CHAPTER 7

PRESENTATION AND DISCUSSION OF THE FINDINGS

7.1 Introduction

The purpose of this chapter is to present and discuss the findings from empirical investigations done in the field. The primary and the secondary data gathered are analysed in terms of the aims and objectives of the study (Chapter 1, Section 1.4). The findings clarify the research problem (Section 1.3) and answer the research questions (Section 1.5).

Tourism is indeed one of Limpopo's fastest growing economic sectors. The number of tourism accommodation suppliers is growing at a tremendous pace. Of the sampled enterprises, 68% are less than 10 years old, which suggests that a large number of them emerged in the last few years. This mushrooming in large numbers could be explained as a response to increasing demand for tourism services as well as to speculative demand as defined in Chapter 3 (Section 3.1). Tourists could also due to the fact that tourist accommodation is gaining increasing attention as part of the tourism product consume it. Hence the literature review revealed that, tourism accommodation could be used as a tool for broader tourism development (Section 2.4.2).

7.2 The nature of enterprises investigated

As indicated in Chapter 2 (Section 2.3), the documented survey reveals that there are various types of NSMTA facilities in South Africa and that Limpopo's NSMTA enterprises range from the very small survivalist operators, the micro-enterprises, and the small- and medium-sized operations to large businesses. The presence of inns, motels, guesthouses, B&B and self-catering accommodation establishments, resorts, lodges and hotels throughout the province bear testimony to this. However, not all these types were included in the study. Only those categories illustrated in Figure 7.1 were included. According to their percentage contribution to the overall research sample (n=110), just about half (49%) of the information came from lodges and guesthouses. Hotels, resorts and B&B establishments comprised just over a third (36%) of the sample and 15% were excluded from this classification and described as 'others' (Figure 7.1). 'Others' was an option given in the questionnaire to cover specific forms of self-catering facilities like farmhouses and camping sites.

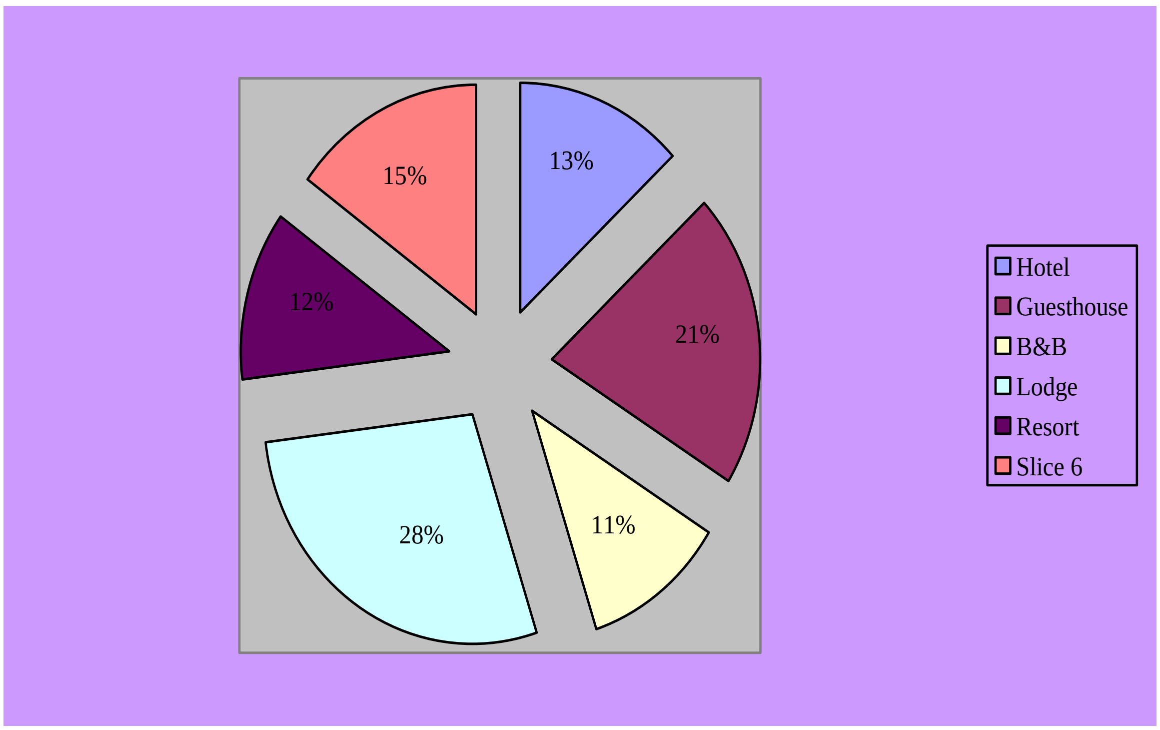

Figure 7.1: Types of enterprises included in the study.

This study found that Limpopo's NSMTA offerings did not cover the full range of small tourism accommodation operations as suggested in the literature (Chapter 2, Section 2.3). Only four backpacker facilities were identified. Moreover, the lack of holiday flats and the absence of holiday cottages and country houses show that Limpopo could still expand in terms of facility diversification. The lodges happened to be the most prevalent type (28%) of accommodation represented in the sample, followed by guesthouses (21%), with most of them being located on premises previously used for different purposes, such as residential houses. Although B&B accommodation enterprises appeared to be less well represented (11%), they tended to function relatively more formally than the guesthouses. Both the hotels and the B&Bs were better able to provide the researcher with the required and even additional information, than was the case with other operators.

7.2.1 Establishment and choice of the site

Limpopo has four tourism regions (Chapter 1, Section 1.2). The number and type of tourism accommodation facilities varies within the regions (Figure 7.2), which themselves differ in terms of size and availability of tourism-related resources. For appropriate representation, the research sample included different types of NSMTA enterprises within each tourism region.

In line with the first research question (Section 1.5) and the first objective of the study (Section 1.4), the issue of locality emerged as linked to other critical aspects that are of vital importance to the study. The nature of the enterprise and the business approach adopted by these enterprises appeared to be directly related to the geographic location. The locational choice had much to do with the rural land tenure system where a few individuals who have power to allocate and use land based on historical circumstances control land.

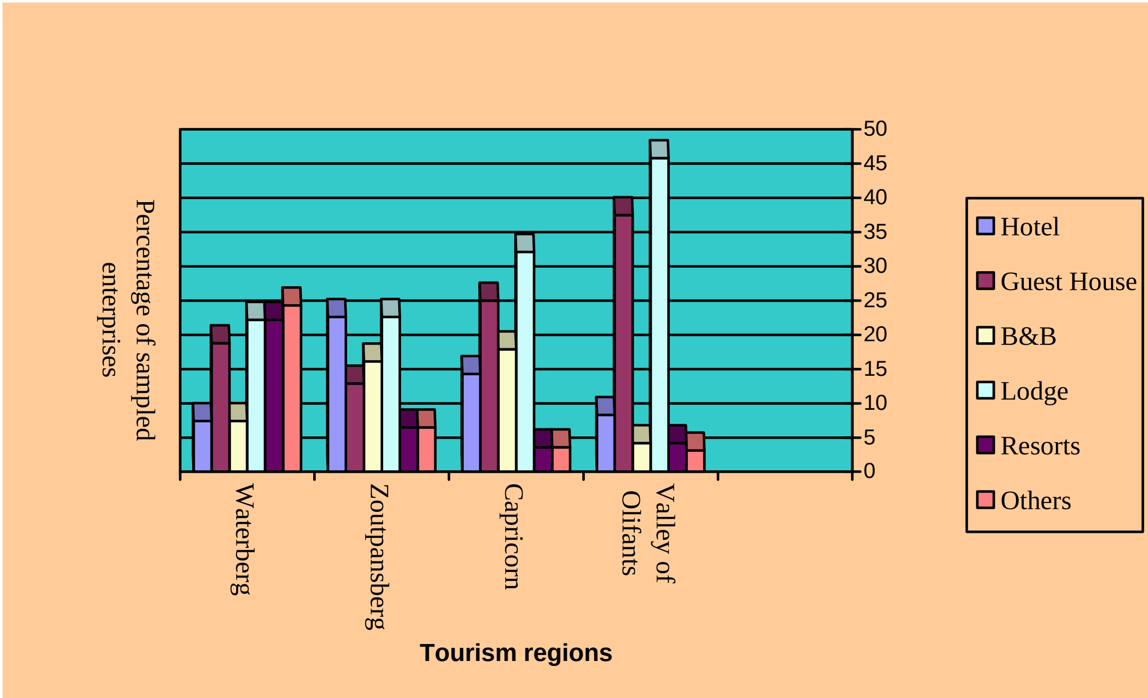

Figure 7.2: The distribution of the sampled facilities

Limpopo's natural and cultural features play a major role in its tourism growth potential – an observation often mentioned in tourism-related writings and recorded in this study's literature review (Chapter 1, Section 1.2). The Waterberg area's natural scenic beauty and game farm experiences are overwhelmingly appealing. This makes ecotourism the dominant activity in the region.

In this survey, the lodge emerged as the main type of tourism accommodation in the province, contributing an average of 31% of the total accommodation stock. Regionally, lodges were dominant in Capricorn and the Valley of the Olifants regions at 35% and 48% respectively. The second most important type of facility was the guesthouse with an average of a 26% contribution to the overall accommodation stock. It is apparently dominant in the Valley of the Olifants region with 41% contribution. Hotel facilities contributed 17% on average and were mostly in the Zoutpansberg (25%) and Capricorn (17%) regions. This phenomenon could be explained by the fact that these regions are more urbanised than others. Hence, the researcher concluded that hotels are not very prominent in the non-metropolitan parts of the province. The distribution of accommodation facilities related closely to the type of economic activities and tourism products offered in the area. For example, B&Bs are generally located close to the major provincial tourism hotspots within each region (Chapter 1, Section 1.2).

As indicated before, lodges were the dominant type of accommodation in The Valley of the Olifants and the Capricorn regions (Figure 7.2). Generally, they operate on a relatively more formal level, compared to guesthouses that serve a different market. More than 50% of the lodges were registered with the South African Tourism Authorities and 38% of the sampled lodges were graded. This shows that they would be able to deliver professional and quality service to tourists and their offerings can therefore bridge the gap between demand and supply.

The wide diversity of NSMTA enterprises can be inferred from the Waterberg region where the ‘others’ category dominated the survey. In the category, ‘others’, respondents mentioned self-catering units, farm or country houses, camping sites and backpacker accommodation. The increasing diversification within the sector has to do with the attempt to meet newly emerging demands. The demand for tourism accommodation has become more dynamic with more and more tourists searching for a special experience in newly developed tourism destinations. Hence, the diversity in the provincial distribution of facilities could be attributed to changing tourism demand with nature-based tourism (ecotourism) taking precedence over the traditional tourism activities.

The establishment of NSMTA is seen to be locationally biased in the sense that the facilities invariably lay in remote rural areas. At the same time, they do cater for the personal preferences and individualised needs of their clientele. The choice of site plays a particular role in the sustainability of the operation. It became clear during the survey that the geographical location of an accommodation enterprise had a major impact on its operation and profitability. The choice of a business site is both a technical and tactical aspect of business decision-making.

7.2.2 Locational choice and infrastructural resource

From the information received from the sampled operators, it was determined that the choice of business site varied considerably (Table 7.1). The use of locational choice as a point of departure in the questionnaire survey was to assess the extent of competition and provide evidence of the required tourism resource base for the accommodation enterprises. Operators were given four different options from which to choose the most applicable to their situation. The options given were intended to check whether the locational choice was based on a particular business philosophy or principle or not. The results are summarised in Table 7.1.

Table 7.1: Reasons for site choice

Proximity to popular tourism destination	30.9%
Locational inertia	25.5%
No other site available	6.4%
Other personal reasons	37.3%

Being in the vicinity of established tourism attractions appeared to favour nearby tourism accommodation businesses. Proximity to areas like the Kruger National Park, the Bela-Bela warm baths and mineral springs, the bush veldt scenery of the Waterberg and the scenic beauty of the Valley of the Olifants in the vicinity of Hoedspruit, appeared to give accommodation operators a better chance of success. The researcher identified a number of the NSMTA enterprises that gained strategic locational advantages because of their position in relation to the above-mentioned areas. These locations generally exhibited characteristics that place NSMTA facilities in a relevant and viable setting in terms of convenience, and thus to ultimately contribute to growth in the tourism industry. Research data (Table 7.1) support this assumption that was based on field observation.

