CONSTRAINTS FACING TOURISM ENTREPRENEURS IN SOUTH AFRICA: A STUDY IN THE GAUTENG AND MPUMALANGA PROVINCES, SOUTH AFRICA

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DECLARATION

I declare that:

CONSTRAINTS FACING TOURISM ENTREPRENEURS IN SOUTH AFRICA:
A STUDY IN THE GAUTENG AND MPUMALANGA PROVINCES,
SOUTH AFRICA

is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references and that this thesis was not previously submitted by me for a degree at another university.

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SUMMARY

CONSTRAINTS FACING TOURISM ENTREPRENEURS IN SOUTH AFRICA: A STUDY IN THE GAUTENG AND MPUMALANGA PROVINCES, SOUTH AFIRCA

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Everywhere in the world, an increasing number of entrepreneurs are becoming the pillars of economic growth and development. New venture start-ups are a vital contributing factor for any economy as well as to the tourism industry. It creates employment opportunities, involves many stakeholders and contributes to sustainable development.

This exploratory research sought to investigate the barriers and constraints facing tourism entrepreneurs. It focuses on the perceptions of tourism entrepreneurs in Gauteng and Mpumalanga. Survey research was used to gather data for the study by questionnaires distributed to entrepreneurs in the Gauteng and Mpumalanga provinces.

The literature study reviews the history of tourism, the role of the Government and their involvement in tourism. Other role players in tourism are also considered. The structure of tourism in South Africa, functions and initiatives of various role players as well as policy regarding tourism are discussed.

The national tourism targets and size are analysed including national and international tourism forecasts. The study investigates opportunities that exist in tourism. Furthermore, it reviews concepts regarding entrepreneurship, small, medium and micro enterprises and the link between entrepreneurship and tourism.

Clear problems, barriers and constraints facing tourism entrepreneurs are identified through factor analysis. The three major factors include *Government policies and support, the tourism industry's products and services* and *perceptions about South Africa.* The item analyses that were conducted support the findings of the factor analysis.

Possible limitations of the study and further areas for research are identified. Various recommendations are made to guide current and prospective tourism entrepreneurs.

The research will not only be of value to entrepreneurs, small, medium and micro enterprises, but also to the tourism industry. Sustainable tourism development in South Africa can only be achieved through recognition that the Government, the public and the private sector, host communities and the natural environment are interdependent stakeholders in a complex tourism domain. No single individual, agency or group can resolve tourism issues by acting alone.

The problems, barriers and constraints that tourism entrepreneurs face can only be rectified if all role players in tourism work together to reduce the impact of these problems, barriers and constraints.

OPSOMMING

DIE BEPERKINGS WAT TOERISME ENTREPRENEURS IN SUID-AFRIKA ERVAAR: 'n STUDIE IN DIE GAUTENG EN MPUMALANGA PROVINSIES, SUID-AFRIKA

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Daar is 'n tendens dat die aantal entrepreneurs regoor die wêreld toeneem en dat hulle as die steunpilare bestempel word van ekonomiese groei en ontwikkeling. Nuwe ondernemings wat begin en ontwikkel is 'n belangrike faktor vir enige ekonomie en daarom ook vir die toerisme industrie. Nuwe ondernemings skep werksgeleenthede, verskillende rolspelers word betrek en lewer 'n belangrike bydrae tot volhoubare ontwikkeling.

Hierdie spesifieke ondersoekende navorsing streef daarna om die hindernisse en beperkings van toerisme entrepreneurs te bepaal. Die studie fokus op die persepsies van toerisme entrepreneurs in Gauteng en Mpumalanga. Die navorsingsdata gebruik in die studie is deur vraelyste ingesamel wat versprei is na entrepreneurs in die Gauteng en Mpumalanga provinsies.

Die literatuurstudie gee 'n oorsig van die geskiedenis van toerisme, die rol van die Regering in toerisme en hul betrokkenheid by toerisme. Ander rolspelers in die toerisme industrie is ook ingesluit in die ondersoek. Die struktuur van

toerisme in Suid-Afrika, die funksies en inisiatiewe deur die verskillende rolspelers asook beleid rakende toerisme word bespreek.

Die nasionale toerisme doelwitte en grootte is ontleed sowel as vooruitskatting vir nasionale en internasionale toerisme. Die studie ondersoek ook moontlike geleenthede in toerisme. Verder hersien dit begrippe soos entrepreneurskap, klein, medium en mikro ondernemings en die verband wat bestaan tussen entrepreneurs en toerisme.

Duidelike probleme, hindernisse en beperkings wat deur toerisme entrepreneurs in die gesig gestaar word, is geïdentifiseer deur faktor analise. Die drie hoof faktore is *Regerings beleid en ondersteuning*, *produkte en dienste van die toerisme industrie* en die *persepsies oor Suid-Afrika*. 'n Item analise is uitgevoer en dit ondersteun die bevindinge van die faktor analise.

Moontlike beperkings van die studie word uitgelig asook moontlike toekomstige areas vir navorsing. Verskeie voorstelle word gemaak om huidige en toekomstige toerisme entrepreneurs te lei.

Die navorsing sal nie net van waarde wees vir entrepreneurs en klein, medium en mikro ondernemings nie, maar ook vir die toerisme industrie in geheel. Volhoubare toerisme ontwikkeling in Suid-Afrika is slegs haalbaar deur die samewerking tussen die Regering, die publieke en private sektore, plaaslike gemeenskappe en die natuurlike omgewing. Almal is onafhanklike rolspelers in 'n komplekse toerisme domein waar geen enkele individu, agentskap of groep toerisme-verwante probleme, hindernisse en beperkings alleen kan oplos nie.

Die probleme, hindernisse en beperkings wat toerisme entrepreneurs in die gesig staar kan alleenlik opgelos word indien al die verskillende rolspelers in toerisme saamstaan om hierdie probleme, hindernisse en beperkings die hoof te bied.

TABLE OF CONTENTS

Page no.

LIST OF FIGURES

LIST OF TABLES

CHAPTER 1

BACKGROUND AND DEFINITION OF THE STUDY

1.1 INTRODUCTION

We are living in the age of entrepreneurship. Entrepreneurship throughout the world is stirring a revolution that is reforming and revitalising economies, because the establishment of new businesses and the growth of existing ones are regenerating the market economy. New and successful businesses are responsible for most products and services, which are changing people's lives. Entrepreneurs generate most of these new products and services.

These entrepreneurs, as embodied in the thousands of small, medium and micro enterprises (SMME's) are also responsible for the creation of wealth since they are creating jobs. The unstable and turbulent business environment of the past decade has been characterised by a poor economy in respect of growth and job creation with a resultant ever-increasing gap between the economic growth rate and the population growth rate. It resulted in an increase of unemployment, poverty and social unrest. Experts are of the opinion that the only way to address these issues successfully is to encourage entrepreneurship in South Africa, as it is done in other economically successful countries.

As one of the top ten "big emerging markets" of the world, the Republic of South Africa should maintain its role and responsibility acknowledged as crucial to the African Renaissance. South Africa has the most advanced and productive economy in Africa, with a Gross Domestic Product (GDP) nearly three times that of Egypt, its nearest competitor on the continent (KwaZulu-Natal Tourism Authority, 2001:10).

South Africa has the strengths of a leisure and tourism destination that include scenic beauty, wildlife, cultural heritage, a developed infrastructure and a wide range of sports and other special interest activities. The general affordability of South Africa is an added bonus for foreigners visiting the country.

1.2 LITERATURE REVIEW

The term "entrepreneur" is defined as one who organises, manages and assumes the risks of a business enterprise. This definition is currently changing to reflect a desire for continuity and long-term commitment to the activity, rather than a single act or a limited number of acts to fulfil a need. The definition of entrepreneurship holds the promise of growth, expansion and long-term financial gain. This is why a small business that is only aimed at the survival of its owner can not be seen as an entrepreneurial venture (Van Aardt, van Aardt and Bezuidenhout, 2000:4).

Dollinger (1999:4) highlights the following characteristics of entrepreneurs, namely:

- Creativity and innovation;
- Resource gathering and the founding of an economic organisation; and
- The change for gain (or increase) under risk and uncertainty.

Throughout the world, SMME's play a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways.

The Department of Trade and Industry (DTI) (2001:13) argues that with their generally lower capital/labour ratio, SMME's have the capacity to make a particular contribution to employment creation and innovation. They also enhance competition of particular importance in the South African context where SMME development is a principal mechanism for the enhancement of black entrepreneurs.

An analysis of the South African economy is required in order to understand the conditions in which small businesses operate. Major economic indicators gauge the economic factors that have an impact on SMME's. The depreciation of the Rand against the United State's (US's) dollar, together with rising international oil prices, contribute to inflationary pressures in the economy. Rising food prices contribute to further upward pressure being placed on headline consumer inflation. Therefore, one of the biggest challenges facing the South African economy is that of structural employment (Ntsika Enterprise Promotion Agency, 2001:15).

Dahles (2001:156) argues that entrepreneurs are instruments for transforming and improving the economy and society. Entrepreneurs can thrive only under minimal State intervention and in a free market economy (Clapham, 1985). Tourism development that is based on local entrepreneurship is much more likely to rely on local sources of supplies and labour. It is also much less likely to produce negative socio-cultural effects associated with foreign ownership. Local tolerance to tourism activities is significantly enhanced if opportunities exist for active resident involvement in the ownership and operation of facilities. Small-scale operations can also respond more effectively to changes in the marketplace and fill gaps overlooked by larger, more bureaucratic organisations (Echtner, 1995). It may seem obvious that where tourism is thriving, it absorbs many people who would otherwise be unemployed (Harrison, 1992).

Many possibilities exist for SMME's in tourism. The challenges for tourism entrepreneurs to be established, survive and prosper are immense in today's rapidly changed, customer-focused world. It is essential to visualise a marketable tourism product or service. Therefore, an entrepreneur must understand the field of travel and tourism well enough to sense an opportunity to fulfil new or improved traveller needs.

Emerging markets like South Africa can provide the kind of tourism that tomorrow's traveller will be looking for. A growth in tourism will create jobs, wealth and export income that is vital for rapid social change and poverty alleviation. The successful development of tourism in South Africa depend upon private investment, underpinned by a Government framework that encourages the channelling of benefits to all people through their constructive involvement, including their participation in sustainable environmental management and commerce.

1.3 BACKGROUND AND IMPORTANCE OF THE STUDY

Governments see tourism as one of the main providers of employment especially in times of recession and when other industries are declining. Tourism is a labour-intensive growth industry and is important in providing jobs partly for the highly skilled, but more for the less skilled. In the poorer regions of a country the provision of jobs by tourism can be very significant. The rate of unemployment is a central political consideration and can affect the popularity and electoral chances of a Government (Elliott, 1997:34).

Koch (1997:214) states that most sectors of the economy are either stagnating or are not growing rapidly enough to generate the sources needed to ensure an effective redistribution of wealth. Some entrepreneurs and conservationists believe that nature-based tourism is the solution to poverty and unemployment, especially in the rural backwaters of the country. However, the tourism industry should not be seen as a magical solution to rural poverty in South Africa.

Koch (1997:217) claims that The White Paper on The Development and Promotion of Tourism in South Africa (1996) follows optimistic international accounts of the potential for travel and tourism to generate growth and development. Some writers claim it is the only industry in the world that allows a net "North-South" flow of wealth from industrial countries to developing countries. However, the most common factor that prevents tourism from redistributing wealth is the leakage of profits from the host country to developed countries, as well as from the countryside to the cities. Some studies claim that leakage of up to 90 percent of revenue generated by tourism may apply in countries that lack substantial local ownership of services such as airlines, hotels and transport (Brandon, 1993:32).

Planning is a very important part of the process by which tourism is managed by a Government. It can be used to implement policy and to achieve objectives, but it can also be used to help to formulate policy. How much a Government will utilise planning and the nature of that planning will reflect the political culture of the country. This culture helps to determine the role of Government and how much they intervene in the society (Elliott, 1997:116).

The availability of strategic knowledge must assist both host communities and the industry to act in advance of unacceptable outcomes. Therefore, more effective monitoring of environmental social and economic factors are needed to support a more informed decision process (Manning, 1999:179).

According to The World Heritage Convention Bill (1999:1), the Government is obliged to meet certain responsibilities. These include the obligation to ensure that appropriate legal protection, management plans, institutions and resources are in place. South Africa has a number of policies and laws that promote and regulate the protection of the environment while at the same time encourage responsible social and economic development. These include White Papers on the conservation of bio-diversity and cultural heritage as well as legislation to regulate environmental management. However, the Government can delegate power to Provincial and Local Government, but it cannot delegate its responsibility to the international community.

The Department of Environmental Affairs and Tourism (DEAT) (DEAT, 2002c:2) claims that the world's population has doubled to 6,1 billion in the last 40 years while the population is projected to grow to 9,3 billion over the next 50 years. Therefore, rapid urbanisation is affecting urban environmental conservation and it becomes more difficult to ensure that everyone has access to resources and services.

One quarter of our population is infected with HIV/Aids (most of them in the 15 to 45 year old age group) which is the group from which the major part of our working adults is drawn. This means that far more than 25 percent of any individual workforce could be infected, given that the incidence in the non-working population is much lower (Smallhorn, 2001:4).

Today's traveller is increasingly confronted with potential risks to personal safety and health, both from a *macro* and *micro* perspective. *Macro* forces that are global by nature affect the tourism industry and the whole society, whereas *micro* forces cascade from the level of society to that of the individual and the firm. The stability of Government will continue to be an important issue in as far as it determines the ability of the State to ensure internal peace, protection and safety. Instability of these factors results in lost travel and tourism income in addition to social problems (Olsen, Ching-Yick Tse and West, 1998:28).

Internationally, the trend is towards forms of tourism that educate the visitor about history, environment and culture. This should encourage the re-evaluation of opportunities for diversifying the industry and attracting visitors to areas in South Africa that have not been visited. However, tourists can not be attracted into areas that are not safe, secure and are without basic facilities.

The Western Cape Investment and Trade Promotion Agency (WESGRO) (1998:16) states that there is increased pressure especially for black empowerment with respect to equity participation, to management involvement and overall employment in the tourism sector. In addition to affirmative action, pressure has also increased in the tourism sector for the establishment of closer big business/small business linkages and big business procurement from small enterprises.

Scheyvens (1999:246) argues that when considering whether or not a community have been economically empowered by a tourism venture, it is necessary to consider opportunities that have arisen in terms of both formal and informal sector employment and business opportunities. Eco-tourism rhetoric suggests that there is much support for community-based ecotourism ventures. However, it is difficult to find successful cases of this in practice. For example, Woodwood (1997:166) discovered that even the most enlightened South African eco-tourism operators involved local communities primarily in terms of their public relations value. There was little commitment to support the rights of indigenous people to benefit from their traditional lands and wildlife. Concerns may arise over inequity in the spread of economic benefits. It is problematic to assure that a "community" consists of a homogeneous, egalitarian group with shared goals. The power brokers in any society will have considerable influence over who shares in the benefits generated from tourism projects (Smith, 1996).

