvement in the economy).

A dynamic economy that successfully invests in global and regional supply chains expands more efficiently and sustainably, which shows that they are compatible rather than mutually exclusive or competitive. This requires economic policy to account for the trade-offs that could be found in achieving these results, this also mitigates the possible negative effects of a single emphasis at the detriment of another in the long run. This study believes that economic interventions have dynamic trade-offs and potential effects for inclusive growth. Active industrial policy, for example, is part of every government's policy mix because of its potential to achieve economic change and improve long-term productivity outcomes, and enhance competitiveness.

8. Conclusion

The article examined South Africa's economic progress, alongside the challenges and opportunities for sustainable development. The study discovered that the South African economy experienced long-lasting and sustained economic development with continuous successive growth in the past few years in its recent history. The presence of foreign investors was seen to have impacted the long-lasting development, with a positive business atmosphere in the country. Resulting in some, albeit not adequate fixed investment activity in the country. Regrettably, many of the foreign contributions have been short-term-based investments, and portfolio flows. But other scholars argued that lack of social policy has impelled further advancement in the area of social development regards to wellbeing.

However, we must not fail to note that policy implementation has been a major challenge for South Africa, and it is seen as more of a challenge – that is, policies that lack the right political will for their implementation, are then rendered either weak or inappropriate for such an economy. Despite the solid economic performance in the past few years, the expansion did not result in a significant rise in new employment opportunities as the country currently records a high rate of unemployment. This is therefore justified by the large unemployment rate in the country, as it does not enjoy the higher economic activity.

The state stepped in by providing an ever-expanding social safety net, with around a quarter of the total population receiving some form of government assistance. Policies put in place over the past recent years created a solid foundation for the economy to weather the current global turmoil and its influence on the South African economy.

8.1. Limitation of the study

The study explored the economic progress of South Africa and the government's efforts to achieve long-term economic growth while examining the contrasts of South Africa's commercial connections with the SADC and the BRICS. It further analyzes the different roadblocks that stand in the way of achieving a sustainable economy, however, future research can be centered on examining the significance of alternative channels to achieve long-term economic growth.

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