Proximity to popular tourism destinations is a widely held reason (31%) for the choice of a location for an accommodation facility. However, other bigger enterprises in Limpopo are encroaching into these areas. It seemed as though either non-South Africans or some wealthy person residing overseas or in metropolitan areas or even in another province, owned such enterprises. It was not easy to access the actual statistics on the situation because the operating managers were not allowed to conduct any kind of interview with the researcher, nor were they allowed to complete the questionnaire. However, it was indicated to the researcher that the some owners of the operations were normally far from the premises exercising remote control. The problem with such *in absentia* operators is that they often have enough money to do simply as they wish and tended to operate large enterprises in several areas. This confirms the second problem statement as given in Chapter 1 (Section 1.3).

The allocation of premises to such owners in prime locations poses unhealthy competition for local operators in that they bring with them the highest quality service because they have the resources to do so.

Considering the fact that Limpopo boasts three national parks, three heritage sites and shares borders with three countries, namely Zimbabwe, Botswana and Mozambique, the spread and diversity of NSMTA does not only relate to this aspect but also to its physiographic and land-use patterns with three prominent mountain ranges, namely Waterberg, Soutpansberg and Drakensberg. It was established during the survey that accommodation facilities are not evenly distributed across tourism regions. They are more concentrated along the tourism hotspots areas, near shopping centres and close to major tourism destinations.

Locational inertia has to do with sites that are still used for the sake of preserving their history. From the survey, it was established that more than a quarter (26%) of the total sampled NSMTA operations in Limpopo, claimed this applied to their site. A set up of this nature would require additional planning for the business to acquire an adequate threshold. The circumstances surrounding such sites were threefold; each has its own functional implications.

First, the largest proportion of this group (67%), strove to venture into a new business opportunity by converting the premises that were originally established for some other purpose into something to host the “new tourist” (Poon, 1994). Such a decision would have been quite difficult because of the nature of the dynamics of tourism demand (Chapter 3, Section 3.3). It is interesting to find that more than 50% of NSMTA operators acknowledged the business opportunities that tourism accommodation offers. However, there are a number of highlighted challenges that threaten the realisation of such opportunities. One such challenge is unregulated competition. Without a sound business plan or strategy, the chances of success are limited. Implementation of a proven generic business plan for the sector could be the solution to this problem.

Second, 13% of the operators who chose locational inertia as the reason for their choice of site were continuing to use the premises for the same purpose, namely tourism accommodation. They had either bought the property or taken it over from their parents or relatives. In most of these cases, the business needed to be revived, which meant that the new owners had to make extensive improvements to change people’s perceptions of the place. However, this did not seem to happening because the respondents claimed to have been in the same situation for sometime when discussing their operation with the researcher on his visit to their facility. This situation could change for the better if the operator applied and adopted the principles of a relevant generic strategic business plan.

The third group, constituting 20% of the operators, comprised those who had a successful business and were expanding and moving to new premises where obvious opportunities existed, closer to provincial tourism icons. They were usually ‘bigger’ businesses that had appropriate facilities for offering a complete tourism service or, alternatively, a range of other offerings tourists need, thereby accommodating the dynamics of tourism demand. This is part of the problem under investigation as stated in Chapter 1 (Section 1.3). It is what the researcher in this study calls ‘succession intrusion’ and entails bigger businesses moving out of urban areas to non-metropolitan areas and capturing the market that should, in essence, be for smaller enterprises. These larger businesses operate by either using different brands that are easy to manoeuvre or franchises of well-established brands. An example of this is the Protea Hotel group running the Mphephu resort and Thohoyandou Caravan Park. Finally, the “No other site available" option constitutes the smallest percentage (6%) in terms of choice of site for Limpopo tourism accommodation enterprises. This suggests that operators took cognisance of the viability or sustainability of their businesses before engaging themselves in the business. They were not prepared to take any site for the sake of business success.

Respondents in the fourth category, described as ‘other personal reasons’ were decidedly vague and the real reason for the choice of a site for the establishment of NSMTA facility in Limpopo was not easy to determine. Most (37%) of the operators selected this option. This reflects the fact that each location has some unique quality appealing to a specific service provider serving a particular market. Strategic location designation is the most appropriate determinant for NSMTA in terms of meeting tourism demand. The site itself could also serve as a catalyst for further development of the enterprise. Should the site be strategically positioned, it could usually accommodate a range of other advantages that would stimulate business growth. The matter of greatest interest in terms of this study is whether the different reasons that led to the locational choice for a business had anything to do with meeting the rising tourism demand in the province. This concurs with the generally accepted view, frequently expressed in the literature reviewed, that the choice of any business site should be based on business principles. In this case, the driving principle pertains to reaching out to tourists visiting certain destinations within the province.

7.2.3 Ownership and management style

Ownership and management style contribute in the success or failure of any business type. Organisations or businesses that are professionally managed tend to survive well even in the most competitive markets of the world. The finding from this study indicates that management styles differ with the type and category under which business is operating.

Table 7.2: Ownership of the enterprises

Single Owner	41.8%
Partnership Owner	23.6%
Family-owned	16.4%
Company-owned	12.7%
Other type of ownership	5.5%

Ownership of an enterprise plays specific role in terms of demand and supply. Private individuals, as single owners own almost 42% of the business and represent the largest number of enterprises. Situations where all managerial responsibilities are handled by one individual has proven to be problematic when it comes to matching demand with supply because it became clear from the findings that single handed managed enterprises are narrowly focused. Although 62% of the owners try to update and upgrade their services consistently, the market trends outpace their lonely attempts. Perhaps it is because updating and upgrading exercises involve research and strategic planning, which is not easy for owners/managers who personally take on all the administrative responsibilities single-handedly.

Professional assistance is essential and operators are people who would certainly benefit from training programmes. The single-handed management style contributes to widening the gap between demand and supply. Coincidentally, the investigation revealed that 41% of the operators had no training or background in business management. This underscores the need for some kind of specialised intervention, through private and public partnerships, to ensure business success. Contrary to that, the researcher established that 78% of the operators said that they had not approached nor consulted any institution or experts for business support or assistance since the start of their business. Thus they only manage their businesses according to their own frame of reference. Perhaps this is where the government could and needs to play a facilitation role of developing the sector and broadening the management styles of the business so that individually and collectively the enterprises could contribute to the overall development of the tourism industry.

The operators appeared to be concerned about contact with government officials as this could, to their way of thinking, mean they would be vulnerable to possible investigations by the South African Revenue Services (SARS). They would prefer to avoid this, as taxation issues could be burdensome for them. Another issue that worried them was that of labour registration and the implications of a whole range of government labour practices regulations and policies that stipulate working hours and enforce minimum wages. Some operators did not want to open-up to reflect on the actual situation regarding their business ownership and management styles. Generally, across all four tourism regions the use of professional consultants is still low. At least 22% had made use of some kind of business consultancy over the last three years or so.

Eighty six percent of the guesthouses were family businesses. These were managed at a family level with the head of the family or the breadwinner as the chief executive officer (CEO). This kind of management style, as reported, appears to be failing to yield favourable results in the competitive business of a tourism accommodation enterprise. The B&Bs are more liberal in terms of management and operational styles because 62 % had different management levels. For example, rooms were managed separately from food and both managers reported to the general manager. Even though it may not be claimed to be the best, it is still better than the guesthouse management style. Lodges were second best to the hotels, even though some out-compete hotels in the nature of their professional approach to management. Thirty five percent of the surveyed lodges had different departments concerned with issues of marketing, finance and human resources that were run by professional people, either as consultants or part-time employees.

Only 22% of the respondents acknowledged that some kind of ownership change had taken place since the business operation first opened. The two most common reasons were bankruptcy and the operational problems of the former owners. In essence, with all the demand for service and business growth, there are still some operations that could not be sustained, simply because of succumbing to management pitfalls. The researcher attributes failures of this kind of business to the lack of strategic business planning or poor management styles because the sector, as a whole, definitely has good business prospects. Twenty-two percent is too high a number in this case. Perhaps this justifies the need for a strategic plan as advocated by the researcher.

During the interview, it appeared that several businesses generally operated from hand to mouth with very little re-investment in the growth of the business. Perhaps this relates to the business philosophy adopted or the purpose for which the business was founded. Most were established to serve as a supplementary source of income rather than as economically viable businesses to be operated professionally.

The ‘house turned into business’ philosophy creates a challenge, especially on the farms. There were a few incidents where the researcher met some operators who did not want to hear a thing about their premises being part of a research endeavour, yet they had put their own advertising boards next to the public road. No one seemed particularly concerned about the issue of responsible advertising in public space. This is one area in which governmental authorities need to exercise some control.

7.2.4 Human resources

Literally**,** 80% of the participant operators pronounced a business based operation philosophy. The main ones ranged from “customers first”, ‘‘first come first served”, “provide best quality service” and “delivering value for money service”. These pronouncements had to be assessed in terms of the size and the capacity of the enterprises.

The survey revealed that, the number of employees in a single enterprise ranged from 1 to 200 employees. More than half (58%) of the enterprises had fewer than 10 people while 30% employed between 10 and 20 people and 13% employed more than 20. This result endorses the fact that only small- to medium-scale operations were under investigation. Of the employed people, 80% had worked for the same enterprise since its inception as a business. In principle, employee’s retention seemed to be a well-achieved philosophy. On a positive note, this could suggest business stability because people were being retained for a reasonably long period even though countrywide the job market in this sector is characteristically very dynamic and actively ever changing. On the other hand, it could mean that NSMTA enterprises were operating as a ‘closed system’ where, once inside, getting out was not easy nor did employees know about other opportunities awaiting them somewhere outside. Alternatively, another interpretation could be that people who are not marketable for other job opportunities were being employed in the tourism accommodation sector. Non-metropolitan small- to medium-sized tourism accommodation (NSMTA) entrepreneurs depend on a large supply of semi-skilled and cheap workforce in terms of labour cost benefits. General (labourers) employees with three years experience still earn an average monthly salary of less than R2500 in this sector, which is low compare to three years general employees from the government who receive a gross average salary of R4000 and above (from interview).

The philosophy with regard to employee skill development is not good enough. It does not contribute positively to the general development and growth of the industry. Only 10% of the employees had a post-matriculation qualification. At least 29% had a Senior Certificate (school leaving, matriculation level) while the rest were without. With as many as 46% of the employers declaring that they had staff development programmes for their employees, this could imply that such training was only meant for administrators and done from within by the owner or the manager. The literature survey shows that human resource development has been proven to be a vital element in the hotel accommodation sector where tourists demand quality service. The survey established the dominance of female employees (65%) who receive lower wages than male colleagues do. Several investigations (WTO, 2005, WTTC, 2002 and TBCSA, 2002) confirmed that female employees are generally paid less than their male counterparts. Women, particularly those associated with the tourism industry are often seen to belong to an abused but resilient workforce especially in the rural businesses, As long as economies in which tourism plays a major role have ample supplies of relatively cheap labour, there will be little need for rationalisation of investment for a viable strategic plan. This perception needs to be changed so that NSMTA facilities could contribute in the overall development of the tourism industry. Hence, the idea of local community empowerment through generic strategic plan would be more relevant in this regard.

Unemployment is one of the most important challenges facing Limpopo as one of the country's poorest provinces. Many, as a possible alleviator of the poverty problem, see tourism growth and development, especially the NSMTA sector. However, this survey found that some of the people employed in the accommodation sector were still living below the poverty line, despite their having been employed in the sector for four to five years. It is accepted worldwide that the development and growth of SMMEs can play an important role in turning this situation around. It can be assumed that the operators' business philosophy is capital and profit oriented, while ignoring human resource development. Policies and programmes to support the development of SMMEs no doubt are an important part of South Africa's current democratic government's programmes to create a better life for all. However, the implementation seems still far from materialising in Limpopo.

Part-time employees represented about 56% of workers from sampled enterprises. Full-time employees occupy key positions, although, in most cases, the owners/managers took full responsibility on the operational side of the business. The mode of employee recruitment was found to be unprofessional in the sense that the vacancies were neither advertised in newspapers nor any other type of mass media. Managers and operators cited the high cost involved in professional recruitment methods as the main reason that deters them from using professional practices. On the basis of the reasons cited, the researcher feels that specialised qualifications in this sector are still taken for granted, whereas they are actually necessary for the provision and delivery of better service.

The availability of staff appeared to be increasingly determined by the physical location of a particular tourism business or type of operation and seasonality. For example, 90% of B&B owners and managers from all four regions highlighted a shortage of qualified chefs. A lack of skilled employees was identified by 16% of them as one of the main barriers to business enhancement. Approximately 46% said that they had in-house training or skills development for their staff, which the researcher could obviously neither dispute nor accept as the truth because, of the responses from interviewed employees. Fewer than 5% said they had had in-service training.