The Conservation Corporation, which runs the Londolozi Lodge in Mpumalanga, is a prime exponent to initiate ways in making their businesses contribute to the improvement of all people. A key component of what has become known as the "Londos strategy" is to create business opportunities, financial backing and skills training for black entrepreneurs around the lodge. The Corporation has also set up a rural investment fund to raise capital for, and promote major infrastructure projects in the depressed areas around their reserves (Koch, 1997:227).

1.4 DEFINITION OF THE RESEARCH PROBLEM

From the above discussion, it is clear that tourism entrepreneurs encounter problems, barriers and constraints. While the research problem is discussed in more detail in Chapter 6, it could be summarised as follows:

- How favourable is the economic climate in South Africa for entrepreneurship?
- Does opportunities exist in the South African tourism industry?
- How effective is the Government in relation to tourism planning and development?
- Does local communities benefit from tourism in South Africa?
- What are the social problems that hamper SMME's?

1.5 PURPOSE OF THE STUDY

The main purpose of the study is to investigate and determine the problems, barriers and constraints that tourism entrepreneurs are facing. More specifically, investigate and explore the following:

- The structure of the tourism industry in South Africa;
- The role that Government and other stakeholders play in tourism;
- The size of the South African tourism market;
- The employment opportunities that exist within the tourism industry;
- How tourism and entrepreneurship link; and
- The problems, barriers and constraints to entrepreneurship in tourism.

1.6 OBJECTIVES OF THE STUDY

Primary and secondary objectives have been identified for the research study.

Primary objective:

The primary objective of the research is to determine the barriers and constraints that entrepreneurs are facing in the tourism industry in South Africa.

Secondary objectives:

The secondary objectives of the study are:

- To analyse the tourism industry in providing a better understanding of how it is functioning in the South African context.

- To analyse the role and structure of the Government in tourism.

- To analyse the role of other stakeholders in the tourism industry.

- To investigate the size of the tourism industry in South Africa.

- To investigate the employment opportunities that exist in the tourism industry.

- To analyse how the tourism sector links and is conducive to SMME development.

Hypothesis:

Formulation of the preliminary hypothesis out of the research question:

- *The null hypothesis (H_0)*: Tourism entrepreneurs in South Africa are faced with certain constraints.

- *The alternative hypothesis (H_a)*: Tourism entrepreneurs in South Africa do not have any constraints.

A hypothesis is a suggested explanation for a group of factors or phenomena either accepted as a basis for further verification or accepted as likely to be true.

1.7 METHOD OF STUDY

The study consists of a literature study (theoretical) as well as an empirical study.

The literature study aims to determine the problems, barriers and constraints that tourism entrepreneurs face. It will provide an insight and understanding into the research problem as well as the necessary background to guide the empirical part of the study.

The empirical study consists of a self-administered questionnaire that was e-mailed and faxed to tourism entrepreneurs in the Gauteng and Mpumalanga provinces. These two provinces (from a total of nine provinces) were chosen for the study because of the visual and recognisable nature of tourism businesses, especially in the main arteries of these regions.

Questionnaires by e-mail were chosen as the main survey method as it is convenient and time saving. It also ensures rapid response, its cost advantage over mail surveys and it is a popular modern communication vehicle.

When the questionnaires were completed, they were coded, the data captured into a statistical software package and analysed by the Department of Statistics at the University of Pretoria.

1.8 OUTLINE OF THE STUDY

The outline of the study was done in such a way that it follows in a sensible order to build up to the specific research problem and objectives.

Chapter 1:

This chapter comprises the introductory section of the study. The background and importance of the study is discussed, while the research problem is defined. The purpose and objectives of the study are clearly stated.

Chapter 2:

Chapter 2 focuses on the role that Governments play in tourism. The structure of the tourism industry in South Africa is analysed. Various role players in tourism are considered and functions and initiatives regarding tourism are investigated. Perspectives are also given on entrepreneurship and tourism.

Chapter 3:

Chapter 3 focuses on the size of the tourism market in South Africa. Tourism forecasts are analysed while employment opportunities in the tourism industry are investigated. Entrepreneurial activity and challenges are presented. Constraints are also highlighted that face the size and growth of tourism.

Chapter 4:

Chapter 4 defines small businesses and entrepreneurship. The role of economic development in entrepreneurship is investigated. Opportunity driven entrepreneurship and opportunities in tourism are also analysed.

Chapter 5:

Chapter 5 investigates the problems, barriers and constraints that tourism entrepreneurs encounter. It is therefore the essence of the literature review. Through the use of theories, perspectives on the barriers, problems and constraints are categorised.

Chapter 6:

In Chapter 6 the research design and methodology are discussed in more detail and the specific methods used to gather the empirical information are outlined. The chapter will also look at the reliability and validity of the study.

Chapter 7:

Chapter 7 reports all the research findings by means of descriptive research, reliability tests and factor analysis.

Chapter 8:

In Chapter 8 all the conclusions and recommendations of this research study are discussed. The research objectives and hypothesis are revisited. The limitations of the study and areas for further research are presented.

1.9 ABBREVIATIONS

The following abbreviations have been used in this study:

ADSL	:	Asymmetric Digital Subscriber Lines
ANC	:	African National Congress
ASATA	:	Association of Southern African Travel Agents
BABASA	:	Bed and Breakfast Association of South Africa
BAC	:	Business Against Crime
BCEA	:	Basic Conditions of Employment Act
CAGR	:	Compound Average Growth Rate
CBD	:	Central Business District
CBO	:	Community Based Organisation
CCMA	:	Commission for Conciliation, Mediation and Arbitration
CEC	:	Committee for Environmental Co-ordination
CEIS	:	Centre for Environmental Information and Statistics
CEO	:	Chief Executive Officer
CSBP	:	Centre for Small Business Promotion
CSIR	:	Council for Scientific and Industrial Research
DEAT	:	Department of Environmental Affairs and Tourism
DTI	:	Department of Trade and Industry
EE	:	Environmental Education
EIP	:	Environmental Implementation Plan
EMP	:	Environmental Management Plan
ETEYA	:	Emerging Tourism Entrepreneur of the Year Award
EU	:	European Union
FEDHASA	:	Federated Hospitality Association of South Africa
GCIS	:	Government Communications and Information System
GDP	:	Gross Domestic Product
GDS	:	Global Distribution System
GEAR	:	Growth, Employment and Redistribution
GEDA	:	Gauteng Economic Development Agency
GEM	:	Global Entrepreneurship Monitor
GTA	:	Gauteng Tourism Authority

IDC	:	Industrial Development Corporation
IDP	:	Integrated Development Plan
ISA	:	Investment South Africa
ITMAS	:	International Tourism Marketing Assistance Scheme
IUCN	:	International Union for the Conservation of Nature and the Natural Environment
JICA	:	Japanese International Co-operation Agency
LA	:	Local Agenda
LBSC	:	Local Business Support Centre
LRA	:	Labour Relations Act
NBI	:	National Business Initiative
NEMA	:	Natural Environmental Management Act
NEPAD	:	New Partnership for Africa's Development
NGO	:	Non-Governmental Organisation
NQF	:	National Qualifications Framework
NTO	:	National Tourism Organisation
OBE	:	Outcomes-Based Education
OECD	:	Organisation for Economic Co-operation and Development
PMU	:	Projects Management Unit
PTO	:	Provincial Tourism Organisation
RETOSA	:	Regional Tourism Organisation of Southern Africa
RFI	:	Retail Financial Intermediaries
SA	:	South Africa
SAA	:	South African Airways
SAACI	:	Southern African Association for the Conference Industry
SADC	:	South African Development Community
SANP	:	South African National Parks
SAPS	:	South African Police Service
SAQA	:	South African Qualifications Authority
SARS	:	South African Revenue Services
SAT	:	South African Tourism
SATSA	:	Southern African Tour and Safari Association
SDI	:	Spatial Development Initiative

SETA	:	Sector Education and Training Authority
SGB	:	Standard Generating Body
SMME's	:	Small, Medium and Micro Enterprises
SSA	:	Sub-Saharan African
SWOT	:	Strengths, Weaknesses, Opportunities, and Threats
TBC	:	Tourism Business Council
TEP	:	Tourism Enterprise Programme
THETA	:	Tourism, Hospitality and Sport Education and Training Authority
TMP	:	Tourism Marketing Project
UK	:	United Kingdom
UN	:	United Nation
UNESCO	:	United Nation's Educational, Scientific and Cultural Organisation
US	:	United States
USA	:	United States of America
WESGRO	:	Western Cape Investment and Trade Promotion Agency
WHO	:	World Health Organisation
WSSD	:	World Summit on Sustainable Development
WTO	:	World Tourism Organisation
WTTC	:	World Travel and Tourism Council

1.10 REFERENCE TECHNIQUE

The Harvard reference technique was used in this study.

CHAPTER 2

STRUCTURE OF THE TOURISM INDUSTRY IN SOUTH AFRICA

2.1 INTRODUCTION

Political reform, new environmental policies, the signing of international agreements, the development of a participatory approach to policy making and greater transparency at all levels of Government have laid the foundations for sustainable tourism development in South Africa. Restructuring of the DEAT and an increased public awareness of environmental issues are all positive steps towards sustainable tourism development (DEAT, 1999a:40).

The National Business Initiative (NBI) (2001b:1) argues that as a unique developing economy, South Africa has sound infrastructure in terms of roads, telecommunications, electricity and water. However, quite a number of challenges remain for South Africa. Challenges include an unacceptably high unemployment rate, labour demands, a lower than expected growth rate and an endemic skills shortage. Crime and the lack of a comprehensive approach to the HIV/Aids pandemic are also challenges faced by the Government.

This chapter focuses on the history of tourism, the role of Government in tourism and Government's involvement in tourism. Government tourism policy and special tourism initiatives are also discussed. An outline is given of the structure of tourism in South Africa. The major role players in tourism are considered as well as the major functions and initiatives of various role players. The quality and standards of tourism in South Africa are referred to, and entrepreneurship and tourism are discussed from an international and national perspective.

2.2 THE HISTORY OF TOURISM

The history of tourism is described from an international perspective, a national perspective as well as against the background of the political-governmental environment in South Africa.

2.2.1 An international perspective on the history of tourism

The history of entrepreneurial tour operators that put together and sell holiday packages can be traced back to the activities of the British pioneer Thomas Cook in the 1840's, and to travel by rail and sea. Modern tour operation is related to developments in the airline industry in the late 1950's and the 1960's in north Europe generally and especially in the United Kingdom (UK). Energetic entrepreneurs saw a growth opportunity and a "boom industry" began. Quickly adopting the latest jet aircraft, the demand continued to expand through the 1970's and 1980's when market expansion seemed limitless (Middleton and Hawkins, 1998:184).

The era of so-called "mass tourism" was associated with large tour operators who catered especially for first-time and travel-inexperienced customers in about a 20-year period between the 1960's and 1980's. It was the fortuitous combination of aircraft technology and airline economics, continuous growth in demand for international holidays and increasing resort capacity that stimulated the emergence of large-scale tour operations. Tour operators further stimulated market growth through their promotional activities and aggressive pricing policies. Importantly, at least until the 1990's, the large operators could take for granted the environment at individual destinations, using it as a "free" resource to be exploited for profit (Middleton, *et al* 1998:184).

2.2.2 A national perspective on the development of travel agencies and tour operators

Indications are that the first booking agent in South Africa was John Thompson Rennie who commenced business in 1849 and he was mainly involved in passenger and cargo shipping, which at the time was the only form of transport available to passengers travelling overseas. He formed a passenger and shipping line called the "Aberdeen Direct Line of Clippers" to Port Natal that consisted of 14 sailing ships, the largest being only 467 tons. In 1858 Rennies Travel, as it was then known, was started in Cape Town. In 1874, Rennies Travel in Durban commenced business serving this shipping line (Lubbe, 2000:26).

The growth of passenger travel in South Africa is closely linked to the development of transport in the region. In 1857 the mailship service started in South Africa, which carried passengers and cargo between South Africa and the UK. Two shipping lines, the Union Line and the Castle Line were the major contenders for the lucrative mail contract (which also carried passengers). In 1900 these two shipping lines merged to become the Union Castle Line. Passengers initially reserved their passages on these ships directly with them. The Union Castle Line also had a department called a rail section where passengers who travelled by rail from Johannesburg to Cape Town and return, could make their reservations (Lubbe, 2000:26).

In 1927 the South African Railways established a Publicity and Travel Department which was mainly concerned with advertising and bookings of services of the South African Railways. They also branched into booking for the shipping lines. Passengers were able to reserve their sea passages at booking agents which ranged from grocery shops to general stores where, as well-known travel executive Henry Irving recalls: "You could go in and buy a pound of butter and a passage to England at the same time". After the war, travel agents such as Thomas Cook were established names in the travel industry, but at that time they still sold mainly shipping and rail travel (Lubbe, 2000:26).

The first real attempt at "mass travel" came about in the 1960's when Max Wilson started the Overseas Travel Club and negotiated so-called "block bookings" with the Union Castle Line for passages to England. With the growth of air travel, charters also grew as a form of "mass travel". The Castlemarine Travel was established in 1963 to manage the Union Castle Line passenger's travel side. It subsequently diversified into all forms of general travel and quickly exploited the potential of general travel linked to sea travel. Sea travel became a leisure activity that people saw as a holiday and therefore the popularity of cruise travel increased tremendously (Lubbe, 2000:26).

South African Airways (SAA) was established in 1934 by acquiring all assets and liabilities of a business called Union Airways and began with chartered and scheduled flights between Cape Town, Durban and Johannesburg. The first international service commenced in 1945 to Bournemouth and in 1960 SAA began flying Boeing 707 to the UK and Europe. Other international airlines such as KLM, Lufthansa and Alitalia started flying into South Africa in the 1950's. Car rental started in 1967 when Noel de Villiers started a business called Zeda Car Rental, which from 1969 subsequently started to operate under the name of Avis (Lubbe, 2000:27).

The 1960's can probably be regarded as the era that changed the face of the travel industry. This period was characterised by the intense growth of air travel with travel agencies branching into general travel and tours, both on a mass scale as well as smaller group travel. There were many mergers of travel agencies and the establishment of tour operators brought on the growth in large travel agencies, many smaller agencies as well as tour wholesalers. This growth has continued until today where we see major changes again taking place in terms of automation, joint ventures, franchises and alliances (Lubbe, 2000:28).

2.2.3 The political-governmental environment in South Africa

Over the years the tourism industry in general and some tourism establishments in particular have been affected by legislation not directed specifically at the tourism industry. This included legislation prohibiting Africans from staying in hotels or other accommodation reserved for whites, reservation of beaches and other public facilities for exclusive use by whites and pass-law restrictions on the movement of Africans. This legislation was the result of the apartheid policy, which was implemented in 1948. This policy not only dampened the growth of black tourism in general, but was also a major cause of embarrassment for the Government in the rest of the world. During the 1970's and 1980's South Africa was increasingly isolated from the rest of the world. Economic and other sanctions were imposed, including measures to discourage citizens of foreign countries from visiting South Africa. South Africans were also denied the opportunity of visiting some foreign countries (Bennett, 2000:181).

President de Klerk announced on 2 February 1990 the unbanning of the African National Congress (ANC) and other organisations, and also the release of all political prisoners, amongst them the jailed ANC leader Nelson Mandela. Negotiations on a new South African Constitution started on 18 November 1993. It paved the way for South Africa's return to the international community, bringing with it new opportunities for tourism. Overseas tourists were once again encouraged to visit South Africa, and South African citizens were free to visit overseas destinations that had previously been closed to them (Bennett, 2000:182).

The first democratic elections held in April 1994 impacted profoundly on the tourism industry. Although many foreign tourists avoided the country at the time of the elections, the thousands of international journalists and observers injected millions into the local tourism industry. After the elections, tourist activity increased considerably and the number of international tourist arrivals continued to grow. New hotels were built and the number of airlines serving the South African route doubled in a very short period (Bennett, 2000:182).

At present, the political-governmental environment is possibly the most turbulent environment in South Africa. Changes are taking place at an increasingly rapid pace while it forces the industry to focus heavily on the environment (Bennett, 2000:179).

2.3 GOVERNMENT'S INVOLVEMENT IN TOURISM

The involvement of Governments in tourism is treated from an international perspective, a Third World perspective and a perspective on Africa.

2.3.1 An international perspective on Government's involvement in tourism

Governments became involved in tourism historically, and are still involved in the management of tourism today, mainly for economic reasons. This is true of Governments at all levels: they all expect their economies to benefit from tourism. Tourism is seen as a major industry and a boost to the economy generally, partly through the results or "flow on" of the multiplier effect. Many countries have foreign exchange deficits and inbound tourism expenditure helps to rectify this deficit (Elliott, 1997:29).

Japan on the other hand, is in the unusual position of being criticised for large foreign exchange surpluses and therefore encourages outbound tourism to cut the surplus. Countries can also have deficits on their tourism account where their nationals are spending more overseas than what foreign tourists are bringing into the country such as in the UK in 1995. This tourism deficit makes a foreign exchange deficit worse. For some countries tourism is the single most important foreign currency earner, as in Thailand where tourism replaced rice exports in 1983 as the number one foreign currency earner (Elliott, 1997:29).

It is only Governments that have the power to provide the political stability, security and the legal and financial framework which tourism requires. Governments provide essential services and basic infrastructure. It is only a Government that can negotiate and make agreements with other Governments on issues such as immigration procedures or flying over and landing on national territory. Governments have power, but how they use this depend upon many factors including political culture, the political and economic power holders and their perception of the tourism industry (Elliott, 1997:2). The main tourism objective of Governments should therefore be to increase the number of tourists visiting the country, consequently increasing the amount of foreign exchange entering the country and thereby strengthening the balance of payments position (Elliott, 1997:58).

Hall (2000:135) argues that Governments shape the economic framework for the tourism industry although international economic factors that relate to exchange rates, interest rates and investor confidence are increasingly important. Governments provide the educational requirements for tourism, establishes the regulatory environment in which business operates, and takes an active role in promotion and marketing. In addition, tourism may be politically and economically appealing to Governments because it can potentially give the appearance of producing results from policy initiatives in a short period of time in terms of visitor numbers and/or employment generation (Hall, 1998). For example, the European Union (EU) argues that "the importance of tourism in a region's development is due in particular to its job-creating capacity, to its contribution to the diversification of economic regional activities and to various indirect effects of expenditure by tourists" (EU, 1998, Section 74).

2.3.2 A Third World perspective on Government's involvement in tourism

Mowforth and Munt (1998:282) state that tourism is used by some Third World Governments to gloss over glaring social inequalities and in some cases, the systematic abuse of human rights. For many Third World countries, political stability is one of the principal keys to secure a steady stream of First World tourists. First World's judgement of such instability affects a country's tourism fortunes. It is not only the actual occurrence of political instability that is of critical importance, but rather the way that it is perceived, constructed and represented in the First World. It can be argued that it is also the perception of sustainability by First World agencies that are crucial to how some forms of tourism in Third World countries are considered. It contributes to emphasise the inherently political nature of tourism development and the way in which power is transmitted through tourism.

Middleton, *et al* (1998:6) summarise the attraction of tourism to Governments in the economically developing world (Jeffries, 2001:24). They argue that it is especially attractive to Governments because of the opportunities in tourism, namely:

- Massive size, recent growth and widely forecasted potential for future development;

- Ubiquity - there are few areas in the world in which travel and tourism is irrelevant either as a region of origin or destination for visitors, or both;

- Significance for the economic, foreign currency and employment needs of most countries in the world. It is especially relevant to smaller developing countries with otherwise limited resources to sustain the economic demands of growing populations;

- Conferment of potential economic values in natural, cultural and other heritage resources such as scenery, wilderness, historic structures, bio-diversity in flora and fauna and environmental quality. All these have intrinsic values measured in world environment terms, but typically have no obvious trading value to most resident populations;

- Contribution to the quality of the lives of virtually all residents; and

- Relatively low pollution output of servicing organisations compared with other major global sectors of the economy such as intensive agriculture, fisheries, chemical industries, manufacturing and extractive industries.

2.3.3 A perspective of African Government's involvement in tourism

Teye (2001:123) states that a number of arguments were raised in the 1970's and 1980's in support of tourism development on the African continent. For the most part, the majority of complaints were economic in nature (de Kadt, 1979; Lea, 1988). To consider are specific African conditions and concerns, namely:

- Most African Governments see their responsibility as the provision of an adequate supply of foreign exchange for the payment of imports of capital and consumer products. Tourism is seen as a means to diversify Africa's mono-cultural economies since economic fortunes are highly dependent upon the export of a few unprocessed agricultural and mineral products. For example, by the mid-1980's, 25 out of 46 sub-Saharan African (SSA) countries were totally dependent on agricultural exports, while 17 countries derived over 80 percent of their export earnings from less than four commodities;

- Closely related to the foreign exchange arguments, are assertions that tourism can assist in preventing and alleviating widespread and persistent unemployment in African countries. Tourism is labour-intensive and requires a significant proportion of unskilled labour. Tourism is only in the third place in the process of economic development. It progresses after agriculture and industrialisation;

- Tourism supports policies that pursue spatially comprehensive regional development activities. The tourism industry provides jobs and economic growth points in areas that would otherwise remain undeveloped because they are not fit for either agriculture or resettlement purposes; and

- Many African countries experience rapid population growth, expanded land-use and congested urban areas. Countries establish environmental protection agencies and ministries for the environment, but several are turning to tourism-related activities in order to protect the ecosystem.

Burger, Dohnal, Kathrada and Law (2001:403) argue that Africa has much to offer as a future tourist destination, provided that it is cured of mismanagement and corruption. Tourism depends entirely on the quality of resources and political stability of a destination. However, South Africa has not yet been able to realise its full potential in tourism. The contribution of tourism to employment, small business development, income and foreign exchange earnings remain limited. Wildlife parks, beautiful scenery, cultural diversity or other resources do not determine South Africa's tourism success. Its success will rather be determined by how well such resources are managed and to what extent they complement human skills and innovations.

The involvement of Governments in tourism varies from country to country and depends on the priorities each Government has. Governments will always be involved in tourism and to a lesser or greater extend, have some impact on the industry.

2.4 THE IMPORTANCE OF TOURISM TO GOVERNMENTS

Tourism is important to Governments for a number of reasons, namely:

2.4.1 Representing the population

Governments represent the people at the level where tourism and policies have a direct impact. Policies have to be implemented at this level and local citizens can have the power to influence results. Local Governments have responsibilities to the citizens as well as to assist the tourism industry as it acts as a bridge between the citizens and the industry. How effectively a Government operates will depend upon its skill in balancing various political, economic, social and legal pressures and conflicting interests. Market forces and power groups in the local community, tourism developers and national Governments can all have an effect (influence) on tourism. At the local level a Government has many responsibilities such as the provision of basic services, while tourism has to be balanced with these services (Elliott, 1997:174).

Governments should enable local people to appoint representatives and managers to administer the local area on behalf of the residents. Therefore, representatives at the local level should take decisions that affect local people directly. Democracy means that politicians are elected to look after the local people. A Government is therefore responsible for their welfare and to represent their interests before all others (Elliott, 1997:136).

2.4.2 The co-ordination role of Governments

Co-ordination is necessary both within and between the different levels of a Government in order to avoid duplication of resources between the various Government tourism bodies and the private sector, and to develop effective tourism strategies. Given the large number of public organisations which have an interest in tourism matters, one of the main challenges for a Government is to bring the various organisations and agencies together to work for common policy objectives (Hall, 2000:136).

Furthermore, in several jurisdictions, Governments often serve to help co-ordinate private sector activities as well (Hall, 2000:135). In several nations such as Israel and in several regions, notably the island states of the Pacific (Hall and Page; 1997), national tourism development plans have been drawn up in which Government identifies which sectors of the industry will be developed, the appropriate rate of growth and the provision of capital required for expansion (Hall, 2000:136).

2.4.3 The Government as a public interest protector

Hall (2000:142) argues although not necessarily tourism specific, the role of the Government as a public interest protector has major implications for the development of tourism policy. Indeed, public tourism planning, particularly from the community and sustainable approaches in which equity is a major consideration, serves as an arbiter between competing interests. Ideally, policy decisions should reflect a desire to meet the interests of the relevant level of the Government e.g. national, provincial/state or local, rather than the sectionally defined interests of components of the tourism industry (Hall, 1994).

However, Government's role as interest protector has major implications for tourism and sustainability. As Blowers (1997:36) notes: "In the UK, the long period of privatisation, deregulation, the cut in public expenditure and attacks on local Government have resulted in a democratic deficit. It led to a dispersal of power to unelected quangos and business interests and unsustainable developments" (Hall, 2000:143).

2.4.4 The Government's stimulation role of tourism

According to Mill and Morrison (1985), Governments can stimulate tourism in three ways. *First*, financial incentives such as low-interest loans or a depreciation allowance on tourist accommodation, although "their introduction often reflected both the scarcity of domestic investment funds and widespread ambition to undertake economic development programmes" (Bodlender and Davies, 1985 :11). A *second* aspect of Government stimulation of tourism is to sponsor research for the general benefit of the tourism industry, rather than for specific individual organisations and associations. The *third* dimension of the stimulation role is that of marketing and promotion, generally aimed at generating tourism demand. It can also take the form of investment promotion that are aimed to encourage capital investment in tourism attractions and facilities (Hall, 2000:138).

2.4.5 The Government as an entrepreneur

Governments had long an entrepreneurial function in tourism. Governments not only provide basic infrastructure, but may also own and operate tourist ventures such as hotels and travel businesses. Governments at all levels also have a long history of involvement in promoting tourism. However, the entrepreneurial role of Government in tourism is changing in a climate in which less Government intervention is being sought. It implicates the development of increased public-private arrangements in tourism-related development projects and the conduct of such developments on a commercial basis (Hall, 2000:137).

The role of the Government as an entrepreneur in tourism development is closely related to the concept of the "devalorisation of capital". The "devalorisation of capital" (Damette, 1980) (Hall, 2000:137) is the process by which the Government subsidises part of the cost of production, for instance by assisting in the provision of infrastructure or by investing in a tourism project where private venture capital is otherwise unavailable. In this process private costs are transformed into public or social costs. For example, in India several states have created tourism development corporations for the purpose of encouraging tourism development and investment. The Tourism Corporation of Gujarat developed a tourism plan which included several tax concessions for investors such as exemption from luxury tax, sales tax, electricity duty, turnover tax and entertainment tax and long-term loans from state institutions. This in part, has helped to address the negative image of India overseas as a tourism destination. It also addressed the limitations on foreign direct investment for tourism prior to the Government's economic liberalisation measures in the 1990's (Chaudhary, 1996).

2.5 GOVERNMENT POLICY AND TOURISM

Government policy and tourism are discussed from an international and national perspective.

2.5.1 An international perspective on Government policy and tourism

Hall (2000:16) divides international tourism policies among the developed nations into four distinct phases as presented in Table 2.1 (page 28). Of particular importance is the increased direct involvement of Governments in regional development, environmental regulation and the marketing of tourism. However, more recently there has been reduced direct Government involvement in the supply of tourism infrastructure, and greater emphasis on the development of public-private partnerships and industry self-regulation (Hall, 1994).

The Organisation for Economic Co-operation and Development (OECD) (1997:64) argue that continuing efforts are needed to document and analyse the growing number of initiatives in countries to modify unsustainable patterns of consumption and production, and to clarify the implications of policies, particularly their impacts on consumer welfare, employment and competitiveness.

Table 2.1: International tourism policies from 1945 to the present

PHASE	CHARACTERISTICS
1945 - 1955	The dismantling and streamlining of the police, customs, currency and health regulations that had been put into place following the second world war
1955 - 1970	Greater Government involvement in tourism marketing in order to increase tourism earning potential
1970 - 1985	Government involvement in the supply of tourism infrastructure and in the use of tourism as a tool of regional development
1985 - present	Continued use of tourism as a tool for regional development, increased focus on environmental issues, reduced direct Government involvement in the supply of tourism infrastructure, greater emphasis on the development of public-private partnerships and industry self-regulation

Source: Hall, 2000:16

A clear need also exists to identify where the existing array of policy tools could be strengthened or new measures designed to address consumption and production patterns identified as unsustainable (e.g. subsidy removal, green tax reform, voluntary agreements, product policies, education and information, land-use planning, investment, incentives to innovation and technology policy). Therefore, Government leadership is an essential factor to encourage change by economic actors. Priorities for Government policy development include:

- The sharpening of the understanding of essential issues in the sustainable consumption and production debate, including the related concepts of "eco-efficiency" and "dematerialization", and analysing their potential to provide a more meaningful frame of reference for Governments, the private sector and households; and

- The generation of a wider debate in society on sustainable consumption and production and its implications for broader societal objectives, economic development and social progress. A spectrum of environmental, economic and social issues are likely to be affected by changes in consumption patterns. Thus, systematic mechanisms are needed to promote active participation and dialogue amongst the multiple stakeholders within nations.