7.2.5 Business performance

Generally, the assessment of business performance is weak because the majority of operators (54%) did not apply any professionally recognised mechanism for assessment. However, the researcher tried to assess business performance, using standard measures (Chapter 5, Section 5.6). The findings are as follows:

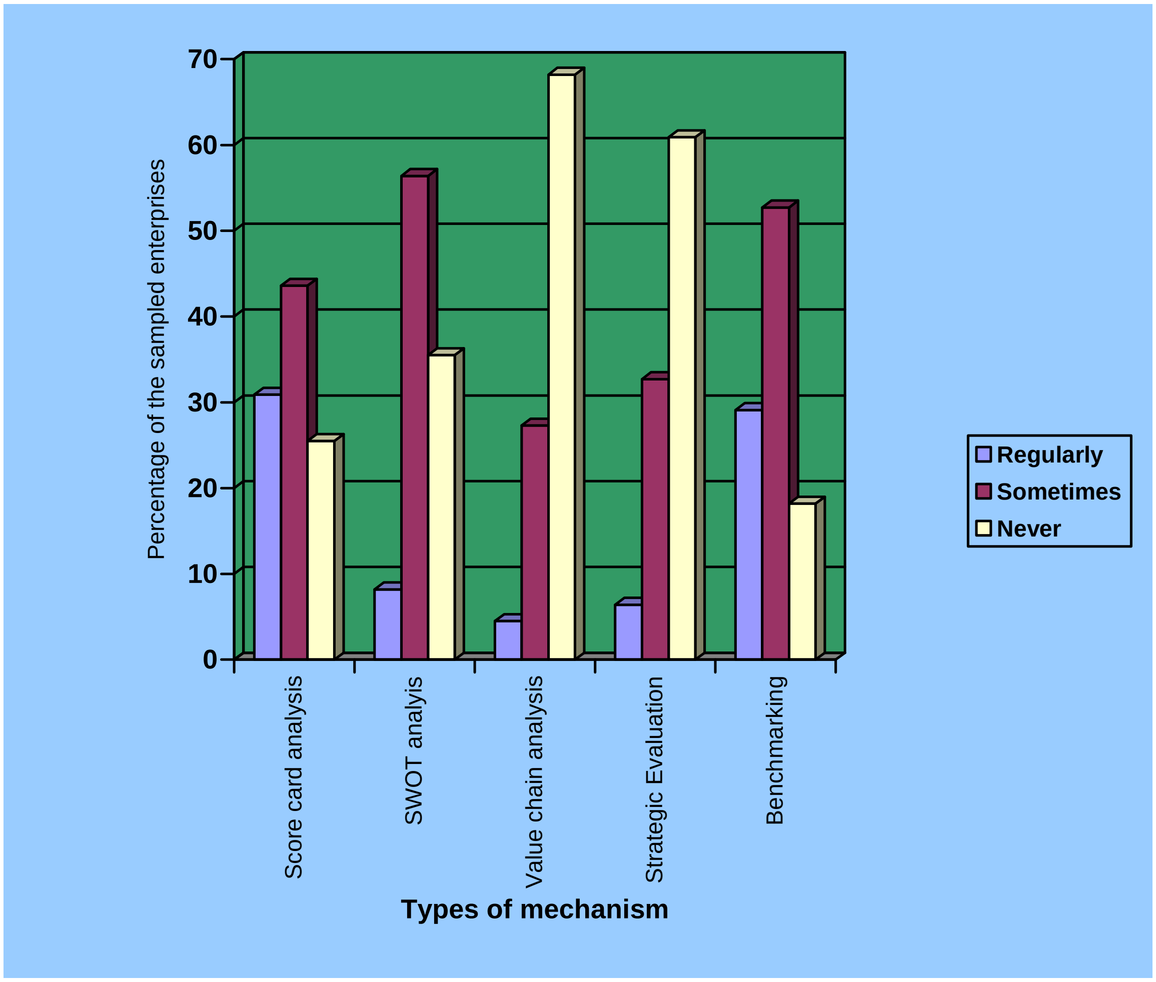

Figure 7.3: The use of assessment mechanisms

Between twenty-eight and fifty six percent of operators from all the regions claimed to have made use of benchmarking and scorecard analysis at one stage or another. These two mechanisms were the most regularly used out of the five options given in the questionnaire. The process of benchmarking (as discussed in Chapters 2 and 4) involves comparing performance and processes within an industry to assess its relative position against either a set of industry standards or against those who are "best in the class" (Jennings, 2001). The balanced scorecard methodology is an analysis technique designed to translate an organisation's mission statement and overall business strategy into specific, quantifiable goals and to monitor the organisation's performance in terms of achieving these goals. It was actually surprising to find that more than 30% of the operators declared themselves conversant with mechanisms for business assessment whereas they could not state the vision and the mission of their operations. There is some kind of discrepancy in the supplied information. However, the above measures were considered for their record of accomplishment in examining business performance in four areas:

- Financial analysis, the most traditionally used performance indicator, includes assessments of measures such as operating costs and return-on-investment
- Customer analysis looks at customer satisfaction and retention
- Internal analysis looks at production and innovation, measuring performance in terms of maximising profit from current products and following indicators for future productivity
- Learning and growth analysis explores the effectiveness of management in terms of measures of employee satisfaction and retention and information system performance.

The survey questionnaire provides participants with five mechanisms for business strategic plan assessment of which the results were cross-tabulated from Table 7.4 (a) to Table 7.4(e). As already stated, the mechanisms were discussed in section 5.7.

The balanced scorecard technique was included to evaluate an enterprise's overall performance by allowing participants to integrate financial measures with other key performance indicators that assess their business. The reviewed literature recommended Balanced Scorecard Analysis for being useful in assessing business benefit, as it is a strategy implementation system for connecting long-term strategic planning and short-term action and budget planning. Table 7.3 (a) portrays the relationship between the types of sampled enterprises and the extent to which scorecard analysis is used.

Table 7.3(a) Cross tabulation between type of ownership and the use of scorecard analysis: Q10 (types of ownership) x Q38 (Balanced Scorecard)

	Q38: How often do you conduct Scorecard Analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	17	17	13	47
	%	36.1%	36.2%	27.7%	100.0%
Private company	Count	6	14	6	26
	%	23.1%	53.8%	23.1%	100.0%
Family owned	Count	4	8	6	18
	%	22.3%	44.4%	33.3%	100.0%
Consortium owned	Count	5	7	2	14
	%	35.7%	50.0%	14.3%	100.0%
Other	Count	2	2	1	5
	%	40.0%	40.0%	20.0%	100.0%
Total	Count	34	48	28	110
	%	30.9%	43.6%	25.5%	100.0%

Table 7.3(a) shows that only 31% of the operators conducted scorecard analysis regularly while 44% did that sometimes. Considering what the literature says about this mechanism, namely, balanced scorecard is directly linked to the assessment of the organisation‘s strategic plan to make a profit in the long run, survey results indicate that fewer than a third apply this practice regularly. Poor consideration of this mechanism by the majority of operators means that many enterprises are missing out. It is a useful tool that would enable management to effectively communicate with personnel, especially to inform staff of the overall business strategy, to prioritise actions and to motivate their teams to common and longer-term goals. Undoubtedly, this reveals how a logical structure and the strong bond between actions and strategic goals that promote tourism development are being missed. In fact, those who claim to conduct Scorecard Analysis ”sometimes” are even doubtful of its merit and hesitant to respond because infrequent analysis is likely to provide unreliable information and as such it defeats the purpose of the whole exercise.

SWOT analysis was described in Chapter 4 and Chapter 5, as a mechanism that could easily provide an overview of the organisation's strategic needs. It remains one of the best mechanisms for analysis. In the literature review it is recorded that SWOT analysis is a strategic planning tool that is used to evaluate the strengths, weaknesses, opportunities, and threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favourable and unfavourable to achieving that objective. The strategy can be used in conjunction with other tools for audit and analysis such as PEST analysis and Porter's analysis as described in Chapter 3. Table 7.3(b) shows the results on how sampled operators use SWOT analysis.

Table 7.3(b) Cross tabulation between type of ownership and the use of SWOT analysis: Q10 (types of ownership) x Q38 (SWOT)

	Q38: How often do you conduct a SWOT analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	21	22	47
	%	8.5%	44.7%	46.8%	100.0%
Private company	Count	3	17	6	26
	%	11.5%	65.4%	23.1%	100.0%
Family owned	Count	2	9	7	18
	%	11.1%	50.0%	38.9%	100.0%
Consortium owned	Count	0	11	3	14
	%	0.0%	78.6%	21.4%	100.0%
Other	Count	0	4	1	5
	%	0.0%	80.0%	20.0%	100.0%
Total	Count	9	62	39	110
	%	8.2%	56.4%	35.5%	100.0%

The finding from this investigation reveals that on average only 8.2% of the sampled operators used this important mechanism regularly. In fact, 36% of them did not use it at all. This implies that businesses are operated in isolation from external factors that are so influential in a business operation. Furthermore, it demonstrates that NSMTA businesses are lagging behind in terms of functioning within a structured strategic framework. SWOT analysis is a positive step towards reducing, and possibly eliminating, business risk and it enables the operator to take advantage of the strengths and opportunities as well as prepare for weaknesses and threats. Such advantages are being taken for granted by Limpopo's NSMTA operators.

Value Chain Analysis and Balanced Scorecard frameworks are linked and interact with each other in a wide circle of business functions. As revealed in the literature review, Porter's Five Forces and Value Chain Analysis both help strategic managers make decisions by accommodating the organisational external environment and an internal analysis. The framework of Value Chain Analysis is of special value to managers when developing and implementing a long-term strategy for their organisation so as to build and maintain competitive advantages in the long run. The study finding on how often the sampled operators conduct Value Chain Analysis is presented in Table 7.3 (c)

Table 7.3(c) Cross tabulation between type of ownership and the use of Value Chain Analysis: Q10 (types of ownership) x Q38 (Value Chain)

	Q38: How often do you conduct the Value Chain Analysis?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	8	35	47
	%	8.5%	17.0%	74.5%	100.0%
Private company	Count	0	11	15	26
	%	0.0%	42.3%	57.7%	100.0%
Family owned	Count	0	6	12	18
	%	0.0%	33.3%	66.7%	100.0%
Consortium owned	Count	0	5	9	14
	%	0.0%	35.7%	64.3%	100.0%
Other	Count	1	0	4	5
	%	20.0%	0.0%	80.0%	100.0%
Total	Count	5	30	75	110
	%	4.5%	27.3%	68.2%	100.0%

Even worse than the mechanisms that have already been dealt with, Value Chain Analysis is so far the least regularly used mechanism with an overall average of only 5% of the operators using it regularly and 68 % saying they never use it. Yet this mechanism highlights the basics of an internal analysis of a chain of business activities. It explores the role and contribution of the organisation's resources corresponding to primary and support activities in a cost-effective way to gain cost advantage. The importance of Value Chain Analysis as a tool is that it shows the contributions from different functions of an organisation in the value-adding process. At its simplest, it integrates both the process steps for customer delivery and the various functions in a company that facilitate delivery at different stages.

Strategic evaluation is very close to SWOT analysis. It encompasses the internal and external factors that affect the company's business strategy. The business strategy is compared to the industry's key success factors, competitive resource requirements and the firm's internal capabilities and resources. In essence, it is a systematic and comprehensive process of evaluating the effect of a strategic plan on a business. Table 7.3(d) shows the research findings in this regard.

Table 7.3(d) Cross tabulation between type of ownership and the use of Strategic evaluation: Q10 (types of ownership) x Q38 (Strategic evaluation)

	Q38: How often do you conduct strategic evaluation?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	4	11	32	47
	%	8.5%	23.4%	68.1%	100.0%
Private company	Count	1	14	11	26
	%	3.8%	53.8%	42.3%	100.0%
Family owned	Count	1	5	12	18
	%	5.6%	27.8%	66.7%	100.0%
Consortium owned	Count	0	5	9	14
	%	0.0%	35.7%	64.3%	100.0%
Other	Count	1	1	3	5
	%	20.0%	20.0%	60.0%	100.0%
Total	Count	7	36	67	110
	%	6.4%	32.7%	60.9%	100.0%

Table 7.3(d) confirms the researcher's problem statement in the sense that, on average, 61% of the sampled operators 'never' conducted strategic evaluation for their enterprises. Certainly, strategic evaluation cannot be done where there is no strategic plan. It suggests that, in essence, the majority of Limpopo's NSMTA enterprises operate without a strategic plan.

There are three main types of benchmarking that the researcher was actually looking at (i.e. internal, external and generic benchmarking). All these types try to assess business performance against the best in the industry. They all involve learning, comparing and sharing information and adopting best practice to bring about changes in performance. This could mean improvement through learning from others. It is a continuous process of measuring products, services and practices against the toughest competitors or the best performers in the industry. It allows for a positive and proactive process through which a company performs a specific function in order to improve its own performance in a similar function. Table 7.4(e) shows the results on how often the sampled enterprises conduct benchmarking.