Policy and legislation

Jeffries (2001:103) says that some legislation has a clear, direct relevance to tourism which provide a framework within which an identifiable core of Government departments and agencies formulate and implement policies for leisure, recreation and tourism. Two relevant kinds of legislation are worth identifying in more detail. The *first* covers general areas that may have significant consequences for tourism, positive or negative, such as legislation concerned with immigration, consumer protection, road safety and liquor licensing. The *second* kind is that which is concerned directly with the development and regulation of the leisure, recreation and tourism industries. It also covers protection of the built and natural environments and other assets that have special significance in the context of tourism.

The *first* kind of legislation draws Governments and public authorities into considering its impacts on tourism and into debate with interested lobbies, pressure groups and individuals. The *second* kind is directly entered into with tourism in mind either in its own right or as an element within the wider field of leisure, recreation and tourism.

In most of the developed countries, it is the private sector that has adopted the role of a major or a senior partner. The Government's role has been confined to that of a policy maker and the one that is really involved in the regulation of the industry. To recognise the industry's enormity and its structural complexity, one of the essential conditions for the successful development and promotion of tourism in any country is the active involvement of all players of the industry at all levels. In the public sector, the involvement is needed not only at the national or central level, but also at the regional, local and community levels. In the private sector, a vast number of firms and organisations of diverse types are more and more involved in the development of the tourism industry (Jeffries, 2001:109).

France (1997:213) states that sustainable tourism development can only be achieved when tourism is managed in a controlled and integrated manner and is soundly based in careful and effective legislative restriction. Many examples exist of uncontrolled developments that may reap short-term benefits but which in the longer term, have led to socio-cultural and environmental problems and to the emergence of poor quality destinations (Inskeep, 1994). Without an overarching national plan, unsupported regional and local efforts are less likely to achieve a long-term solution to the damaging impacts that tourism often generate.

2.5.2 A national perspective on Government policy and tourism

Policy describes what people plan to do and how they will do it. Government policy can lead to new or changed laws and changes the way in which Government departments are organised and funded. Policy can be made at the National, Provincial or Local level. Policy can also be made in business, Non-Government Organisations (NGO's) and Community-Based Organisations (CBO's) (DEAT, 1996b:3).

As stated by the DEAT (1999b:96) Provincial and Local Governments operate within the national framework of sustainable development and integrated environmental management, as spelt out in the Environmental Management Policy (1999). Where appropriate, Provincial and Local Governments develop their own laws and strategies to suit their specific needs and conditions. They will do this within the framework of the Environmental Management Policy (1999). Where necessary, Provincial and Local Governments may apply stricter norms and standards to ensure the protection of human health and wellbeing and ensure environmental sustainability. The responsibility for managing environmental impacts must be done at the level of Government that is most effective and it will depend on:

- The size and scope of the impact(s);
- Whether there is a conflict of interest involved or not;
- The existing environmental management capacity in each sphere of Government and its ability to:

    - Ensure environmental sustainability;
    - Achieve integration and co-ordination;
    - Make environmental rights a reality; and
    - Get stakeholders to participate.

Local authorities have therefore a key role to play in monitoring how individuals and organisations comply with environmental norms and standards.

The DEAT (1999b:23) says that the mandate for the Government's Environmental Management Policy comes from:

- The universal duty to protect the environment to ensure that all people survive and have a better quality of life; and
- The Bill of Rights in the South African Constitution (Act No. 108 of 1996).

Section 24 of the Constitution guarantees that everyone has the right to:

- An environment that is not harmful to their health or well-being; and
- Have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that:

    - Prevents pollution and ecological degradation;
    - Promotes conservation; and
    - Secures ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

2.6 SPECIAL INITIATIVES BY NATIONS

A number of international and national tourism related initiatives that seem to be successful are the following:

2.6.1 Foreign direct investment, foreign trades and taxes

The Gauteng Economic Development Agency (GEDA) (2001:13) examines why Ireland is successful in attracting foreign direct investment, namely because of:

- Visible Government commitment to attract foreign direct investment and support across political party lines;
- Targets for economic growth are set high (about 15 percent per annum);
- The economy focuses on niche high-growth sectors in which the country can compete globally;
- The education system is pro-active, industry-orientated and well funded;
- Tax and investment incentives are extremely competitive. For example, Ireland's corporate tax rate is only 10 percent, compared to South Africa's 30 percent; and
- The country is as free from bureaucracy as possible. It has been described as a "bureaucracy-free zone".

Mauritius capitalises on its strategic location and relies on its sound domestic and economic base to establish itself as a premier international business centre. In 2000, Mauritian imports exceeded R15 billion and foreign trade has grown by no less than 5 percent annually over the past five years. Mauritius is becoming an important investment hub that offers quality service, reliability and securities with an excellent market access (African Connexion, 2002:14).

The World Tourism Organisation (WTO) (1998:12) argues that The British Tourist Authority indicates with the following example their high return on investment in tourism. They estimate that every £1 that the British Government spends on marketing, results in £25 that is spend on tourism.

Therefore, if the Government were to receive 25 percent of tourism spend in taxes, the Government's return on investment would be over 600 percent.

In South America, Chile and Colombia allow the deduction of VAT on services provided to foreign tourists. This tax exemption gives these countries a significant price advantage over neighbours such as Argentina and Bolivia, where such exemption does not apply (WTO, 1998:13).

2.6.2 Marketing strategy

Ranked the best African stand at the World Trade Market Fair in 2000, Kenya adopted a new marketing strategy. With a stand that depicts a rich natural habitat, it was distinct from hundreds others. Kenya strengthens its marketing strategy by injecting more funds to build expert marketing teams and new advertising campaigns. They also extend their network by appointing new global market development representatives in the country's key source markets in Europe, the United States of America (USA) and Asia (Kwena and Mugonyi, 2002:10).

2.6.3 Tourism and Agenda 21

Agenda 21 comprises a detailed plan of action and set specific initiatives for all nations to undertake in the achievement of sustainable development. Agenda 21 were adopted by 180 nations. It offers policies and programmes to achieve a sustainable balance between consumption, population and the earth's life supporting capacity (DEAT, 2000a:8). South Africa committed itself to have a national sustainable development strategy in place by the year 2002 at the United Nation's (UN's) General Assembly Special Session (RIO+5) in 1997. In terms of the National Environmental Management Act (No. 107 of 1998), all levels of the South African Government are required to submit reports on their progress in terms of sustainable development practices every year (DEAT, 2002b:3).

South Africa is 1 of 11 countries in the world that have formally embarked on a National Local Agenda (LA) 21 campaign. This process is transforming local governance in conjunction with decentralisation policies that originate at National level (DEAT, 2002b:3). The aim of LA 21 is to change the way that Local Governments are organised to ensure that municipal services are sustained. This objective requires a strategic planning approach that equally factors long-term community, ecological and economic concerns into the development and provision of current municipal services. There are currently approximately 10 formal LA 21 initiatives that take place in South Africa. Among these are the cities of Johannesburg and Pretoria (DEAT, 2000a:20).

The LA 21 principles are also integrated into the Local Government's planning processes. Several National policy documents such as the Constitution of the Republic of South Africa (Act No. 108 of 1996) refers to the important role that Local Authorities have to play in the process of sustainable development. The Urban Development Framework of South Africa specifically encourages Local Authorities to embark on LA 21 initiatives (DEAT, 2000a:20). Many of the problems and solutions that Agenda 21 attempts to address have roots in local activities. Therefore, the full participation and commitment of all people is crucial to fulfil the objectives of Agenda 21 to create a sustainable future (DEAT, 2000a:8).

2.6.4 Macro-economic strategy in South Africa

The Government's macro-economic strategy of "growth, employment and redistribution" (GEAR) has set a target of 6 percent economic growth per annum by 2000 and employment creation of 400 000 new jobs per annum by that date (DEAT, 1998c:1). However, in spite of the healthy growth experienced during the period following the elections, the country has not been able to optimise its tourism potential (DEAT, 1998c:3). An analysis of the tourism sector reveals the following key findings:

- ***Strengths***

Diversity of attractions and unique selling features; well-developed core tourism infrastructure that has been able to absorb and accommodate high growth; largely deregulated, privately operated; competitive airspace policy; offers good value for money due to a favourable currency.

- ***Weaknesses***

Absence of a clear product branding and fresh marketing strategy; poor international promotion coverage due to a major lack of marketing funds and a weakening currency; poor product diversification; lack of institutional capacity at all tiers; fragmentation and lack of partnerships; lack of access and tourism activity in many areas due to past policies; lack of ownership and spread of benefits to disadvantaged communities; poor service ethic and culture; lack of skilled manpower; poor perception of safety; lack of sustainable management practices.

- ***Opportunities***

Growing world tourism market to tap into; our product base compliments global trends and market needs; increasing freedom of airspace introduces competition and affordable access; availability of community resources (e.g. land) in many areas with tourism potential; many underdeveloped areas with tourism potential where economic growth is most needed; major new markets opening up after elections; tourism sector conducive to SMME development; major opportunities for human resource development.

- ***Threats***

Increasing incidence of crime against tourists may have a severely negative impact on the industry; danger of becoming unknown in the marketplace due to a lack of marketing funds; potential irreparable damage and over-development of resource base; danger of overpricing by some industries; potential degradation of service and product quality.

The Government's tourism policy, namely The White Paper on the Development and Promotion of Tourism in South Africa (1996), compliments the GEAR strategy (DEAT, 1998c:2). It acknowledges the potential of the tourism sector to become a major GEAR stimulus, based upon:

- The comparative advantage offered by our natural and cultural resource base;
- The fact that our tourism attractions compliment global market trends;
- The ability of the sector to attract substantial private sector investment;
- Its ability to accommodate SMME development;
- The labour intensive nature of the sector;
- Its potential to act as a catalyst for major infrastructure investment;
- Its ability to stimulate the development of the tradable goods sector (e.g. curios, jewellery); and
- Its value as a non-primary export earner.

However, according to the Minister of Finance (Mr Trevor Manuel), GEAR will have to "shift into another gear" to stimulate economic growth and job creation. This presents a strategic opportunity to review the key lessons of GEAR and to incorporate the concerns of stakeholders from both business and labour (NBI, 2001b:5).

2.6.5 Environmental management in South Africa

In South Africa, the environment is defined as the biosphere in which people and other organisms live (Breen and McKenzie, 2001:52). It consists of renewable and non-renewable natural resources, natural ecosystems and habitats that have been constructed or modified by people. Environmental management is a joint responsibility of National and Provincial Government. The National Government policy for the management of the environment is laid out in the White Paper on Environmental Management Policy for South Africa that was published in May 1998. The policy lays out the principles to be applied to environmental management and the goals and objectives of national environmental management. Some of the key principles are:

- Renewable and non-renewable natural resources, cultural resources and land are all part of South Africa's environmental heritage. They are public assets that belong to the nation's people; and

- The Government acknowledges that it has a constitutional duty to protect the environment for the benefit of current and future generations.

The National Environmental Management Act (NEMA) (No. 107 of 1998) gives effect to the White Paper on Environmental Management Policy (1998) for South Africa. The Act provides a framework for the integration of the environmental management activities of the various spheres of Government. The Act established a Committee for Environmental Co-ordination (CEC) that comprises representatives of National Government departments, relevant Provincial departments and Local Government. The purpose of the CEC is to promote the integration and co-ordination of the environmental functions of the various organs of state (Breen, *et al* 2001:52).

The Act also established a number of procedures to promote co-operative environmental governance. The Act requires that National Government departments whose activities may affect the environment and all provinces to prepare environmental implementation plans (EIP's). Similarly, all National Government departments that are involved in the management of the environment are required to prepare environmental management plans (EMP's) (Breen, *et al* 2001:53).

One of the key features of the Act is a provision that empowers members of the public to take legal action in the public interest or in the interest of protecting the environment. This legal action can be taken when a law concerned with the protection of the environment has been broken (or there is a threat that such a law may be broken). This is a very powerful provision that allows anyone to take legal action to ensure that the environmental laws of the country are upheld (Breen, *et al* 2001:53).

2.6.6 Tourism planning in South Africa

A plan is a statement of intent at a particular time. Planning is a process whereby one continually envisions the future and prepares for it. Therefore, planning is an ongoing activity that involves continual adjustment.

Planning the development of an area remains the responsibility of the municipality for that area. Various National and Provincial laws lay the framework in which municipal planning takes place. One of the key National laws is the Local Government Transition Act (No. 209 of 1993) that requires all municipalities to draw up integrated development plans (IDP's) for the development and management of their areas of jurisdiction. An integrated development plan encompasses planning for the many areas that are dealt with by municipalities such as water planning, transport planning, spatial planning and environmental planning. Some provinces also have separate planning laws (Breen, *et al* 2001:60).

However, planning processes vary (Breen, *et al* 2001:60). The Council for Scientific and Industrial Research (CSIR) suggest the following generic planning process for an IDP, namely:

- *The Workplan Phase*: This involves the preparation of a workplan for the preparation of an IDP;
- *The Vision Phase*: It involves developing a vision for the area;
- *The Development Framework Phase*: Key issues for the specific area is identified and goals of the IDP are developed;

- *The Development Strategies Phase:* Strategies for attaining the IDP's goals are developed;

- *The Operational Planning Phase*: The necessary finances and resources are allocated to ensure the implementation of the strategies; and

- *The Monitoring, Evaluation and Review Phase*: The IDP is assessed and the outcomes of the assessment are feed into the ongoing development of the IDP.

Without proper planning the potential benefits that can otherwise be achieved from the development of tourism in any given destination area, may not materialise and further economic problems can and will occur, with long term consequences. Thus, the emergence and maintenance of tourism as a dynamic rather than static industry depends upon the adoption of a strategic approach to planning and management.

2.6.7 The implementation of tourism in South Africa

Strategies for the implementation of new tourism programmes should be clearly described (DEAT, 2000b:22). This may be integrated with the implementation strategies required in terms of other legislation (e.g. the Development Facilitation Act No. 67 of 1995). Where appropriate, the implementation strategy may include:

- Mechanisms for the implementation and management (e.g. legislation, institutional arrangement, strategic plans, local plans, environmental management systems and environmental assessment);
- Roles and responsibilities for the various levels of Government and other organisations;
- Financial and human resource requirements;
- Phasing and time-frames for implementation; and
- A communication strategy.

Monitoring and auditing should be applicable to the context in which the plan or programme is developed. This implies that the programme may be integrated into the monitoring and auditing schemes required by existing legislation (e.g. the Minerals Act No. 50 of 1991). Alternatively, the monitoring and auditing programme could be formulated specifically for the plan or programme being developed. Typically, the monitoring programme will include objectives and a description of where, how, when and by whom monitoring will take place. Details on the financing of the programme should also be included (DEAT, 2000b:23).

The implementation of tourism will bring with it impacts upon the economic, social, cultural and physical environment in which it takes place.