Table 7.3(e) Cross tabulation between type of ownership and the use of Benchmarking: Q10 (types of ownership) x Q38 (Benchmarking)

	Q38: How often do you conduct benchmarking?				
		Regularly	Sometimes	Never	Total
Individually owned	Count	10	28	9	47
	%	21.3%	59.6%	19.1%	100.0%
Private company	Count	9	14	3	26
	%	34.6%	53.8%	11.6%	100.0%
Family owned	Count	3	11	4	18
	%	16.7%	61.1%	22.2%	100.0%
Consortium owned	Count	8	4	2	14
	%	57.1%	28.6%	14.3%	100.0%
Other	Count	2	1	2	5
	%	40.0%	20.0%	40.0%	100.0%
Total	Count	32	58	20	110
	%	29.1%	52.7%	18.2%	100.0%

Again the results do not show enough evidence for the existence or deployment of strategic plans within Limpopo's NSMTA sector. An average of less than 30% of the sampled operators employs benchmarking mechanisms on a regular basis. It is critical at this juncture to repeat what has been stated in the literature review about the importance of these mechanisms to the strategic performance of the business.

Of the described measures, none can fully achieve its objective in isolation. They are commonly used collectively in order to give a consistent and objective indication of true business value. Therefore, they are all considered important. From the results as presented by different cross-tabulations it is clear that, overall, the application of assessment strategies is obviously lacking in Limpopo's NSMTA enterprises. This strengthens the researcher's earlier claim that there is either deficient in the use of a strategic plan or it does not exist at all. The research findings enable the researcher to say with confidence that strategic planning is a problem that needs to be addressed in order to promote tourism development if NSMTA facilities are to be used as a tool in the promotion of the present government's development goals for South Africa.

7.2.6 Competitiveness

The geographical location of an enterprise largely determines the profile of its visitors, the size of its market and the level of competition that it has to face. These three variables also have a strong impact on the Information Communication Technology (ICT) adoption propensity of an enterprise. A number (44%) of small- to medium-sized enterprises are attempting to acquire access to the Internet and adopting ICT facilities in an attempt to gain greater competitive advantage over their rivals, especially the larger ones. The competition levels among all tourism accommodation providers is a deregulated activity, which promotes the 'law of the jungle', the survival of the fittest. Thus, the less privileged enterprises with a low profit margin tend to lag behind in terms of market competition.

The general occupancy rate in certain locations is an indicator of the competitive intensity among the accommodation enterprises. High levels of occupancy rates at a location imply that competition is weak. However, this survey established that, on average, current operations do not reach 60% occupancy rates, which means they should continue to strive to enhance their occupancy rate. Often the low levels of occupancy point to higher levels of competition between the enterprises. High levels of competition may prompt accommodation facilities to venture into new strategies and use of contemporary technologies to attract customers as well as to increase the efficiency of their operations. As already pointed out in Chapter 3, domestic travellers, with some cross-border visitors from the neighbouring southern African states, generally dominate the demand for tourism accommodation in Limpopo. Therefore, operators should liaise with their counterparts from the other side of the borders to broaden their chances for higher occupancy.

The research findings established that Limpopo's NSMTA facilities are generally unique in terms of locational choice and that give them another element of competitive edge. They are authentic because 34% of them used local traditional building styles like thatched roofed 'rondavels' (Picture 7.1). This kind of building style form part of cultural tourism. It appears that building styles are of interest to tourists because even the most recently established businesses tend to adhere to the traditional or cultural style. The building style can in some way be indicative of the nature of the business. Although 68% of the sampled owners/managers could not specify their business philosophy in the questionnaire, the researcher used the physical appearance of the premises as a non-verbal expression of the business intentions. Picture 7.1 shows an example of a NSMTA facility in Limpopo. It is a unique style that won the Emerging Tourism Entrepreneur of the Year Award (ETEYA) for 2006.

Picture 7.1: An example of building style

In terms of demand, the emergence of new facilities can be linked to growth in the industry and the attempt to serve tourists needs. Forty six percent (46%) of the established facilities perceived a need to either expand their operations or to add services that are presently not offered by their institutions. It means that the high demand for tourism accommodation services stimulates growth in both the extension of existing operations as well as developing new facilities. Hence, the strategic plan based development of such facilities will obviously contribute to overall tourism development within the province. Williams (2004:177) *argues that accommodation is not only a way by which the local population could become involved in tourism, but also a means of offering a more authentic, meaningful, and satisfying experience for both the visitors and the visited.* The given picture supports the argument.

Each tourism accommodation establishment that was sampled for this study appears to exist within a particular competitive "category", depending on the locality and the image associated with the destination. The idea of "place marketing", as indicated by Hall and Page (2006) and commented on in the literature review (Chapter 4), is adopted as a composite view of every unique place as a product that can be of interest to travellers. This leads to a generalised image of the province as a tourist destination that has a unique setting and provides a different experience for its visitors. As a result, the number of visitors coming to Limpopo is increasing (as indicated in Chapter 1) and more than 300 000 foreign tourists had come to enjoy an array of diverse tourism services within the province's boundaries by 2007 (http://www.golimpopo.com). The findings from the investigation confirm that diversity within accommodation facilities contributes to the growth of the tourism industry. Areas where visitors spend limited time are now able to retain visitors due to improved accommodation related services. The availability of the Internet for instance, and recreational facilities like swimming pools, has been noted as examples of features that help to prolong visitors' stay in some areas.

7.3 Operation of the business

Throughout the world, businesses are established for different reasons. The success or failure of the business cannot be determined without considering the purpose for which it was established. For this particular study, it was also important to try to determine strategic options as suggested by the third group of stated objectives of the study (Chapter 1. Section 1.4). Amongst the most common reasons for establishing a business is the need to generate income by making a profit. This is no different when it comes to Limpopo's NSMTA establishments. In line with the focus of this study, operators were given options from which to choose their reasons for starting a business (Figure 7.4).

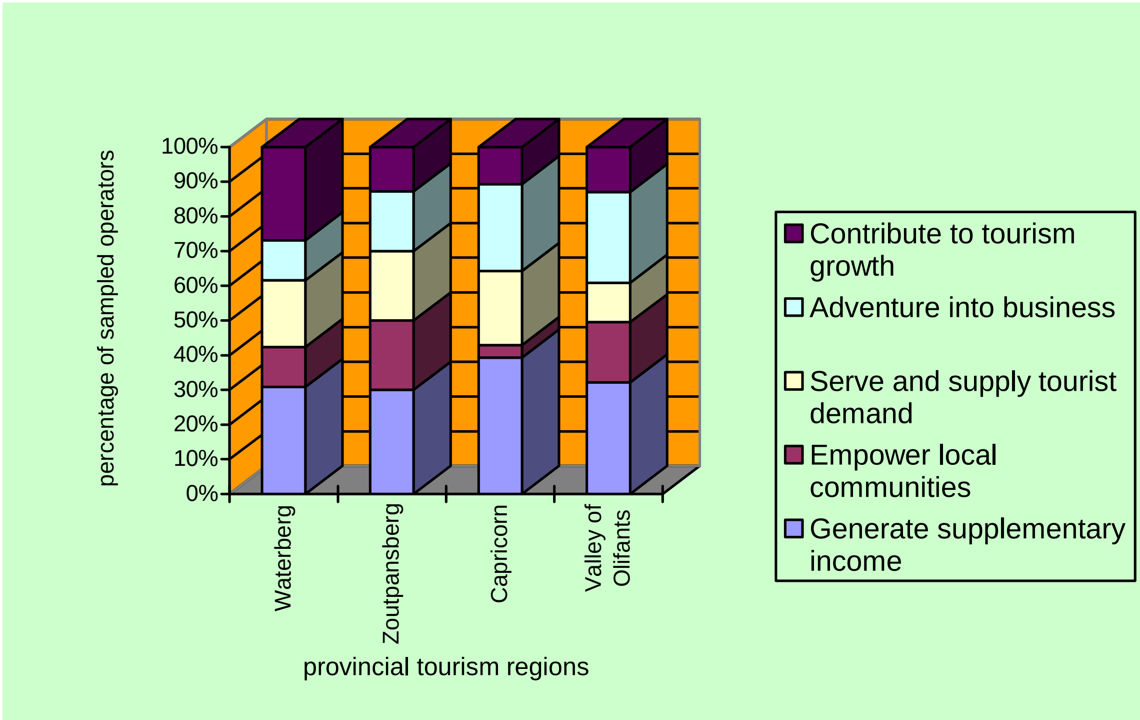

Figure 7.4: The purposes for business establishment

At least 28% of the operators cited "to generate supplementary income" as the reason for engaging themselves in NSMTA. This could mean that the operators were not particularly worried about matching accommodation supply to tourism demand. Increasing their personal financial resource base was their main objective, either out of necessity or to improve their way of life and standard of living. The supply-demand challenge will, therefore, continue in this sector for as long as people only see their operations as a way of maintaining a desired lifestyle.

Of equally concern to the industry as a whole is the fact that 20% of the respondents intimated that they were motivated by the idea of venturing into new business opportunities. Some business operators were, however, ill equipped in the field of business management, as seen by the fact that operated their businesses without a strategic or business plan. Their response could also imply a genuine interest in the industry and, as such, they would benefit from the government programmes for SMMEs development support. It is even doubtful whether the 19% who said that they had started their operations in order to serve and supply tourist needs, really had a sense of what this really entailed or meant.

The lowest percentages (13%; 15%) represent the small group of operators who are sincerely on a mission to contribute to the growth of the industry and to empower local communities respectively. If things were, as they should, namely, need to meet the needs of tourists visiting Limpopo and to contribute to its social and economic development, the last two options in the questionnaire should have been the dominant reasons for starting such an operation. However, the survey established that fewer than 10% of the operators contributed something to the upliftment of communities where their businesses operate. The differences reasons regarding the purpose of business establishment varies amongst individual operators. Such variety could be attributed to personal circumstances and the locality within which the business was established.

7.3.1 Impacting factors on the business

The last three years (i.e. from 2004 to 2007) have witnessed unprecedented change in the scale and the profile of Limpopo's NSMTA stock. In 2005, Limpopo boasted nearly 301 graded tourism accommodation facilities, whilst by June 2007 the number had risen to approximately 500 enterprises. The sleeper capacity now totals more than 12,000, which is a factor in the province's success to attract major tourism markets. Growth shows little sign of abating. Information from this research reveals that there is still interest in further development. In various stages of the planning process, there are proposals for another 2,000 potential bedrooms, with this new supply predominantly in the guesthouse and B&B sectors.

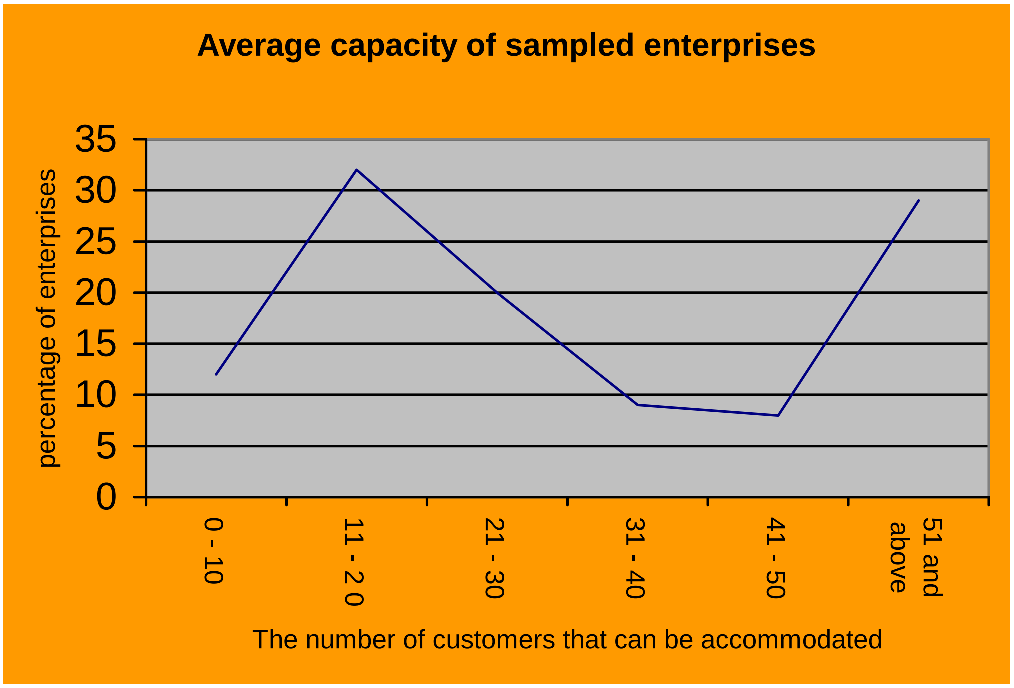

Figure 7.5: The size of operations in terms of number of customers they can accommodate

The number of guests accommodated in Limpopo's NSMTA facilities ranges from six to 510 guests at a time. The average highest occupancy rate is 60 %, which is surprisingly higher than the country's average. The researcher assumes that the discrepancy between national figures and the research findings could be due to the fact that the study focused on the most ignored sector of tourism accommodation, namely the non-metropolitan, small- to medium-sized enterprises. On that basis, the findings are still considered valid. In the 2006/7 period, the annual estimate of guests hosted was 500 000 although 17.2% of the operators were unable to provide their annual average guest numbers. Only 27% of the enterprises have fully operational conferencing facilities while another 15% plan to include conferencing facilities in their growth and expansion plans. Overall, less than 20% of enterprises focused on accommodation alone. The rest complement their accommodation with other tourism products like guided tours, visitor entertainment, food and beverages, and so forth.