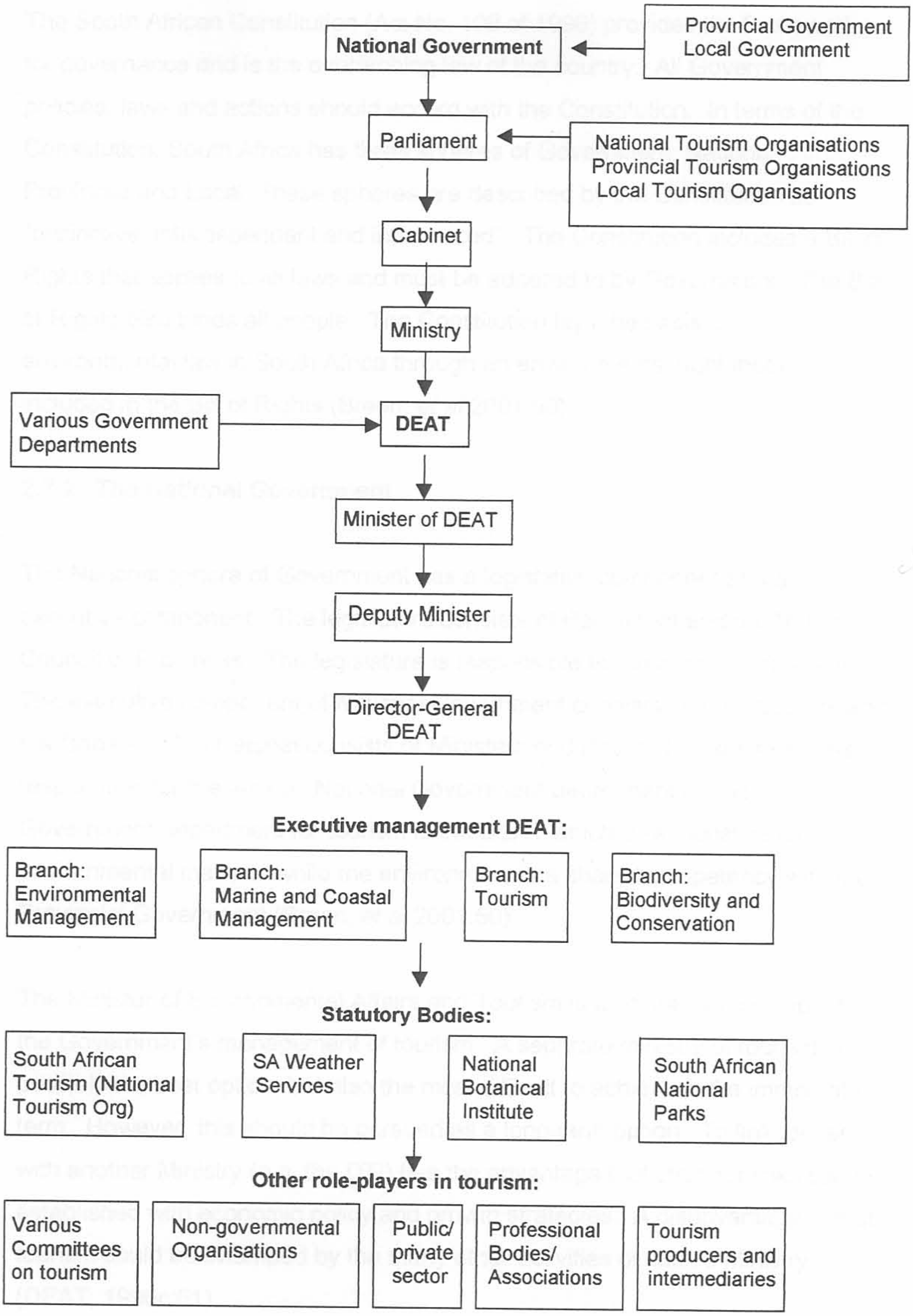
Governments should realise that unrestrained and unplanned tourism development can easily aggravate problems to a point where tourists will no longer wish to visit the destination.

2.7 STRUCTURE OF THE TOURISM INDUSTRY IN SOUTH AFRICA

It is important to have a clear understanding of the structure of the tourism industry and the effect of integration that is a significant characteristic of the industry. Although the various structures of the tourism industry operate independently and frequently compete with each other, they are really part of an overall system as travellers' use more than one component when they travel. For this reason, what affects one component also affects others.

As no clear and definite structure for the tourism industry exists on paper in the available literature, a structure is drawn from bits and pieces from the available literature. Figure 2.1 reflects the structure of the tourism industry in South Africa.

Figure 2.1: Structure of the tourism industry in South Africa



Source: Own composition

2.7.1 The Constitution

The South African Constitution (Act No. 108 of 1996) provides the framework for governance and is the overarching law of the country. All Government policies, laws and actions should accord with the Constitution. In terms of the Constitution, South Africa has three spheres of Government: National, Provincial and Local. These spheres are described by the Constitution as "distinctive, interdependent and interrelated". The Constitution includes a Bill of Rights that applies to all laws and must be adhered to by Government. The Bill of Rights also binds all people. The Constitution lays the basis for environmental law in South Africa through an environmental right that is included in the Bill of Rights (Breen, *et al* 2001:50).

2.7.2 The National Government

The National sphere of Government has a legislative component and an executive component. The legislature consists of Parliament and the National Council of Provinces. The legislature is responsible for creating national laws. The executive component of National Government consists of the President and the Cabinet. The Cabinet consists of Ministers and Deputy Ministers who are responsible for the various National Government departments. The Government department for tourism is the DEAT which is responsible for environmental matters, while the environment is a shared competency with the Provincial Government (Breen, *et al* 2001:50).

The Minister of Environmental Affairs and Tourism is ultimately responsible for the Government's management of tourism. A separate ministry of tourism is possibly the best option, but also the most difficult to achieve in the immediate term. However, this should be pursued as a long-term option. To link tourism with another Ministry (e.g. the DTI) has the advantage that stronger links can be established with economic policy and growth strategies. A disadvantage is that tourism could be swamped by the many other activities of such a Ministry (DEAT, 1996c:61).

2.7.3 The Provincial Government

The Provincial sphere of Government has legislative and executive components. Provincial legislation (of the 9 provinces in South Africa) is promulgated by the Provincial Parliament. The executive component of Provincial Government consists of the Provincial Premier and the Provincial Cabinet. The Cabinet consists of Ministers and Deputy Ministers who are responsible for the various Provincial Government departments. In a Provincial Government, the department that plays the most important role is again the DEAT (Breen, *et al* 2001:50).

The Provincial Government takes on similar functions as at the National level, but with three main exceptions. *First*, the focus is much more on the implementation and application of national principles, objectives and policy guidelines as appropriate to local conditions. *Second*, as much of the tourism product is itself located at the Provincial level, provinces take on a much more important role in facilitating and developing the tourism product. *Third*, provinces have a major role to play in marketing and promoting their destinations in competition with other provinces locally (DEAT, 1996c:47).

The Provincial Government has the responsibility of facilitation, co-ordination, regulation, monitoring and development promotion. Provincial Governments should play a more prominent role in tourism development activities than the National Government. Such include the involvement of local communities, environmental management, safety and security of visitors, tourism development and infrastructure provision (DEAT, 1996c:50).

2.7.4 The Local Government

The Local Government consists of municipalities that have been established for the whole of South Africa. The legislative and executive authority of a municipality rests with the Municipal Council. The Municipal Council has a support structure of Municipal Officials that implement the decisions of the Council (Breen, *et al* 2001:51).

The Local Government is closer to the product than the National or Provincial Government. The functions of the Local Government mirror those of the Provincial Government, but with added emphasis on the planning, development and maintenance of many aspects of the tourism product. The exact role of the Local Government in the tourism development thrust will be determined by local conditions existing at the Provincial levels. Most important is the availability of the necessary financial means and skills base to carry out their respective functions (DEAT, 1996c:47).

2.7.5 The law-making process in South Africa

According to Breen, *et al* (2001:51), the national law making process in South Africa follows the route of:

- Government publishes a Green Paper that sets out policy options that the Government considers for a particular subject area. A Green Paper allows consideration of, and input into policy options by interested parties;

- It is then followed by the publication of a White Paper. A White Paper lays out Government policy for a particular subject area. A White Paper can propose the promulgation of one of more laws to meet the objectives of the policy;

- To pass a law, the Government should first draft a Bill. A Bill is a draft Act. A Bill lays out the law that Parliament intends to pass. It is written to allow for public and parliamentary consideration of the intended law;

- Once a Bill is passed by Parliament, it becomes an Act. An Act is a law of the country; and

- Most Acts empower appropriate Government ministers or heads of departments to pass regulations. An Act provides a clear indication of what type of regulations can be promulgated. Regulations do not need the approval of Parliament.

Provincial Parliaments are empowered to pass laws that are applicable to their province and fall within the competency of Provincial Government. Provincial laws cannot conflict with National laws. The Provincial legislative process is usually similar to the legislative process of National Government. Municipalities are able to pass by-laws for their area of jurisdiction that fall within the competency of Local Government. They cannot conflict with Provincial and National laws (Breen, *et al* 2001:51).

2.8 ROLE PLAYERS IN THE SOUTH AFRICAN TOURISM INDUSTRY

2.8.1 Concurrent competency of Government departments

The National Government and the Provincial and Local Governments are independent of one another, but they are also interdependent and interrelated. It is clear from the Constitution that more than one Government agency (department) can have the power to act on environmental matters at the same time. This means that different Government agencies can have concurrent competency. Legislation other than the Constitution could also influence concurrent competency. National legislation influences an area of environmental management that is normally in the hands of Provincial or Local Governments. This does not implicate that the responsibilities are "taken away" from Provincial or Local Governments, but means that they cannot execute tasks or duties that conflict with the National laws (DEAT, 1999b:82).

Several National Government departments play a vital role in the implementation of tourism policy. These can include the Departments of Agriculture, Trade and Industry, Foreign Affairs, Health, Transport, Housing, Arts and Culture, Science and Technology and Finance. Of crucial importance is their commitment to co-operate with one another. Departments develop sectoral specific plans and budgets to reflect how considerations are incorporated into the activities of the various departments.

New environmental management systems use existing institutions, create new institutions, or do both (DEAT, 1996b:81). Some institutions that can be used are:

- The DEAT, and all other departments with environmental responsibilities at central Provincial and Local levels;
- Boards, agencies, commissions and other bodies that are set up by Government to conduct specific tasks, e.g. South African National Parks (SANP). These bodies operate under a mandate and are partly independent of Government;
- The Public Protector could have a specific responsibility to act as a "watchdog" for the environment; and
- The Auditor General could conduct environmental audits. Audits are regular checks to ensure that organisations carry out environmental responsibilities properly.

Civil society includes anyone outside Government. Its main institutions are CBO's, NGO's, trade unions, businesses and other forums.

2.8.2 National and Provincial Tourism Organisations

National Tourism Organisations (NTO's) and Provincial Tourism Organisations (PTO's) provide a strong, effective marketing strategy that is co-ordinated at the National level and execute with the participation and support of the PTO's. PTO's formulate tourism policies applicable to their areas in accordance with the National policy. They are also partners in the implementation of relevant National policies, strategies and objectives (DEAT, 1996c:50).

PTO's have a critically important role to play in the development and promotion of the tourism industry of South Africa (DEAT, 1996c:69). They are ultimately the drivers of the tourism industry. The structure and organisation of Provincial and Local Tourism Organisations have been left up to the discretion of the various provinces. There has been agreement that a Statutory Organisation is the best institutional structure to execute the functions of PTO's. However, it is important and necessary that some form of consistency across provinces be developed. It is suggested that:

- The structure of PTO's reflect as closely as possible those at the National level; and

- Provincial and Local Organisations attempt as far as possible to assist community organisations to have access to greater representation.

2.8.3 Non-governmental Organisations

NGO's provide an essential independent monitoring and "watchdog" role to ensure adherence to the commitments that articulate in policy. Some of the most successful efforts in South Africa to conserve the bio-diversity originated through the commitment of NGO's (DEAT, 1996a:67).

NGO's also play a vital role in the shaping and implementation of participatory democracy. In addition of their independence, NGO's have diverse and well-established expertise in fields needed to implement environmentally sound and socially responsible sustainable development. Governments involve NGO's in sustainable development plans and make the best use of their abilities in such areas as education, alleviation of poverty and environmental protection and rehabilitation (DEAT, 1998a:52).

2.8.4 Statutory bodies

Two popular Statutory Bodies are the SANP and the National Botanical Institute. They play a crucial role to ensure that South Africa's biological heritage is conserved and that it is used sustainable (DEAT, 1996a:65).

South Africa has some 403 protected areas that include National parks, Provincial parks and their equivalents under the control of 13 different agencies. It falls under 11 pieces of National legislation and 9 pieces of Provincial legislation. The DEAT designed a practical, overarching, holistic approach to protected areas, which is referred to as the National Conservation Strategy. The National Conservation Strategy identifies conservation needs and empower the Minister to work more proactively with the various provinces on conservation (DEAT, 2001:18).

South African Tourism

The National Body which is currently referred to as South African Tourism (SAT), spearheads the tourism marketing and development initiative. It has the responsibility for almost every aspect of tourism development in the country namely product development, marketing, the setting of standards and research. SAT plays a strong co-ordinating role with the various provinces and provides functional and technical support to the less developed provinces (DEAT, 1996c:64).

2.8.5 The private sector

The private sector will continue to play a critically important role in the further development and promotion of tourism. The private sector bears the major risks of tourism investment as well as a large part of the responsibility to satisfy visitors. Furthermore, the private sector is in a position to promote the involvement of local communities in tourism ventures by inter alia the establishing of partnership tourism ventures with communities (DEAT, 1996c:52).

2.8.6 Tourism producers, intermediaries and associations

Tourism producers

The producers (principles) comprise various forms of attraction suppliers, accommodation suppliers and transport suppliers (Leisure Training Publications, 2001a:13). They are the suppliers of products and services purchased by tourists. Producers sell their products and services directly to tourists, or they may do so through intermediaries. The main categories of tourism producers are:

- Accommodation suppliers;
- Transport suppliers;
- Attractions;
- Private sector support services; and
- Public sector support services.

Tourism intermediaries

Tourism intermediaries consist of organisations such as tour operators (wholesalers) and travel agents. Intermediaries are the distributors of tourism products to the final consumers (or tourists) (Leisure Training Publications, 2001a:14).

A major task of intermediaries is to transform goods and services from a form in which consumers do not want them to a product which they do want, and to which they have access. Tour operators do most of this transformation. Travel agents on the other hand do not change the products of the tour operators and principals, but they do create access to them.

Associations

A feature of the tourism industry is the extent of associations, voluntary or otherwise, that takes place between businesses and/or public sector bodies.