Further evidence that the actual demand is greater than growth in capacity is attributed to findings relating to the pricing structure that is relatively high at an average of R380 per room per night, without meals. Analysis of confidential returns from sampled operators (n=110) indicate that, from 2004 to 2007, there has been an average increase of 10% in room rate per annum, which can be considered as substantial although it should be treated with caution as the sample is small. The high demand is actually fuelling the regular increases in stock levels. Hence, the researcher decided to ignore the motels and inns, which form part of the sector even though they are mushrooming just everywhere.

On the demand side, the stated vision and mission of enterprises, in general, seemed to have very little influence at all. This is measured in terms of adherence to policy in line with the set vision, and consistency of the operation in its day-to-day running. Operators cautioned the researcher about the difference between 'paper work' and 'industry demands'. In essence, when the need arises, they tend to focus on existing realities rather than on the written plan. Although levels and profiles of demand vary across the different categories and geographies of the province, research results indicate a continuing, fairly robust, demand for accommodation, particularly in the lodge category. The findings showed an average of 68% occupancy in most categories of the facilities. This is inconsistent with other research as recorded in the literature reviewed. In general, an average of less than 55% occupancy rate was common at national level.

The survey findings differ from the observation reported in the literature review in terms of size of accommodation establishment and their categories. Figure 2.1 in Chapter 2 shows a large proportion (82%) of small- to medium-sized enterprises as having a capacity of fewer than 15 people at a time, whilst these research findings found the figure to be 42%. This also confirms the importance of this study, which highlights tourism region offering a variety of experiences, choices and facilities to meet a range of tourist needs. Perhaps much of the literature reviewed relates to First World situations that would mainly serve passing traffic, whereas Limpopo offers far more, especially the exclusive, specialised facilities offered by rural based enterprises, which were never considered at all in previous investigations.

Limpopo is renowned for being peaceful, which warrants it being called 'the province of peace,' especially compared to some other provinces such as Gauteng and Kwazulu-Natal. Tourists, both local and foreign normally feel secure and free to bring their families because they believe they are safe within the province. This is despite the crisis in neighbouring Zimbabwe. Furthermore, Limpopo is endowed with bountiful natural resources, including 54 provincial reserves and many private game reserves that make the proliferation of NSMTA is unavoidable. The characteristics of the province itself boost the viability of the tourism accommodation sector because tourists continue to come to the province in search of reasonable priced accommodation. In this regard, the researcher found that NSMTA enterprises were reasonable in terms of their rates as compared to what the literature review says (Sections 2.3 and 3.4.3). It is, therefore, not surprising to find that tourism is high on the national and provincial institutional agendas.

7.3.2 The role of different stakeholders

Different reasons motivate tourists to visit tourism destinations. This applies to the Limpopo province as well. The survey indicated that the spectrum of tourist's motives for visiting Limpopo is not as wide as those of major tourists attracting provinces like the coastal provinces (Kwazulu-Natal, Western Cape, and Eastern Cape) and provinces that are dominantly metropolitan like Gauteng. As a result, tourism activities like surfing, swimming and gambling are not that evident in Limpopo. The major driving force for the future of Limpopo's accommodation sector is none other than the increasing number of tourists who come to the province and stay longer. The more anchors of attractions available, the better the prospects for the industry's future expansion. Non-metropolitan small- to medium-sized tourism accommodation (NSMTA) facilities have the potential to contribute to the promotion of eco-tourism and cultural tourism products, which are in abundance in Limpopo province. The findings from this study established that the prominent tourist related activities as illustrated in Figure 7.6, appear to tally proportionally with the motives for visiting Limpopo as indicated in Figure 7.6.

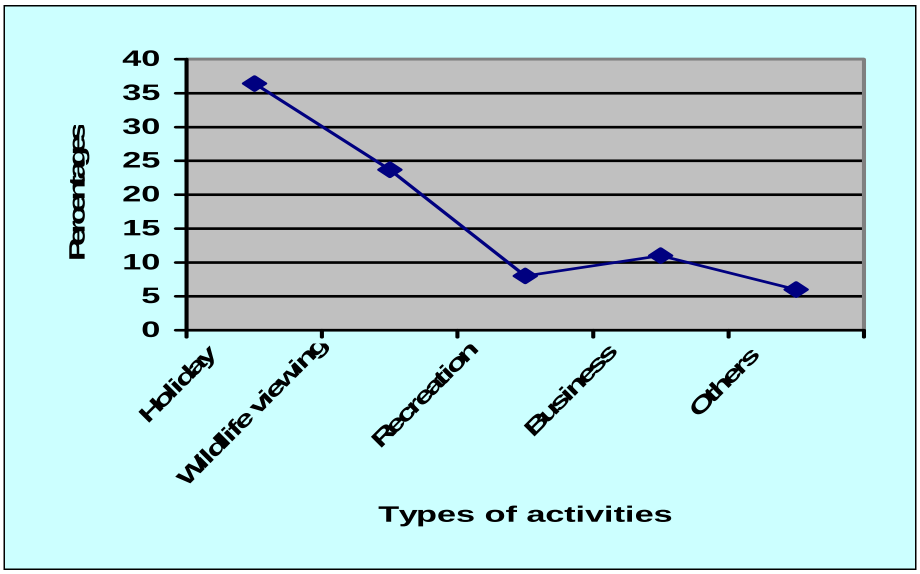

Figure 7.6: Motives for visiting Limpopo

Holidaymaking constitutes 36.4% of the overall activities while recreational activities are supplied by 37% of the sampled accommodation facilities. This corresponds with the maxim that the Limpopo is fast becoming South Africa's favourite holidaymaking destination. The province is rich in wildlife, spectacular scenery and has a wealth of historical and cultural treasures. This is essentially the game reserve 'capital' of the country, with literally hundreds of different private game reserves competing for customers. Thus, more people prefer to come to the province for holidaying than for any other reason.

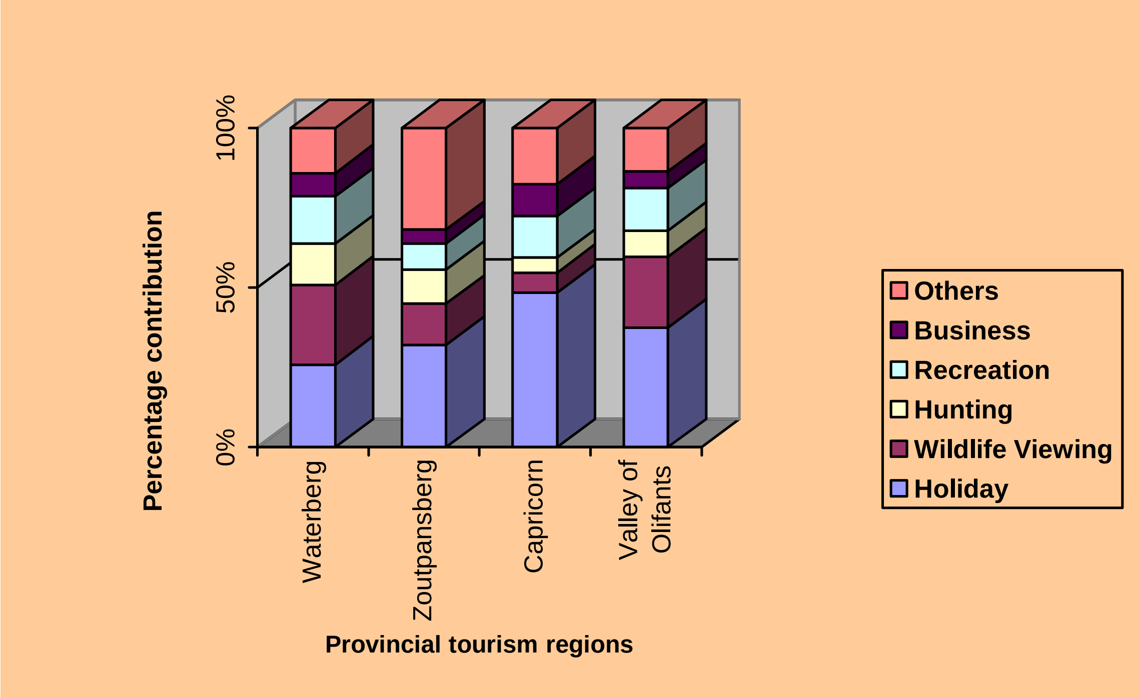

Figure 7.7: Dominant tourism activities per tourism region in Limpopo

Figure 7.7 illustrates clearly that holidaymaking is the dominant activity of tourists visiting the province. This strengthens the need for a generic strategic plan that can ensure prompt accommodation response to the changing tourism demand. Moreover, in the literature reviewed (Chapter 2), wildlife viewing and hunting are clearly shown to be the main tourism activities in Limpopo. At least 22% of the total number of responses gave other activities that were not specified in the questionnaire. These included religious gatherings and events, visiting friends and relatives (VFR) and sporting activities. All these activities involve serving people needing accommodation when visiting places. The differences amongst Limpopo tourism regions can be attributed to the geographic settings of the province and the available tourism resources.

The investigation found that NSMTA plays different roles in the lives of people involved in the tourism industry and the local communities where such enterprises operate. The roles they play arise from socio-cultural, economic and environmental impacts. The most prominent is the economic one. Although this research did not quantify this role, it became clear that over 60% of the employees in non-metropolitan small- to medium-sized enterprises are South African nationals. In business terms, it can thus be claimed that the business is viable if it extracts its labour from a reliable source, preferably available from the national labour resource base. The appearance of non-South Africans, especially Zimbabweans and Mozambiquans, in sectors like gardening and construction sites has not detracted from employing local people in the tourism accommodation sector. Tourism, therefore, brings income to many families in Limpopo. Tourism accommodation can, therefore, be regarded as a source of economic livelihood to the communities in the province, even though the researcher's findings in this regard show that minimal benefit has accrued to local communities per se.

The high level of annual turnover from accommodation enterprises seems to attract the interest of different stakeholders in the accommodation sector (Figure 7.8).

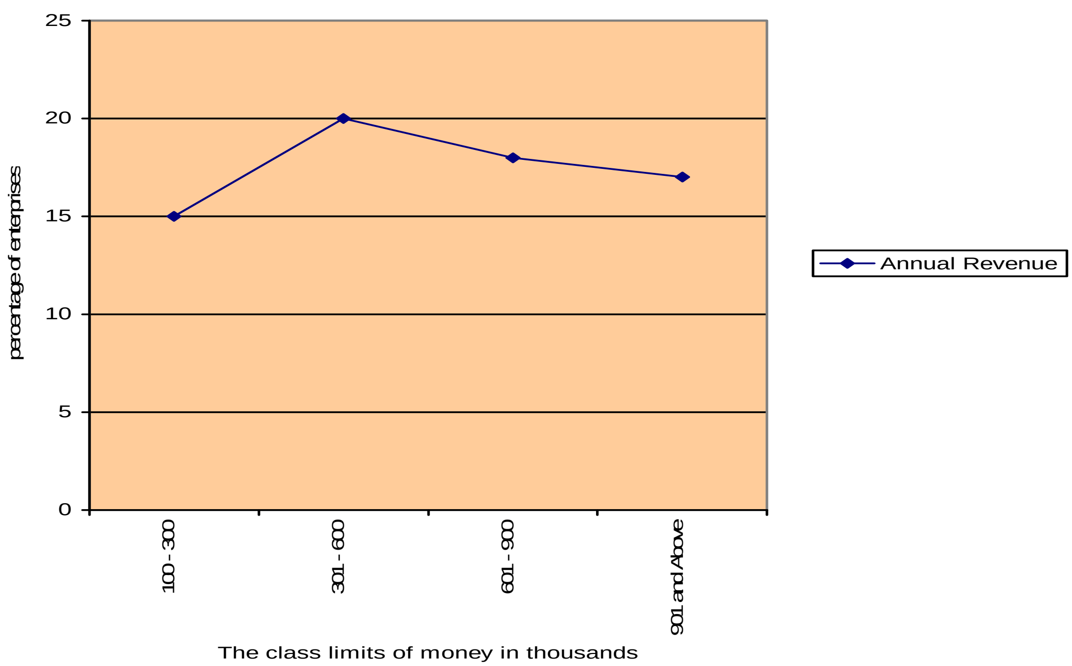

Figure 7.8: Annual Turnover for 2006/7

The average annual revenue from Limpopo's NSMTA sector corresponds to Stats SA (2007) figure of 19% recorded in the second quarter of 2007. When compared to the previous years, a 25% rise in the gross income of the short-stay accommodation establishments had occurred in the fourth quarter of 2006. This increase was due to a 5% rise in the number of bed-nights sold, as well as a 13% jump in the average income per night. The highest percentage (20%) of small enterprises received an annual return of between R301 000 and R600 000, which is a good indication of how high the demand for tourism accommodation is in Limpopo.