They share similar interests or complement one another's interest in some way (Leisure Training Publications, 2001b:12). Associations can take a number of forms, but are usually categorised into three types, namely:

- *Sectored Organisations*: Those based on the interests of a particular sector of the industry;

- *Destination Organisations*: Those concerned with a specific tourist destination; and

- *Tourist Organisations*: Those based on a concern with tourism activity as a whole.

The three categories can be in turn sub-divided into Trade Organisations and Professional Organisations, namely:

- Professional Organisations compose individuals whose common interest is based on objectives that establish educational or training qualifications for the industry. They devise codes of conduct to guide members' behaviour and to limit entry to the industry. A personal drive to enhance status and prestige is often associated with membership of such bodies; and

- Trade Organisation's common purpose is to exchange views. They co-operate, represent and negotiate with other organisations. At times, such Organisations become involved in activities more generally associated with professional bodies. Activities can include entry to the industry or the provision of appropriate education and training.

Table 2.2 presents a number of popular national and international tourism associations.

Table 2.2: National and international tourism associations

ACRONYM	FULL NAME	FUNCTION
AA	Automobile Association of South Africa	Provides various services to motorists, including the issuing of an International Driving Licence
ASATA	Association of Southern African Travel Agents	Represents the interests of all Southern African travel agents
FEDHASA	Federated Hospitality Association of South Africa	Represents the interests of the hotel, restaurant, self-catering accommodation, liquor and catering industry
IATA	International Air Transport Association	Promotes safe, regular and economical air transport
ICAO	International Civil Aviation Organisation	Ensures the safe and orderly growth of international civil aviation
ICRA	Independent Car Rental Association	Co-ordinates the rental of vehicles through smaller can rental companies
NTO	National Tourist Offices	NTO's are the official representatives for the development and marketing of a country's tourism
PHASA	Professional Hunters Association of South Africa	Represents the professional hunting industry in South Africa
RETOSA	Regional Tourism Organisation of Southern Africa	Markets and promotes the region in close co-operation with NTO's and the private sector
SAACI	Southern African Association for the Conference Industry	Improves and promotes professionalism in the organising and marketing of conferences and congresses in Southern Africa
SARTOC	Southern Africa Regional Tourism Council	Co-ordinates tourism for Southern Africa. It offers the means for co-operation between member countries
SAT	South African Tourism	South African Tourism is involved with tourism development and standards, promotion and marketing
SATSA	Southern African Tour and Safari Association	Maintains the highest possible standard of tour operating
SAVRALA	South African Vehicle Renting and Leasing Association	Looks after the interests of car rental organisations
THETA	Tourism, Hospitality and Sport Education and Training Authority	Develops skills of workers in the industry and increase levels for investment in education and training in the tourism and hospitality sector
UFTAA	Universal Federation of Travel Agents Association	Represents the interests of all travel agents throughout the world
WHO	World Health Organisation	WHO prepares information on infectious diseases and disseminates this information
WTO	World Tourism Organisation	Represents all governmental and official tourist interests in the world

Source: Leisure Training Publications, 2001b:13

2.9 FUNCTIONS AND INITIATIVES OF SOME MAJOR ROLE PLAYERS IN TOURISM

A number of functions and initiatives of some of the major role players in tourism in South Africa include the following:

2.9.1 Department of Environmental Affairs and Tourism

- The DEAT participates in a number of UN related organisations. Such organisations include the UN's Educational, Scientific and Cultural Organisation (UNESCO) and the International Union for the Conservation of Nature and the Natural Environment (IUCN) (DEAT, 1997:57);

- Initiatives to initiate, guide and co-ordinate actions and programmes to ensure the safety of tourists start to bear results. The Tourist Safety Task Group pools the resources of the DEAT, the South African Police Service (SAPS), SAT, Business Against Crime (BAC), the Tourism Business Council (TBC) and other role-players. They collect information and statistics, disseminate information to tourists and implement dedicated tourism safety programmes (DEAT, 1997:38);

- The DEAT announced an International Tourism Marketing Assistance Scheme (ITMAS) to enable and encourage entrepreneurs to market South Africa world wide as an attractive tourist destination. The purpose of ITMAS is to partially compensate entrepreneurs for certain costs in promoting tourism to South Africa. It provides financial assistance for international sales and marketing missions. It also includes investment recruitment missions, exhibitions and the production and distribution of international tourism marketing material (DEAT, 1998b:1).

- The DEAT is investigating the establishment of an internationally recognised Centre for Environmental Information and Statistics (CEIS). The centre shall co-ordinates access to environmental data and information and establish linkages with partners who will assist in the exchange of, and access to information (DEAT, 2001:52).

- A Projects Management Unit (PMU) was created in 1999 for the purpose of expediting high priority projects. It includes donor programmes, poverty relief projects, spatial development initiatives (SDI's) as well as fisheries management (DEAT, 2001:68).

- The Directorate of Communications moved from the DEAT into the Ministry. It ensures that Communications become core to both the DEAT and the Ministry's activities and link political and strategic processes. Another positive development was the proper definition of communication into internal and external processes. Internal Communications comprise the DEAT's library, internal newsletters and information sessions and seminars. The DEAT's external Communications are responsible for media liaison and the re-designing of their web-site (DEAT, 2001:69).

2.9.2 Related Government departments and authorities

Government departments and tourism investment

The DEAT works with the DTI to develop an integrated support package for investment in tourism. It consists of training, market linkages, mentorship assistance and access to affordable finance. The programme is developed in partnership with key role players such as the Development Bank of South Africa, the Industrial Development Corporation (IDC), Ntsika Enterprise Promotion Agency, Banking Councils, Business Skills South Africa and the NBI (DEAT, 2001:8).

Gauteng Economic Development Agency

GEDA's core objective is to promote investment and trade throughout Gauteng in order to create jobs. The relationship between GEDA and "Blue IQ" is that it concentrates on 4 selected economic sectors namely tourism, technology, manufacturing and transport. It has its own separate budget of approximately R1,7 billion (GEDA, 2001:3). One of the "Blue IQ" projects is the proposed Dinokeng project that includes areas such as Pienaarsrivier, Elandsrivier, Leeuwfontein, Cullinan, Refilwe and Roodeplaat (Fourie, 2002:6).

Gauteng Tourism Authority

The Gauteng Tourism Authority (GTA) is in the process of establishing a forum for the different regions within the province in order to align strategies that will pull the province together. It will culminate in a comprehensive database, which will enable GTA to provide accurate and current information services on marketing and communications activities. The main objective of the project is to enhance information services by the creation of an information databank (GTA, 2001b:10).

South African Tourism

Moeketsi Mosola, the Chief Operating Officer of SAT, mentions that the Government is making resources available for tourism growth and that the industry should take advantage of these opportunities (Dicey, 2001d:22). He foresees the biggest challenges to both SAT and the tourism industry as follows:

- To change the mindset of the industry in terms of how the tourism sector is managed. The Southern African market needs to be recognised as a key market as it will be much cheaper to market to neighbouring countries;

- Perception, if not managed correctly, becomes fact. Negative perceptions about South Africa as a tourist destination should be urgently addressed;

- The tourism investment infrastructure needs to be continually improved; and

- To continue to develop tourism in a responsible, balanced and sustainable manner.

SAT may provide the strategy to make tourism grow, but it is also up to other industry players to examine their product. All South Africans should strive to market South Africa as a lifelong destination.

2.9.3 The public and private sector

The Gauteng Rapid Rail Link project

The Gauteng Rapid Rail Link will directly and indirectly link to many of Gauteng's SDI's. The Rail Link will operate between Pretoria and Johannesburg and will link Johannesburg Central Business District (CBD) with the Johannesburg International Airport. It will provide improved transport and additional job opportunities, especially in the vicinity of stations (GEDA, 2001:8).

The Business Trust Initiatives

The Business Trust has set up four main tourism programmes (NBI, 2001a:34) namely:

- *The Tourism Marketing Project (TMP)*: The TMP in consultation with the DEAT and SAT, aims to double the annual growth rate of foreign tourists to around 13 percent and to contribute 100 000 additional job opportunities by 2002;

- *The Tourism Training Programme*: The programme is conducted through the Tourism, Hospitality and Sport Education and Training Authority (THETA) and plans to establish a set of national qualifications for the tourism and hospitality sector by 2003. It supports 10 000 currently employed learners to obtain qualifications. The programme will also put 5 000 unemployed learners through a learnership process;

- *The Tourism Enterprise Programme (TEP)*: Ebony Consulting International conducts this programme which aims to facilitate over 1 000 transactions worth R450 million by 2003, while 75 percent of them will be with historically disadvantaged enterprises; and

- *The Integrated Justice System (or Business Against Crime)*: It aims for a reduction in violent crime with 20 percent by 2003 and an increase in the conviction rate from 7 percent to 20 percent.

2.10 QUALITY AND STANDARDS OF TOURISM IN SOUTH AFRICA

Legislation, initiatives and bodies that affect the quality and standards of tourism in South Africa are referred to, namely:

2.10.1 The Skills Development Act

The Skills Development Act (No. 97 of 1998) has been put into practice by THETA, which is one of 25 Sector Education and Training Authorities (SETA's). Firms are required to contribute 1 percent of their total payroll to the skills levy. This money is paid to the South African Revenue Services (SARS), which allocate 80 percent of the funds to the Department of Labour to be allocated to the SETA's. A further 18 percent is used by the National Skills Fund for projects aimed at the unemployed, while the remaining 2 percent are retained by the SARS to cover administration costs (Witepski, 2001d:71).

Employers who meet the skills development requirements are able to recover up to 70 percent of the levy paid. Furthermore, employers running work-based learning programmes (learnerships) benefit from additional financial incentives. Learnerships combine theory and practice, and will result in a qualification with the South African Qualifications Authority (SAQA) and the National Qualifications Framework (NQF). The aim of the levy system is to "level the playing fields" between those who have been given a chance to obtain qualifications in the past, and those who have many years of experience but no formal qualification (Witepski, 2001d:71).

2.10.2 Environmental education

The Department of Education is supported by the DEAT with regard to the implementation of Environmental Education (EE) on a cross-curricular basis in all learning areas. The aim of the initiative is to facilitate the implementation of EE into Outcomes-Based Education (OBE) and to provide relevant support at National and Provincial level. It will result in EE that are reflected in most learning areas. The initiative also deals with projects aimed at supporting policy changes in education and hands-on contribution to curriculum reform (DEAT, 1997:54).

2.10.3 The grading system for accommodation establishments

In the early 1990's, South Africa boasted one of the world's leading hotel grading systems. However, the National Grading and Classification Scheme has since collapsed, meaning that most accommodation establishments have not been inspected for up to 4 years. The Minister of Environmental Affairs and Tourism appointed a new Tourism Grading Council. The Council will re-establish a credible and dependable grading system and will concern itself with the transformation of the industry. Consumer feedback, a code of conduct and the mediation of an independent auditor will provide checks and balances to ensure that the grading is conducted fairly (Witepski, 2001c:70).

2.10.4 Registration of tour guides

A new registration process for tour guides started in December 2001 and legislation makes the registration of all tour guides compulsory. Provision is made for a code of conduct and ethics for tour guides and to regulate the procedure for lodging complaints. Guides are required to register with their Provincial Tourism Authorities, while they have 18 months after registration to convert their present qualification and/or training into a national qualification (GTA, 2001a:12).

2.11 ENTREPRENEURSHIP AND TOURISM

Entrepreneurship and tourism are discussed from an international and national perspective. Initiatives and support that are available to local tourism entrepreneurs are also referred to.

2.11.1 An international perspective on tourism entrepreneurship

The Government and tourism entrepreneurship

Dahles (2001:166) argues that the hustle and bustle of small entrepreneurs in some tourist areas and cities are not necessarily an indicator of a vibrant economy. The competition among small entrepreneurs is tough in established tourist areas. It causes irritation amongst tourists and leaves competitors with less income.

Tourism development should therefore be supported and controlled by the Government. Instead to focus on regulatory measures, a Government needs to facilitate tourism development. Public items that are necessary for small entrepreneurs to generate tourism products should be made available. Rules and legal measures that do not hamper entrepreneurial initiatives should also be set up.

Wickham (2001:207) states that the prevention of growth is perceived as a major governmental intervention. Governments have to ensure that monopolies do not distort the workings of the economy. If a firm is gaining too much dominance in a market, the Government may be tempted to act against its growth. Although this can be negatively accepted by prospering entrepreneurs, it can also be interpreted as a "window of opportunity" by new entrance.

Social and economic impacts on tourism entrepreneurs

Tourism creates much-needed jobs in destination areas because their relative under-development is attractive to visitors. Nevertheless, it is argued (Lea 1988; Pearce 1989; Burns and Holden 1995) that such jobs are not "real" jobs but are usually low skilled and low-paid, seasonal, part-time and for which women are favoured. Tourism also draws workers away from other sectors of the economy and thereby causes a fall in output levels in certain sectors. More skilled and higher-paid positions are frequently occupied by non-local or expatriate labour. It leads to further leakage from the economy and contributes to social strains experienced by less favoured workers. Skill acquisition may be encouraged, but the opportunity to practise these skills and to receive commensurate reward is not always available (France, 1997:165).

Page and Getz (1997:25) argue that many rural tourism businesses are small in scale, family-operated and experience financial problems. There is much less flexibility in time and working conditions for small tourism enterprises and they tend to miss out on training opportunities. The quantity and quality of labour in rural areas especially, is a global problem for the tourism industry. Residents might be inexperienced in the service industry, or hostile towards such jobs. Commuting and housing problems also prove difficult and expensive to overcome.