According to Stats SA (2007), the average national occupancy rate eased to only 46% in June 2007. The average occupancy rate for 2006 was 49%, which was 6% higher than for 2005. However, Limpopo's occupancy rate for NSMTA had risen to around 60%, which seems to suggest that there is a switch to lower priced tourism accommodation in South Africa. The cheapest accommodation tends to be caravan parks. The big question remains as to whether present supply matches the high demand for tourism accommodation in the non-metropolitan areas of Limpopo.

7.3.3 The role of the government and its parasitical organisations

Both the provincial and the national government have special programmes for tourism development and promotion. The Parks Board is a parasitical body has a particularly important role to play in the process of tourism development. As already stated (Section 2.2.1), the Limpopo Tourism and Parks Board owns and control a number of tourism accommodation facilities. Most of the financial support and government benefits are channelled through the Parks Board. The survey found that only 21% of the interviewed operators had received financial support from the government. By any standard, this is low considering millions of Rand are set aside for this kind of assistance.

Despite the potential for sound tourism business viability in the province, the researcher found some exceptional cases where a business could not be sustained because of different problems. A case in point was Wisani Lodge that is located close (3km) to the Kruger National Park gate of Punda Maria. The information received pointed to poor management as the reason for such a well-positioned lodge being declared insolvent. The lodge forms part of the government-supported initiatives that could not be sustained. Almost half (48%) of the operators could not confirm their knowledge of government initiatives on tourism development that had penetrated the local community. It thus remains questionable as to whether government intervention, be it provincial or local, should attempt to prescribe or control entitlements for local communities' tourism adventures. A mere 7% of the participants strongly agree that 'the provincial government should have the overall control on tourism service providers'. On the other hand, 31% of the respondents strongly disagree while 35% agree with the idea of government taking control of the tourism industry, as posed by question 49 (Annexure 2).

The South African Tourism Authority (SATA) guards against service quality, monitoring and development tourism product and facilities. This works in conjunction with ownership style and the business management system. The grading of tourism accommodation is one way of ensuring quality, as indicated in Chapter 2 (Section 2.2.1). It was found that 73% of the sampled accommodation facilities were registered with the South African tourism authorities, but 43% were neither graded nor keen to be graded. Their reasons range from affordability of the process to lack of tangible benefits, especially in the areas where they operate. They claim that the benefits of grading are more for the urban enterprises than the remotely located ones. Therefore, non-metropolitan small- to medium-sized accommodation (NSMTA) enterprises owners ought to be engaged purposefully in ensuring service quality and sound management to ensure validity of not only their businesses but also of the quality of their offering.

The situation regarding the database of the operators is still largely confusing. During the process of data collection, the researcher found that local municipalities could not retrieve information on the profiles of operators listed on the provincial accommodation database. This is not to suggest that there was no database, but it did imply that access to such information was difficult. If this was not the case, a much easier and effective analysis of various aspects of the tourism accommodation sector could have been achieved. As indicated in Chapter 1, the actual number of tourism accommodation enterprises in the province was not known for certain, as the information base was incomplete. Government policy concerning business registration and Environmental Impact Assessment (EIA) requirements are certainly good moves that would ensure sound management and control but these seemingly did not meet the needs of the accommodation sector because it is primarily meant for new development and not for further development of existing facilities.

7.3.4 Marketing challenges

Marketing was dealt with thoroughly in Chapter 4. Basically, marketing looks at anticipating and identifying the wants and needs of a target market of consumers and then satisfying those needs in order to make a profit. As with business planning, a lack of consistency in marketing efforts across the tourism regions and facilities was a common factor. Marketing activities lacked formal consideration, with virtually no consumer research or strategic planning being undertaken. Anticipating and identifying demand depends on effective market research that was generally not done by the sampled operators. This finding concurs with the problem statement applicable to this investigation (Chapter 1, Section 1.3).

Variables that are linked to marketing problems are really diverse. Hence, 34% of operators indicated that they need assistance with the marketing of their businesses. On the other hand, the physical isolation of these enterprises in terms of locality makes collaborative marketing difficult if not impossible. According to the survey replies, only 12% of the respondents had a written marketing plan, even though 14% claimed to have an informal marketing plan. This problem has a direct bearing on “demand and supply” as discussed in Chapter 3. Similarly, Chapter 4 (Section 4.5) highlighted the importance of a strategic marketing plan and the use of marketing tools, which was basically lacking, according to the researcher’s findings. The seasonal nature of the business and associated fluctuating demand were the reasons proffered for not creating a formal marketing plan. The problem of matching demand with supply remains a concern of this study.

For the majority (52%) of businesses that neither informally nor formally planned their marketing activities, a short-term vision was the primary focus. The overwhelming majority (80%) of businesses that did plan their marketing initiatives ahead forecast that the 2010 FIFA World Cup sporting event would be the springboard giving impetus to growth in their businesses. There seemed to be a general feeling amongst operators that the positive effects of the 2010 FIFA World Cup would automatically disseminate to every tiny business operation in the country that would therefore not have to market themselves.

The ownership of enterprises, as shown in Table 7.2, relates closely to the style of operation with 48% operating as autonomous businesses, and a mere 24% functioning under some kind of joint venture. Therefore, the existence of good working relationships amongst operators is too weak to foster upliftment in the sector as a whole. It also weakens the development of tourism in the province. If collaboration is lively and strong, business could improve and strengthen the broader tourism industry. Only 35% had an electronic swiping machine for receipt of payments while 29% made use of the Internet in their organisation. Thus, it is no surprise to find that 80 to 90% of the customers of NSMTA facilities in Limpopo were domestic tourists. This situation needs to be changed. Important to note is the fact that 71% of operators expressed a desire to have a strategic plan. Of these, 34% cited marketing as a priority area of concern indicating that they needed strategic assistance in the field of marketing. Collaboration (20%) and management (17%) were other specific areas in which some operators felt they needed help. This strengthens the contention, expressed as an aim of this research, that developing a model generic strategic business plan would be a useful exercise if used as a management tool in regular practice in organisations within the broader tourism accommodation sector.

Tourism promotion efforts were inconsistent throughout the regions as well as between and within different types of NSMTA enterprises. A number of factors gave rise to these variations and included visitor demand; regional characteristics; physical accessibility for both the region and the business; the size of the business; owners'/managers' characteristics; level of motivation and management styles.

Marketing costs were less than 15% of the business turnover in most cases, and in many others, no more than 3%. Product quality was widely regarded as the main point of competitive advantage between businesses. Several backpacker operators, for example, found that a low price strategy was no longer creating a competitive advantage. Product differentiation or a 'value-selling' approach had become more of a necessity for these operators.

7.4 Business strategies

Managerial problems and the perception of owners'/managers' lack of management expertise emerged very clearly, especially where the researcher was chased away by the people who were supposed to welcome him. Probably, this had to do with the lack of inherent professionalism of the owners of small- to medium-sized, non-metropolitan tourism enterprises in Limpopo. As already mentioned, the most frequently cited reason for businesses that had experienced a change in ownership was management incompetence. Some of the managers allowed the researcher access to information on certain conditions, such as, no recording of any kind, no photographs, a guarantee of anonymity and similar conditions. Moutinho (2008: 212) stresses, "*Every achievement of management is the achievement of a manager. Every failure is a failure of a manager*". Fifty two percent of the sampled enterprises were characterised by strategic weaknesses that affected their management (Figure 7.9), exposing them to failure. Weaknesses were identified in a number of key areas: financial capabilities, infrastructural development (particularly on accessibility issues), marketing constraints, resource management (professionalism); strategic focus and locational limitations (being in isolated peripheral areas).

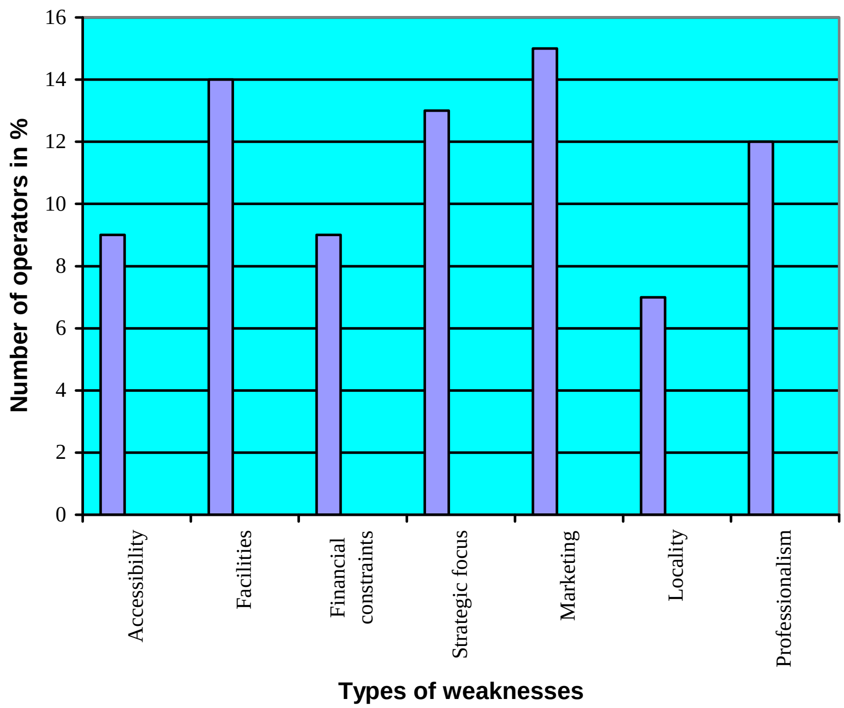

Figure 7.9: Areas where owners/managers show weaknesses

Reviewed literature concurs with these research findings in identifying key constraints on performance. The y-axis represents the percentage of entrepreneurs having a problem with variables indicated along the x-axis. Marketing is undoubtedly a highly rated problem for the NSMTA across Limpopo tourism regions. It was, however, encouraging to realise that 58% of the entrepreneurs were willing to engage in business expansion and diversification that would improve their business standing. Among operators the idea of including conference facilities emerged was highly rated (37%) Although it may not directly address some of the weaknesses as shown by Figure 7.9, it would indirectly improve facilities in terms of infrastructural development.

Professionalism in this instance touches on the aspect of competitiveness already addressed (Section 7.2.6). Although small enterprises generally have many characteristics in common, Limpopo's NSMTA enterprises have a number of specific issues that have to be acknowledged and taken into consideration when analysing the reasons for low performance and the failure experienced by some enterprises. The locally based labour force (63%) had had little or no professional training. A lack of understanding of what a generic strategic plan entails could also be attributed to the absence of integrative and consistent approaches to SWOT analysis, seen to be practically non-existent in most of the operations (Section 7.2.5).

In this context, the study seeks to contribute to the betterment of NSMTA operations through the development of a generic strategic plan for the entire accommodation sector. Particular attention focuses on business management strategies in terms of demand and supply, marketing and innovation.

There are different levels of a management strategy. Ideally purposeful attention should be paid to framing a specific management strategy in which the operation is developed and promoted and in which customers' needs are met. This is affected through quality audits, supervision of services provided, appropriate infrastructure and administration.

Most sampled enterprises tended to use an individualised, single-handed management system. This set-up is prone to failure especially where managers are not even full-time personnel in the business. Therefore, the suggestion is that there should actually be a shift from a one-person management system to team managers to enable people to discuss business issues and improve the situation using the bottom-up approach.

7.4.1 Basis for Strategy Formulation

The research findings point to a number of key issues that create a gap between demand and supply. At the regional level, a number of challenges were identified across all four tourism regions. The research exposed the contextual differences that relate to the contrasting geographical environments, the nature and sizes of tourism accommodation operations, management and ownership structure, the socio-economic importance of the tourism business, and the personal characteristics and ability of the owner/manager. Diversity within the accommodation sector was recognised as one of the most prominant features affecting how owner/managers make managerial decisions. All these challenges strengthen the researcher's view of the need for a generic strategic plan.