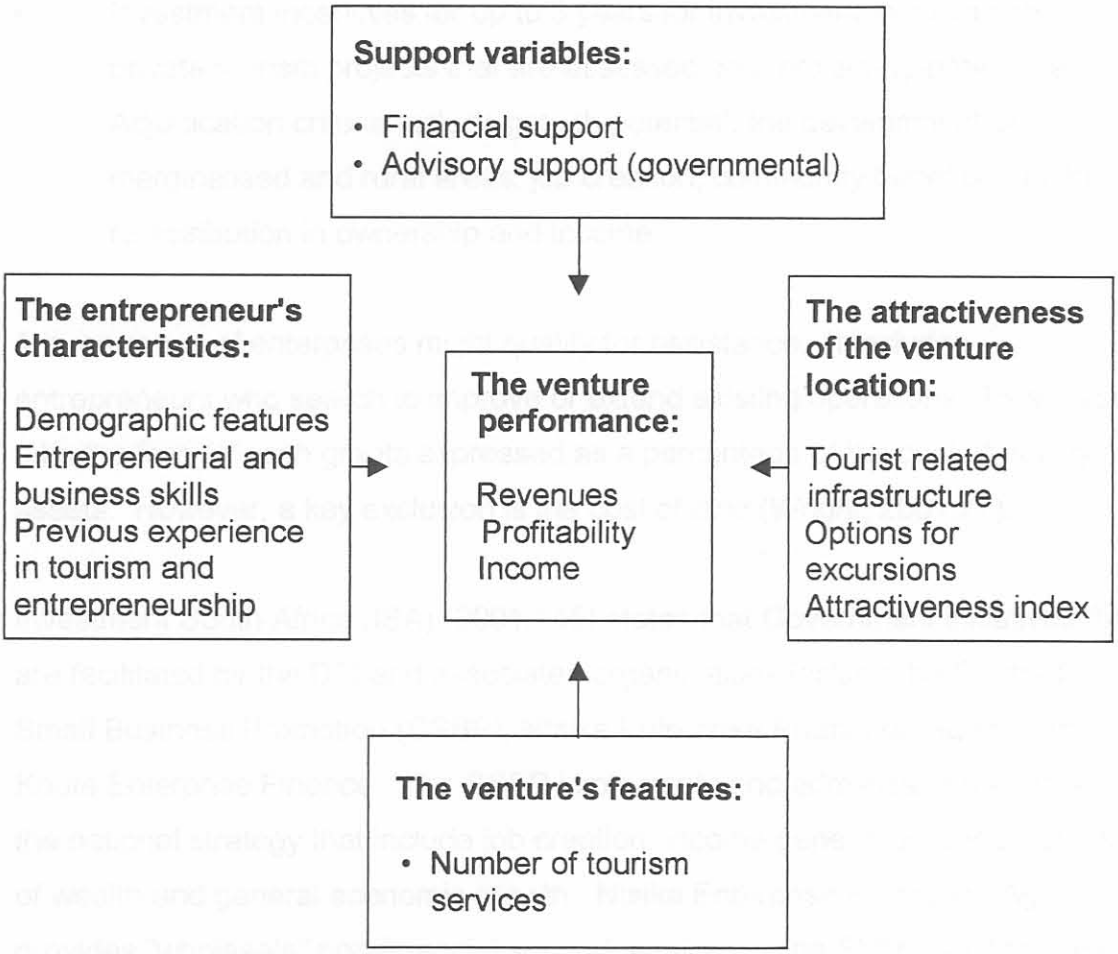
Sustainable tourism development and entrepreneurial activities

Cater (1997:77) mentions that the onus of responsibility for more sustainable tourism development tends to fall on tourism enterprises that deliver the end-product to the consumer, i.e. the tourists. Although profit maximisation remains the prime concern of such firms, it is suggested that historical levels of profit are not compatible with sustainable development. All tourism enterprises should therefore demonstrate adequate maintenance of the resource base before they declare a dividend. Firms are also required to comply with sustainable practices that are initiated by the Government.

2.11.2 A national perspective on tourism entrepreneurship

Entrepreneurship and tourism are perceived as complementing each other and strive towards the mutual goal of creating jobs in South Africa. According to Lerner and Haber (2000:84) an integrative model can be proposed to suggest that the attractiveness of the venture's location, support variables, entrepreneurial characteristics and the venture's bundle of services all affect its success. It tries to assess the contribution of each of these factors to tourism venture performance (Figure 2.2).

Figure 2.2: An integrative model of the performance factors of tourism ventures



Source: Lerner, *et al* 2000:84

2.11.3 Support initiatives to local tourism entrepreneurs

Government departments

The DTI has finalised the following guidelines to support tourism:

- The DTI's entrepreneurial development programmes to be widened to include tourism;
- Skills support, while the Government meets up to half of an operation's skills training costs for 3 years; and
- Investment incentives for up to 3 years for investment in sustained private tourism projects that are assessed on a project-by-project basis. Adjudication criteria include growth potential, the development of marginalised and rural areas, job creation, community benefits and the redistribution in ownership and income.

A huge range of enterprises might qualify for assistance. It includes entrepreneurs who search to improve or extend existing operations. Incentives take the form of cash grants expressed as a percentage of the cost of qualifying assets. However, a key exclusion is the cost of land (Wright, 2001:77).

Investment South Africa (ISA) (2001:145) states that Government initiatives that are facilitated by the DTI and associated organisations include the Centre for Small Business Promotion (CSBP), Ntsika Enterprise Promotion Agency and Khula Enterprise Finance. The CSBP implements and administers the aims of the national strategy that include job creation, income generation, redistribution of wealth and general economic growth. Ntsika Enterprise Promotion Agency provides "wholesale" non-financial support services to the SMME sector. This is done through the Local Business Support Centres (LBSC's) of which 127 are presently operating in South Africa. Matters like management development marketing and business development services are catered for. They also provide assistance to research and inter-business linkages. Khula Enterprise

Finance on the other hand offers "wholesale" financial support mechanisms through Retail Financial Intermediaries (RFI's) which can be banks, NGO's or CBO's. Financial products include loans, the national credit guarantee system, grants and institutional capacity building.

South African Tourism

A positive and encouraging initiative is the Emerging Tourism Entrepreneur of the Year Award (ETEYA). The Minister of Environmental Affairs and Tourism announced this award in 2001. This effort encourages and sustains the development of SMME's. SAT is responsible to organise the reward which is specifically aimed at the previously disadvantaged sector (GTA, 2001a:7).

2.12 CONCLUSION

Governments will always be involved in tourism and therefore have to a lesser or greater degree, some impact on the industry. The Government should have an effective strategy for the planning, development and implementation of tourism.

The Government should have clear structures and roles in place for tourism in South Africa. The Government should also take a leading role to create opportunities and to develop people's understanding, skills and general capacity concerning tourism.

Except from the Government, various other role players are also involved in tourism. Each role player aims to deliver a positive contribution to the tourism industry. This is demonstrated through various initiatives that exist throughout the world. South Africa could strive to follow these initiatives to ensure a brighter future for tourism in the country. It is also important that the quality and standards of tourism in South Africa be on an international level.

Tourism entrepreneurs are faced by various economic, social and environmental impacts. Tourism entrepreneurs should therefore be aware of these impacts so that they can contribute to a sustainable and economically viable industry in South Africa.

In the following chapter a background of the overall size of the South African tourism market is provided. Tourism forecasts are analysed, while employment in tourism is investigated.

CHAPTER 3

SIZE OF THE SOUTH AFRICAN TOURISM MARKET

3.1 INTRODUCTION

In his State of the Nation address at the opening of parliament in 2001, President Thabo Mbeki announced an Integrated Economic Action Plan that is aimed to accelerate economic growth and development in South Africa. The Plan is a set of linked action plans that focus on specific sectors. It aims to lower input costs, to improve the conditions that underpin competitiveness and to stimulate high-growth areas of the economy. The objectives of the Plan are to accelerate the rate of economic growth to generate higher levels of employment, as well as to promote the development of SMME's and to create more opportunities for black economic empowerment. The Integrated Action Plan stimulates sectors with the potential to be the sources of more rapid growth and employment creation of which tourism was identified as one of the potential high-growth areas (Dobson, 2001:26).

Cheryl Carolus, Chief Executive Officer (CEO) of SAT, believes that South Africa has a realistic opportunity to make itself an international destination of choice (Padayachy, 2002:1). Carolus says: "We should build our trade so we can occupy the top spot in world tourism. We have not touched the tip of the iceberg in terms of the country's potential". She pledges that the problems which South Africans experience should be kept in "perspective" otherwise it might discourage foreigners to visit South Africa.

This chapter investigates the national tourism targets and size. Tourism markets and forecasts are analysed, while employment in the tourism industry is discussed. Entrepreneurial activity is considered, while the constraints that face tourism size and growth in South Africa are referred to.

3.2 NATIONAL TOURISM TARGETS AND SIZE

The targets and size of the national tourism industry are discussed and analysed.

3.2.1 An overview of international tourist visits to South Africa

Table 3.1 (pages 66 and 67) provides a synopsis of international tourists by country of residence. The survey was carried out during January/February 2001. A fully representative sample of all foreign visitors who left the country by air from the three international airports (Johannesburg, Cape Town and Durban) was interviewed. The synopsis highlights the main facts and opinions of their visit.

There was a substantial increase in tourist arrivals in January 1999. The popularity of South Africa as a tourist or business destination in January/February 2001 grew marginally (+2,5%) from 128 735 foreign air visitor arrivals for the three international airports in January 1999, to 131 907 for the month of January 2000. There was a further small increase (4,4%) to 137 713 in January/February 2001 (SAT, 2001:119).

It is important to determine the travel patterns and opinions of foreign visitors towards South Africa as a tourist destination. In particular, it is important to consider the points to follow in providing information to facilitate the marketing of South Africa especially as an international tourism destination. In addition, it provides each province with relevant information about their respective markets.

Table 3.1 is presented on pages 66 and 67.

Table 3.1: Synopsis - by country of residence

January/February 2001	All foreign visitors	COUNTRY OF RESIDENCE											
		Africa & IO Islands (1)	UK	Germany	Holland	France	Scandi-navia (2)	Other: Europe	North America	South America	Middle East (2)	Far East Asia	Austra-lasia
No. respondents	2 620	806	432	180	102	111	68	207	211	60	50	177	193
Total visitors (January/February)	137 713	24 566	29 169	15 302	6 138	5 568	5 384	14 553	12 586	5 005	2 374	10 920	5 337
Estimated total revenue to SA*	R2 337m	R264m	R461m	R308m	R90m	R90m	R89m	R215m	R376m	R113m	R35m	R231m	R65m
Average spend per person per day*	R1 109	R1 143	R845	R887	R748	R1 719	R1 052	R922	R2 468	R2 228	R1 776	R1 410	R574
Length of stay in SA (nights)	15,3	9,4	18,7	22,7	19,6	9,4	15,7	15,1	12,1	10,0	8,3	15,0	21,2
First-time visitors	50%	25%	42%	52%	55%	78%	43%	61%	70%	79%	60%	54%	50%
Motivations:													
Holiday	41%	16%	48%	55%	57%	53%	31%	46%	45%	56%	23%	37%	30%
Business/Confer.	29%	47%	22%	15%	19%	38%	46%	31%	28%	8%	46%	35%	11%
Visit Friends/Relat.	23%	23%	27%	23%	22%	5%	20%	14%	18%	24%	31%	23%	50%
Liked most about SA (after visit)	Scenery Climate Wildlife	Scenery Diversity Business	Scenery Climate Value	Scenery Climate Wildlife	Scenery Climate Wildlife	Scenery Wildlife Climate Cultures	Scenery Wildlife Climate	Scenery Wildlife Climate	Scenery Wildlife Cultures	Scenery Wildlife Cultures	Scenery Wildlife Cultures changes	Scenery Wildlife	VFR(4) Scenery Wildlife
Disappointments	Crime Service	Crime	Crime Service Infra-structure	Crime Service Dull cities Infra-structure	Crime Service	-	Crime Service Infra-structure	Crime Service Infra-structure	Crime Service	Crime Infra-structure	Crime Dull cities	Crime Service	Crime Service Infra-structure

Table 3.1 continues on the next page

Table 3.1 continued

January/February 2001	All foreign visitors	Africa & IO Islands (1)	UK	Germany	Holland	France	Scandi-navia (2)	Other: Europe	North America	South America	Middle East (2)	Far East Asia	Austra-lasia
Visit very enjoyable	65%	56%	79%	66%	59%	63%	64%	63%	77%	71%	87%	34%	52%
Will definitely recommend SA	79%	85%	80%	85%	82%	80%	71%	75%	81%	90%	96%	58%	55%
Will definitely visit SA again	74%	87%	78%	71%	60%	64%	71%	65%	77%	75%	92%	61%	57%
Where foreign visitors went on the trip:													
Gauteng	52%	74%	39%	34%	51%	50%	33%	47%	53%	70%	42%	67%	64%
Western Cape	54%	19%	69%	83%	63%	61%	67%	60%	52%	48%	50%	44%	51%
KwaZulu-Natal	19%	9%	20%	22%	45%	32%	13%	25%	16%	18%	5%	13%	28%
Average number nights spent (3):	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights	Nights
Cape Town	4,6	1,5	6,1	6,5	3,5	2,9	7,1	5,5	3,9	3,4	2,5	5,4	5,8
Johannesburg	2,1	3,7	1,5	0,5	1,4	1,0	0,8	1,7	2,2	1,9	3,0	3,3	4,5
Durban	1,0	0,9	1,2	0,4	0,8	0,5	2,4	1,0	0,7	0,4	0,1	1,5	2,1
Satisfaction ratings: (Max = 10, Min = 0)													
Restaurants	9,2	9,5	9,4	9,1	9,2	9,6	9,1	8,9	9,5	9,9	9,3	8,1	8,8
Hotels	9,2	9,4	9,2	9,3	9,3	9,7	9,2	9,0	9,4	9,2	10,0	8,3	8,0
Shopping facilities	9,2	9,6	9,3	9,0	9,3	9,6	8,1	9,2	9,5	9,7	9,1	8,1	8,6
Car hire	8,9	8,7	9,1	8,7	8,9	9,4	8,8	8,9	9,5	7,9	9,1	8,1	7,8
Banking services	8,2	9,0	8,6	7,5	8,6	8,9	6,5	7,8	8,7	9,1	5,4	6,8	8,0
Airports	8,5	9,2	8,4	8,4	8,4	9,1	7,8	8,5	9,2	9,5	9,7	7,5	7,1
Telephone services	8,1	8,9	7,8	7,9	7,3	9,2	8,3	8,5	7,9	9,3	8,8	7,8	6,9
Public transport	6,8	7,9	6,2	7,9	5,6	7,5	4,7	6,9	7,9	5,5	8,3	7,7	6,0
Personal safety	6,6	6,6	6,2	7,4	7,2	7,7	6,0	6,1	7,3	8,6	7,1	4,9	5,3
Services at:													
Restaurants	9,1	9,4	9,3	9,2	9,1	9,5	8,4	8,9	9,4	9,9	9,9	8,0	8,4
Shops	9,1	9,3	9,2	9,0	9,1	9,5	7,8	9,2	9,6	9,7	9,9	7,9	8,1
Hotels	9,0	8,9	9,4	9,0	9,2	9,5	9,2	8,8	9,4	8,8	10,0	8,1	7,7
Banks	8,2	8,9	8,5	7,6	8,6	9,4	6,3	8,1	9,7	8,9	6,8	6,8	7,6

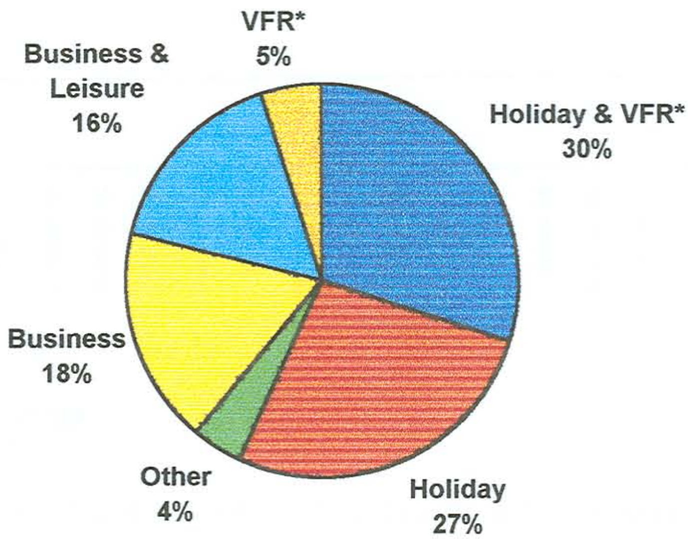
* Excluded airfare
(1) Indian ocean islands
(2) Small base
(3) All visitors
(4) Visiting friends/relatives

Source: SAT, 2001

3.2.2 Trends in all purposes of visit

The incidence of foreign visitors who came to South Africa for more than one reason were quite high. Over 30 percent of all visitors visited the country with the dual purpose to have a holiday and to visit friends or relatives, while 16 percent combine business with leisure (Figure 3.1) (SAT, 2001:8).