The owners of NSMTA facilities use their businesses to generate supplementary income rather than meet the needs of tourism demands (Figure 7.4). On average 19% of the sampled owners engaged in tourism accommodation sector as an opportunity to adventure into a new kind of business initiative. For such reasons, it is important to ensure that the venture is viable and capable of generating revenue. If the strategy were developed on that basis, probably, more and more of these entrepreneurs would realise the need to follow the route of adopting a sound strategic plan. Only a small number (18%) of businesses separate ownership and management functions. At least 42% of the business ownership status, management and day-to-day operations depend on one or two persons (single-handed ownership, Table 7.2). As a result of this, managers are concerned with the operational functions and ongoing activities while ignoring or undermining the importance of strategic issues. Only a few concentrate on strategic aspects and the long-term success of the business because it is time-consuming.

Undoubtedly, the NSMTA sector could move to a different level of success if public sector support was more accessible than it is at the moment. The problem of accessibility negatively affects the tourism business as a whole. The adoption or adaptation of a strategic plan could make public support more readily accessible. Appropriate infrastructural development is one of the critical needs to promote provincial tourism growth. Only 20% of the sampled enterprises claimed to receive some kind of government funding. This was a crucial finding as the operators who were controlled by the Limpopo Parks Board could not be included in the survey sample due to the logistic problems created by bureaucracy. However, the researcher was given to understand that almost all of those institutions did benefit from government funding and that they operated as parasitical organisations.

Although employees should display a certain level of proficiency, depending on the nature or type of accommodation facility, the researcher found that owners/managers were generally more concerned with individual personalities and the ability to develop and foster a ‘homelike’ environment when recruiting new people to work for them. This would obviously impact on the level of professional expertise practised in the business. The survey found that employees functioned largely on an understanding based on mutual compromise. This meant that employers would recruit unskilled or inexperienced staff in exchange for their loyalty and reliability. Given the kind of demand posed by ‘new tourists’ as mentioned in Chapter 3 (Section 3.1), efficiency and competence to meet their specific demands could be compromised.

Due to the dominance of small accommodation businesses in the rural areas of Limpopo, the tourism industry displays a special disadvantage in terms of innovation and product development. Small businesses lack economies of scale and are not able to raise profit margins that would allow for investment in development, market research, skills development or creativity enhancement.

NSMTA enterprises are still reluctant to engage in co-operation or strategic alliances with other competitors. Such an attitude further impedes access to benefits that could accrue from developing economies of scale and collaborative initiatives, which could, in turn, increase occupancy and service variation. A slight majority (54%) accepted the suggestion that the adoption of a strategic business plan would be the best thing for their businesses. Twenty-two percent were not sure whether strategic planning could bring about change in their operations.

7.4.2 Levels of business plan

According to the survey, the level of formal business planning varied according to the type of operation. The lowest level of formal business planning was in the guesthouse category where only 6% followed a formally written business plan. Due to the simplicity of many of these operations, smaller accommodation establishments and local tour businesses seldom considered formalising their business ideas, either through grading or interacting with different stakeholders in the public sector. The lack of working relationships was found to be high with more than 55% of the operators working in some kind of isolation.

The fact that NSMTA operators chose the location of their business carefully could perhaps be seen as a positive indication that needing to devise a business plan would be an acceptable strategy. It is clear that the choice of a business site has a role to play in target market identification and this could be easily done through the tourism organisations of the province. Moreover, it could alleviate the marketing problem these kind of enterprises experience at particular phases of their lifespan. The preparation of appropriate marketing mixes and the actual marketing activities could, therefore, be co-ordinated internally within the province (Section 4.7).

The NSMTA operations are often less visible than large operations, even in cases where they are positioned along the major tourism routes. Their roadside advertisement boards are small, unobtrusive and often less attractive. The entrance routes are too narrow for visitors to notice them easily. Of the sampled facilities, which claimed to have a formal business plan, there was no evidence of adherence to the vision and the goals set out in the business plan. The business plan in that regard was seen as a separate entity and not as an operational tool. An operator without a business plan represents a low level of planning with a limited chance of success.

The survey also showed that the operator's age and level of formal education impacted on business planning formulation and implementation. Respondents with a university education were not only quick in their responses but they were time conscious and operated at relatively more formal and better-planned levels than those with a lower educational level. In terms of age, operators aged between 31 and 45 years were more inclined to engage in formal planning strategies while those over 45 years old were less concerned. It is of interest to note that only about 4% of the respondents received professional assistance in the preparation of a written business plan.

Forty two percent of those who took part in the in-depth interviews justified their decision not to adopt a formal business plan. Uncertainties, such as availability of financial resources, forecasting business profitability and identifying market tendencies, made projecting future trends difficult. Respondents felt that formal business planning was too rigid for the increasingly dynamic nature of the industry. Other reasons were the small/micro size of the enterprise, a lack of time and knowledge, and, in many cases, a lack of ambition to grow. A business plan designed to accommodate the situation in which a small enterprise seeks to expand beyond the ‘non-commercial’ line, that is, when a tourism operation provides only a supplementary income, into a fully commercial operation, normally has to include additional legal requirements and accommodate an overall increase in overhead costs. The uncertainty of future business prospects presented a dilemma for a number of the owners and managers.

The main reasons why operators did or did not complete business-planning activities were varied. If the owner/manager felt satisfied with the level of business performance, the desire to grow vanished. ‘External requirement’ was often the only reason given for developing a formal business plan. For example, a formal business plan is developed when potential operator needs to secure a bank loan. Such planning is costly and requires professional assistance, yet even that is not a guarantee of success. Perhaps this could serve as a reason for government intervention so that a generic strategy could be introduced.

7.4.3 Innovation

Innovation could play an important role in the NSMTA provision initiatives, and in the tourism industry as a whole. Innovation, in this context, is defined as doing things differently with a bit of creativity, and doing something unusual for a new experience. Rapid access to information and electronic commerce should be the lifeblood of NSMTA operations. This is in line with the mission statement of the Limpopo Department of Economic Development, Environment Affairs and Tourism in the sense that it seeks to be a major contributor to innovation and solutions for controlling unhealthy competition amongst enterprises of different sizes.

The use of information technology (IT) in marketing, collaboration and business management, should yield the desired outcome to both individual operators and the industry at large. Already, electricity is accessible to more than 96% of the sampled and the visited enterprises. The delivery of innovative infrastructure (contemporary kind of buildings) could mean the advancement of the entire tourism accommodation industry (Clare and Gunn, 2002). The promotion of innovation infrastructure amongst NSMTA facilities would mean better interconnection between entrepreneurs through broadband telecommunication infrastructure providing Internet access to enterprises. Installing high-speed, reliable and affordable Integrated Services Digital Networks (ISDN) at all businesses would mark a big step forward. Accelerated usage of information would lead to improved facilities, better service and more effective support systems. It would also be a part of the government's Integrated Development Programme (IDP).

The creation and exploration of new ideas is the catalyst for growth in most enterprises, from the micro and small, to the medium enterprises and even bigger companies. Analysis of data showed clearly that NSMTA operators are averse to risk and reluctant to share information and knowledge. If a generic strategy were in place, information would be shared freely and operators could be able to exchange ideas via centrally based information centres, thus, creating a market that is greater than its constituent parts. Therefore, promoting innovation brings with it an awareness that will first open the operators' minds and then the stakeholders, then the organisations themselves and finally spreading around the world. Initiatives in this area should include publishing role models and an exemplary framework. The level of innovation must be raised right across all levels of an enterprise's operation. Even the bigger accommodation enterprises should be encouraged to share in the innovation, which would create stronger roots within the provincial, regional and local tourism accommodation market. The only way smaller enterprises would grow is through awareness and encouragement to explore innovative ways to promote business growth. Promotional activity needs to be targeted in order to maximise the business generated.

7.4.4 Partnership

There is a wide diversity of NSMTA offerings in Limpopo ranging from guesthouses and B&B establishments to large lodges and hotels to mention but a few. Partnering within such diversity may not be very simple but, if based on the South African brand of unity in diversity, it could work wonders for tourism operators. Tourism organisations at national, provincial, regional and local level need to work in partnership at an operational level as well as at a strategic level to ensure that fragmentation is minimised and that the output of their joint activities is greater than the sum of individual endeavours. By working in partnership with other organisations and single tourism operators, far more is likely to be achieved more cost-effectively than by working independently. This is an ideal strategy for Limpopo's NSMTA enterprises because they are in remote areas and generally experience financial constraints. It goes without saying that effective working partnerships, at the right level, are the key to successful and sustainable accommodation provision. It is particularly recommended that, at a provincial level, best practice in partnership building will continue to forge and maintain productive partnerships.

7.4.5 Networking and co-operation

Developing regional networks is the beginning of building interactive communication competencies. There are different kinds of networking that can be adopted by NSMTA enterprises. It has already been indicated that 42% of the sampled enterprises are operated and managed single-handedly. Consequently, the extent of networking is low. Therefore, operators must deliberately develop clear momentum and direction around networking. An example of appropriate collaboration identified amongst the sampled enterprises is that in which resorts and lodges sub-contract and offer special services such as facilities for visitors staying in self-catering units or using campsite facilities. The survey established that a fair number of enterprises (27%) adopted a 'put customers first' business philosophy as their main principle of operation, showing that their services were customer-focused. It actually endorses views frequently expressed in the reviewed literature that tourism-related services are meant to provide services expected by visitors, when they want it and where they want it, in order to maintain their commitment and encourage first-time visitors to return.

Limpopo's fine natural environment, its nature reserves and mineral springs, coupled with elements of cultural and historic heritage, are the least enjoyed by foreign tourists in the whole of South Africa (http://www.golimpopo.com/). Perhaps this disappointing situation could be changed by the introduction of a new brand. Furthermore, Limpopo could probably increase its share of the international tourist market, both as a long haul and a short-haul destination for visitors. In order to meet the needs of short-break or additional holiday markets and to counter perceptions of remoteness, the provincial government ought to ensure ease of both physical access and access to the sort of information people want. In terms of information dissemination and marketing, Limpopo is comparatively unobtrusive, especially with regard to its NSMTA facilities. When searching the Internet, the Western Cape, Kwazulu-Natal and Gauteng seem to be by far more readily accessible and user friendly than Limpopo. Perhaps networking with the best in the country could bring better results. A foundational concern is an effective management policy with an accompanying marketing strategy in which serving customer needs feature as a priority. Setting and maintaining high standards of service and delivery too are important. Moreover, the value of networking and partnerships at various levels within the public and private sectors are seen to be beneficial as is the importance of preparation of a meaningful tourism experience.

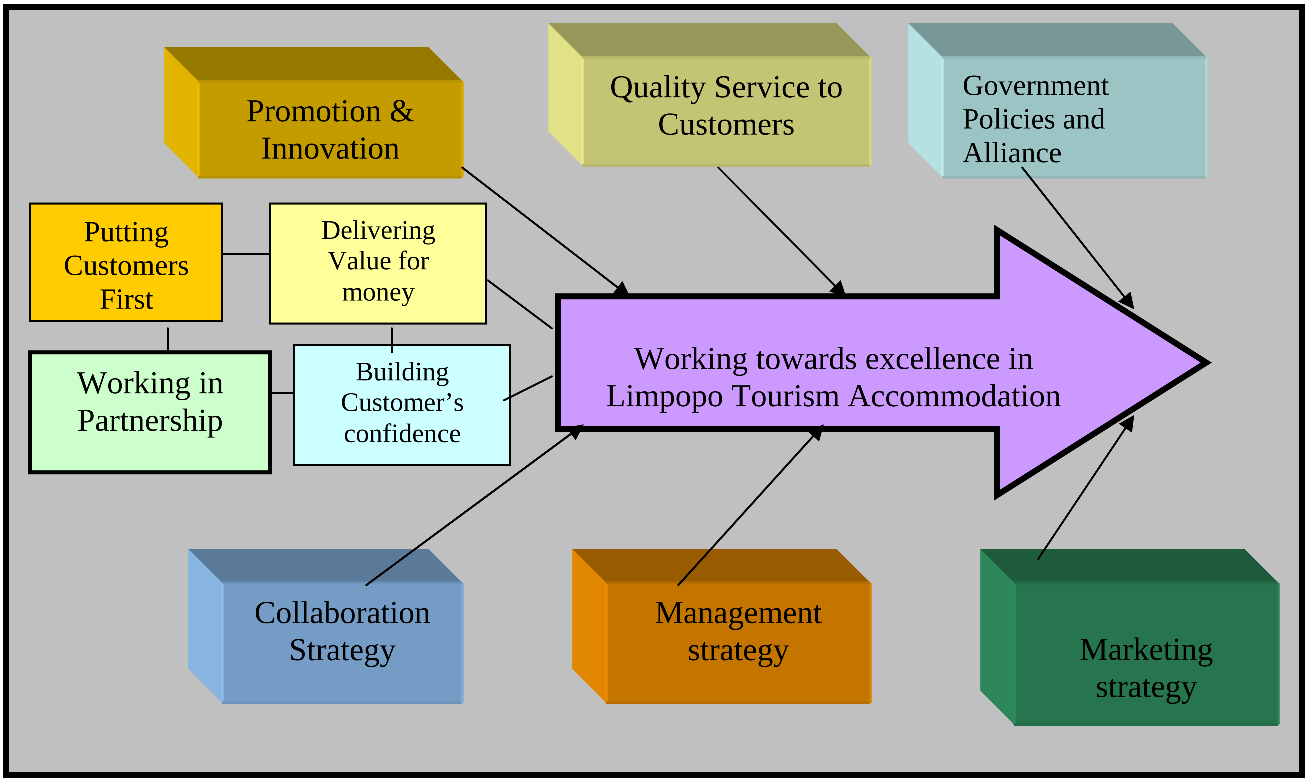

Figure 7.10: A model for Limpopo's NSMTA networking

7.4.6 Additional strategies

Developing additional new customs and ways of doing things is important for both existing businesses and new businesses capable of attracting new markets, especially in the international arena, an area in which Limpopo still appears to be below par when compared to other provinces. High levels of repeat business are recorded by many accommodation providers, which suggest that persuading potential visitors to make an initial trip tends to generate multiple trips.

7.4.7 Adoption and implementation of strategy

In line with the first objective of the study under the third section as stated in section 1.4, the researcher tried to establish whether NSMTA facilities operators used a strategic plan to enhance their business performance. The study findings revealed that the extent and seriousness with which a strategic plan is considered in the day to day running of business differed according to the type of enterprise. Only 38% of the sampled B&Bs had a vision statement while 73% and 68% of hotels and guesthouses respectively had a vision statement. Tables 7.4(a) and (b) show the cross-tabulation of Question (Q) 3 and Question (Q) 4.

Table 7.4 (a) Types of facilities and the use of a vision statement

	Have a vision statement?			
		Yes	No	Total
Hotel	Count	11	4	15
	%	73.3%	26.7%	100.0%
Guest house	Count	17	8	25
	%	68.0%	32.0%	100.0%
B & B	Count	5	8	13
	%	38.5%	61.5%	100.0%
Lodge	Count	20	13	33
	%	60.6%	39.4%	100.0%
Resort	Count	7	8	15
	%	46.7%	53.3%	100.0%
Other	Count	6	3	9
	%	66.7%	33.3%	100.0%
Total	Count	66	44	110
	%	**60.0%**	40.0%	100.0%

The mission statement as described in Chapter 5 (Section 5.4) emphasised the importance of specifying future plans and direction of an organisation. A business strategy commences with a vision and mission statement, followed by a set of guiding principles. Of the sampled enterprises, 55% (Table 7.4(b)) had well-stated mission statements. This indicates a gap, where 46% of the sampled enterprises operate either without one or are not sure of their mission and vision, implying that their operations are not based on a sound business plan. This does not augur well for the NSMTA sector in Limpopo. Essentially, a strategic plan is the starting point for any viable business, including NSMTA providers. It is, however, important to mention that the situation differs with the type of operation wherein the resorts and the B&B establishments were the most represented contributing 67% and 54% (Table 7.4(b)) respectively amongst the operations without mission statement. The situation for self-catering and motels encountered during field visits was even worse. Their officers or workers were neither willing to readily give any information nor did they know what was happening in their businesses. Hence, they were removed from the list of enterprises to be included in the study.

Table 7.4(b) Types of facility and the use of a mission statement

	Have a mission statement?			
		Yes	No	Total
Hotel	Count	10	5	15
	%	66.7%	33.3%	100.0%
Guest house	Count	14	11	25
	%	56.0%	44.0%	100.0%
B& B	Count	6	7	13
	%	46.2%	53.8%	100.0%
Lodge	Count	19	14	33
	%	57.6%	42.4%	100.0%
Resort	Count	5	10	15
	%	33.3%	66.7%	100.0%
Other	Count	6	3	9
	%	66.7%	33.3%	100.0%
Total	Count	60	50	110
	%	54.5%	45.5%	100.0%

It is reflected in both tables 7.4(a) and 7.4(b) that hotels are ahead in terms of establishments that have a written vision statement, followed by guesthouses. This could well give an indication of the quality of services offered and the level of professionalism experienced. Certainly, vision and mission statements can only be judged if a strategic plan is in place. However, it does not take away the existence of a gap between the actual situation on the ground and what it is supposed to be like in practice. Practically, having a business plan implies having a well-stated vision and mission statement for the business.

The study findings did not reveal any kind of correlation between the size of the enterprises in terms of number of employees and the use of vision statement (Table 7.5(a).

Table 7.5(a) The size of enterprise in terms of the number of employees

Size of Entity	Has vision statement			
		Yes	No	Total
5 or less employees	Count	19	15	34
	%	55.9%	44.1%	100.0%
6 - 14 employees	Count	27	19	46
	%	58.7%	41.3%	100.0%
15 or more employees	Count	20	10	30
	%	66.7%	33.3%	100.0%
Total	Count	66	44	110
	%	60.0%	40.0%	100.0%

Contrary to the size factor, the age of an enterprise showed improved deployment of a strategic plan. Only 57% of enterprises that were 10 years and older or less than five years old had a vision statement while 65% of the enterprises with 5 and 9 years standing had a vision statement which could mean they had a strategic plan. This can be inferred from Table 7.5(b)

Table 7.5(b) The use of a vision statement and the age of the enterprise

Age of Company	Has vision statement			
		Yes	No	Total
Less than 5 years	Count	25	19	44
	%	56.8%	43.2%	100.0%
5 - 9 years	Count	24	13	37
	%	64.9%	35.1%	100.0%
10 or more years	Count	16	12	28
	%	57.1%	42.9%	100.0%
Total	Count	65	44	109
	%	59.6%	40.4%	100.0%

The implementation of the proposed model (Figure 7.11) follows a simplified format that depicts an operational process for the sound development of the tourism accommodation sector (see Chapter 5, Section 5.4.) This partnership would consist of members from all types of Limpopo's NSMTA facilities. The objective would be to co-ordinate the development of regional tourism innovation. The development agencies would need to be the key catalysts to make this happen. A critical success factor is that the public and private sectors would align themselves and focus on a co-ordinated approach to the development of the provincial tourism market. The partnership would provide the framework that would support a system of inter-operational working groups to follow through with practical action measures. Clear indicators for progress would be essential - both at the level of the overall provincial accommodation database as well as documenting detailed business profiles the data for which is presently non-existent in district offices or provincial municipalities.

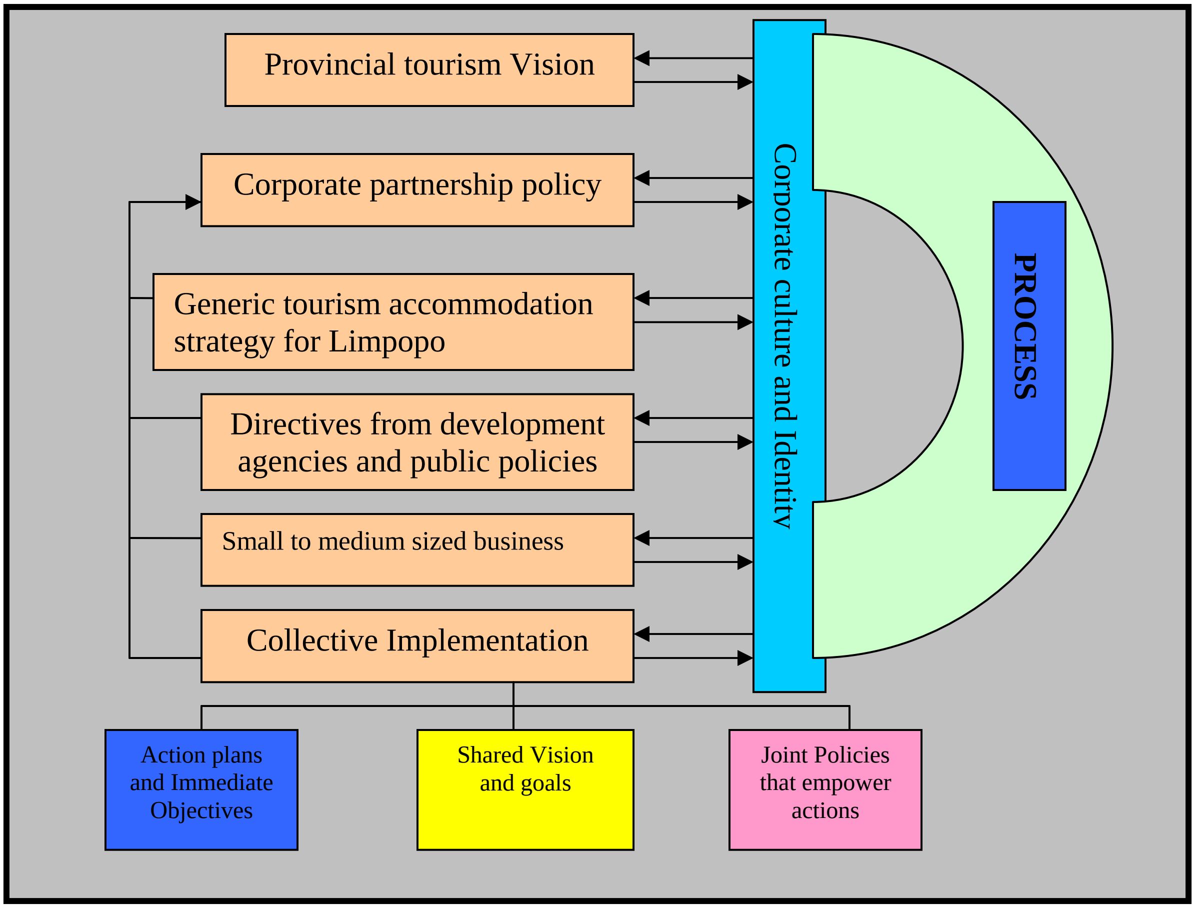

Figure 7.11 Strategy implementation process

Source: Modified from Hinterhuber (1996:12)

The implementation of a generic strategic plan should be influenced by the National DEAT that seeks to operate in terms of six objectives (SA Tourism, 2004:5), namely, to:

- *increase tourist volume*
- *increase tourist spending*
- *increase length of stay*
- *improve geographic spread*
- *improve seasonality patterns*
- *promote transformation*

7.5 Conclusion

There is no doubt that the Limpopo province is, in terms of business enterprise and development, poised to take on the challenge to develop into one of the foremost tourism destinations in the country. However, to achieve this aspiration, accommodation operators must make a concerted effort in their endeavours to create partnerships amongst themselves and other tourism industry stakeholders. Together, the different tourism regions can achieve long-term prosperity and enhance the quality of business offered to all stakeholders.

The challenge for further research in the area of NSMTA management is in understanding how global problems in the small firm sector are compounded by the location of businesses and the sector in which they operate. This presents the starting point for investigating the reasons why some businesses fail and why many tourism accommodation enterprises operate under very marginal conditions. The notion that most small businesses fail in the first couple of years of operation is somewhat disputed by the findings in this study. Perhaps the tourism industry is unique because of its service-based operations. Equally significant are the lifestyle reasons that may actually cause some businesses to operate on the verge of collapse in the formal sense, due to fact that they provide a supplementary source of revenue for the operators. Despite a solid literature base relating to urban tourism, little is known about small businesses that operate in non-metropolitan areas. The spatial and sectoral diversity also requires more in-depth investigation, as do the more general aspects.

The strategic objectives identified for tourism in Limpopo reflect the vision and principles expressed in this thesis and are stated as follows:

- To improve the quality of the tourism accommodation services in the province so that tourism service supply matches demand.
- To improve the business acumen of NSMTA businesses in Limpopo so that they can compete with larger enterprises.

- To encourage effective working relationships amongst NSMTA enterprises.
- To help small enterprises adopt a strategic plan that would enable them to exceed visitors' expectations in terms of service provision.
- To stimulate tourism development through the implementation of a generic strategic plan for NSMTA enterprises.

The recommendations in the next chapter are based on the above intentions and objectives. Chapter 8, therefore, deals with the researcher's understanding of the current situation found in the tourism accommodation sector in Limpopo and its future vision from a personal point of view.