Figure 3.1: All purposes of visit - January/February 2001



* VFR: Visiting friends and relatives

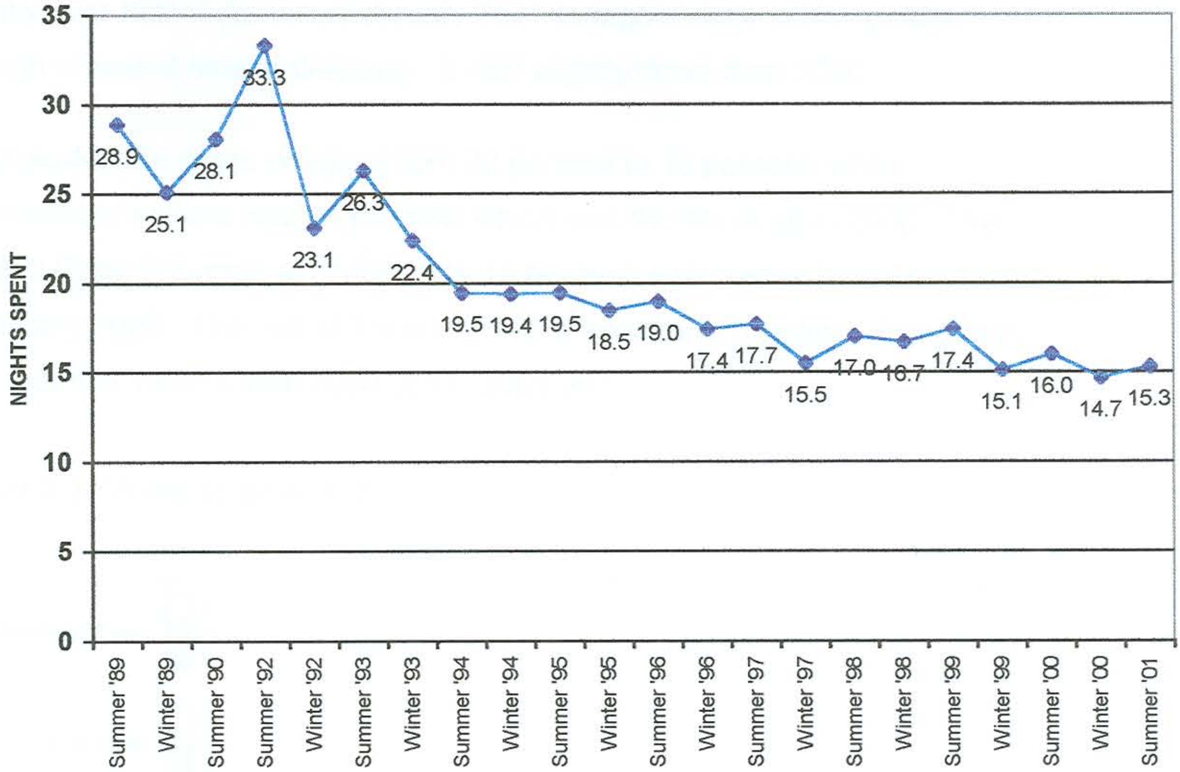
Source: SAT, 2001:8

3.2.3 Length of stay

The following question determined the length of stay of an average international visitor, namely: "How many nights have you spent altogether in South Africa on this trip"?

The average visitor stayed 15,3 nights in South Africa (Figure 3.2 - page 69). The trend towards shorter visits appears to be continuing (SAT, 2001:23).

Figure 3.2: Nights spent in South Africa



Source: SAT, 2001:23

The survey revealed that those visiting friends and relatives stayed longer than average (22,4 nights). Holiday visitors stayed an average of 14,5 nights, while business visitors stayed 10,4 nights. Those spending longer than average in the country included people from Germany (23 days) and Australasia (21 days). Visitors from Africa undertook the shortest visits (9 days) (SAT, 2001:23).

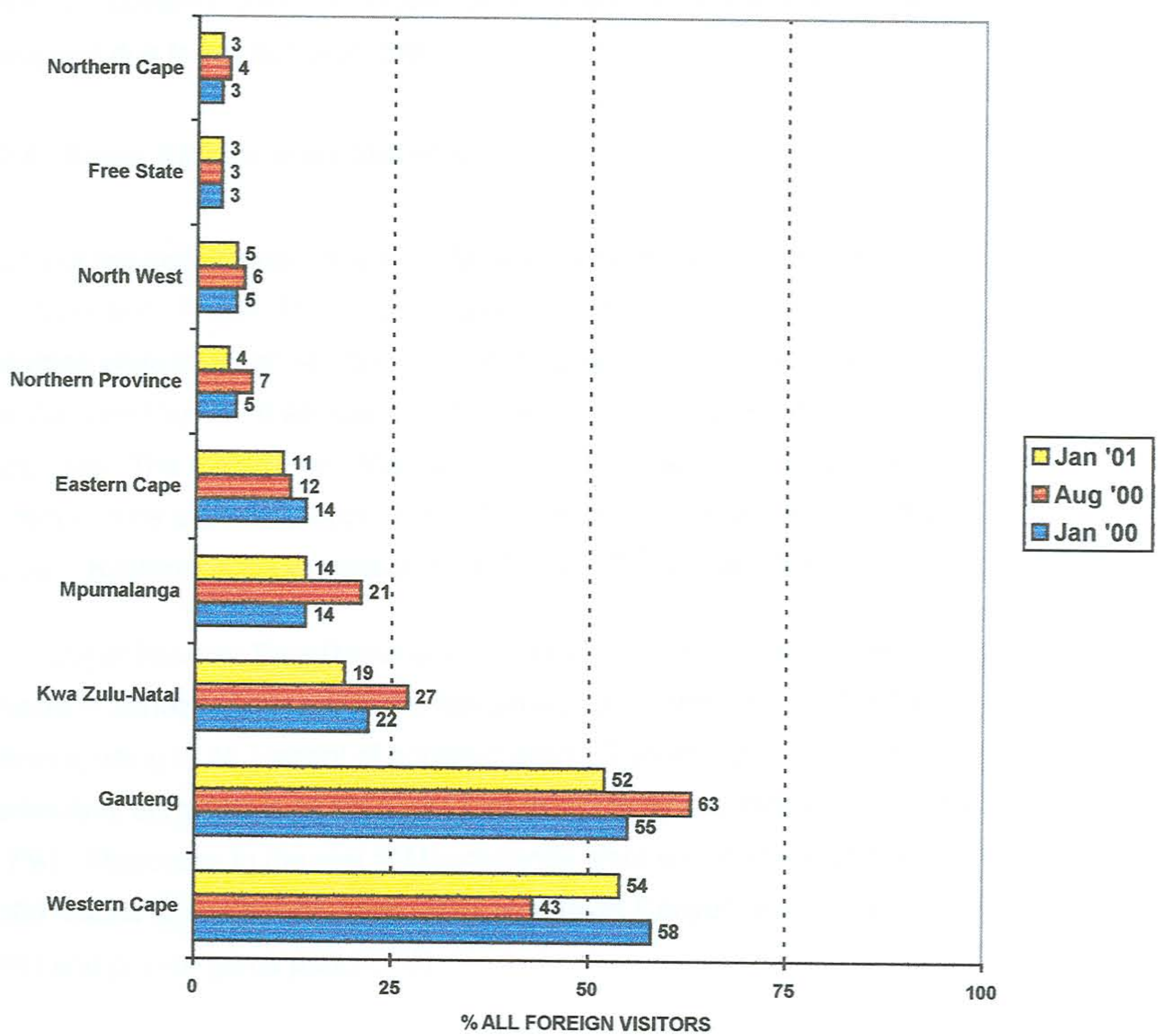
3.2.4 Visits to provinces

Respondents were asked to indicate how many nights they spent in any of South Africa's 9 provinces. On the basis of this data it was possible to determine how many international visitors went to these provinces and for how long (Figure 3.3 - page 70).

The Western Cape received the greatest share of summer visitors (54%). Slightly over half of January/February 2001 foreign visitors (52%) passed through or spend time in Gauteng. It was slightly down from 2000.

KwaZulu-Natal's share dropped from 22 percent to 19 percent, while Mpumalanga's share was 14 percent, which was the same as in 2000. The Eastern Cape Province was visited by 11 percent, a decrease from 14 percent in January 2000. The rest of the provinces showed only marginal changes in their share of visitors from 2000 (SAT, 2001:24).

Figure 3.3: Visits to provinces



Source: SAT, 2001:24

The time spent in Johannesburg decreased to 4,1 nights from 5,3 nights in January 2000 (Figure 3.3). Business visitors spent 4,0 nights. Those who visited friends and relatives spent slightly under a week in Johannesburg (6,5 nights), while holidaymakers tended to spend relatively little time (2,6 nights) (SAT, 2001:29).

The number visiting the Kruger National Park (Mpumalanga) has increased slightly from the 2000 summer survey from 9 percent to 10 percent, while the number of nights spent there has shown a decrease from 3,2 to 2,1 on average. Visitors to the rest of Mpumalanga have slightly increased to 9 percent from 8 percent, spending an average of 2,4 days. It appears that visitor numbers have not fully recovered to the 14 percent level of summer 1999 after the serious disruption due to the floods in 2000.

3.2.5 South Africa's main tourist attractions

Some of the main tourist attractions for each province were listed on the questionnaire. (Table 3.2 - page 72 gives a summary of the major tourist activities while in South Africa). The top 6 national attractions are all located in the Western Cape and appear to remain at the top of the list despite seasonal variations. The Cape Town Waterfront, Cape Point and Table Mountain continue to be extremely popular with foreign visitors, followed by the Wine Routes, Kirstenbosch Gardens and the Garden Route (SAT, 2001:31).

The Kruger National Park (Mpumalanga) attracted 9 percent of all foreign visitors in January/February 2001, marginally down from January 2000's 10 percent, rising to 18 percent of holidaymakers. This attraction remains particularly attractive to visitors from Germany (15%) and the rest of Europe (17%). Attractions in the rest of Mpumalanga were either similar to the summer 2000 results or marginally down, e.g. Blyde River Canyon (6%), Pilgrim's Rest (5%) and private game parks (4%).

Table 3.2: Major tourist activities while in South Africa

ACTIVITY	JANUARY 2000 ALL RESPONDENTS %	JANUARY/ FEBRUARY 2001 ALL RESPONDENTS %	PROVINCE
Nature/Wildlife	45	45	Mpumalanga 69% Northern Prov 63% North West 55% KwaZulu-Natal 49%
Historical site	28	26	Western Cape 35%
Museum/Art gallery	27	22	Western Cape 29%
Cultural village	12	10	KwaZulu-Natal 24%
Adventure activity	11	13	KwaZulu-Natal 17% Eastern Cape 14%
Theatre/Concert/ Live show	13	13	North West 14%
Casino	10	18	North West 46% Gauteng 19%
Conference	10	11	North West 11%
Backpacking	6	6	Northern Cape 14% Eastern Cape 9%
Sports spectator	6	4	-
Sports participant	5	3	-
Blue Train	2	1	-

Source: SAT, 2001:36

Special tourism activities that emerge from Table 3.2 are:

- Mpumalanga and the Northern Province's nature/wildlife reserves;
- Western Cape for historical attractions; and
- KwaZulu-Natal's game reserves, cultural villages and adventure activities.

Holidaymakers were more likely to visit nature/wildlife reserves (62%) and historical sites (40%), while business visitors were more likely than other groups to attend a conference (31%). Casino visits were popular with those who visited friends/relatives (29%). Adventure activities (e.g. scuba diving, mountain climbing, hiking) and "backpacking" were popular with visitors who stayed longer than a month (24% and 17% respectively), younger visitors (21%, 17%) and those who came from Australasia (21%, 16%) (SAT, 2001:36).

3.2.6 Estimated revenue from the world markets

Revenue to South Africa has been calculated using the formula:

estimated number of visitors for January (Statistics South Africa's air arrival statistics for the three international airports), x estimated expenditure per trip (excluding airfare) (SAT, 2001:43).

Table 3.3: Estimated revenue from the world markets

JANUARY 2001	ARRIVALS	AVERAGE SPENT PER DAY EXCLUDING AIRFARE	AVERAGE STAY IN NIGHTS	APPROXIMATE MARKET VALUE	SHARE %
UK	29 169	R 845	18,7	R 461m	20
Germany	15 302	R 887	22,7	R 308m	13
Rest of Europe*	31 643	R1 013	15,1	R 484m	21
Total Europe				R1 253m	54
North America	12 586	R2 468	12,1	R 376m	16
Africa/IOI (1)	24 566	R1 143	9,4	R 264m	11
Far East/Asia	10 920	R1 410	15,0	R 231m	10
Australasia	5 337	R 574	21,2	R 65m	3
South America	5 005	R2 228	10,0	R 113m	5
Middle East	2 374	R1 776	8,3	R 35m	1
Unspecified	811				
Total	137 713	R1 109	15,3	R2 337m	100

* Europe excluding the UK and Germany
(1) Indian Ocean Islands

Source: SAT, 2001:43

As shown in Table 3.3, the total revenue earned by South Africa from visitors in January/February 2001 was estimated to be R2 337 million, a 22 percent increase on January's 2000 R1 909 million. Increases in arrivals and daily expenditure per person have contributed to the increase, though the average stay has decreased from 16,0 nights in January 2000 to 15,3 nights in this survey. The contribution of foreign visitors from Europe (54%) has decreased from 61 percent in January 2000, while North America's contribution has risen from 12 percent to 16 percent (SAT, 2001:43).

There have been slight changes in the percentage contribution from other source markets compared with January 2000, with increases of 1 percentage point in the contribution from Africa and the Far East and 2 percentage points from South America (SAT, 2001:43).

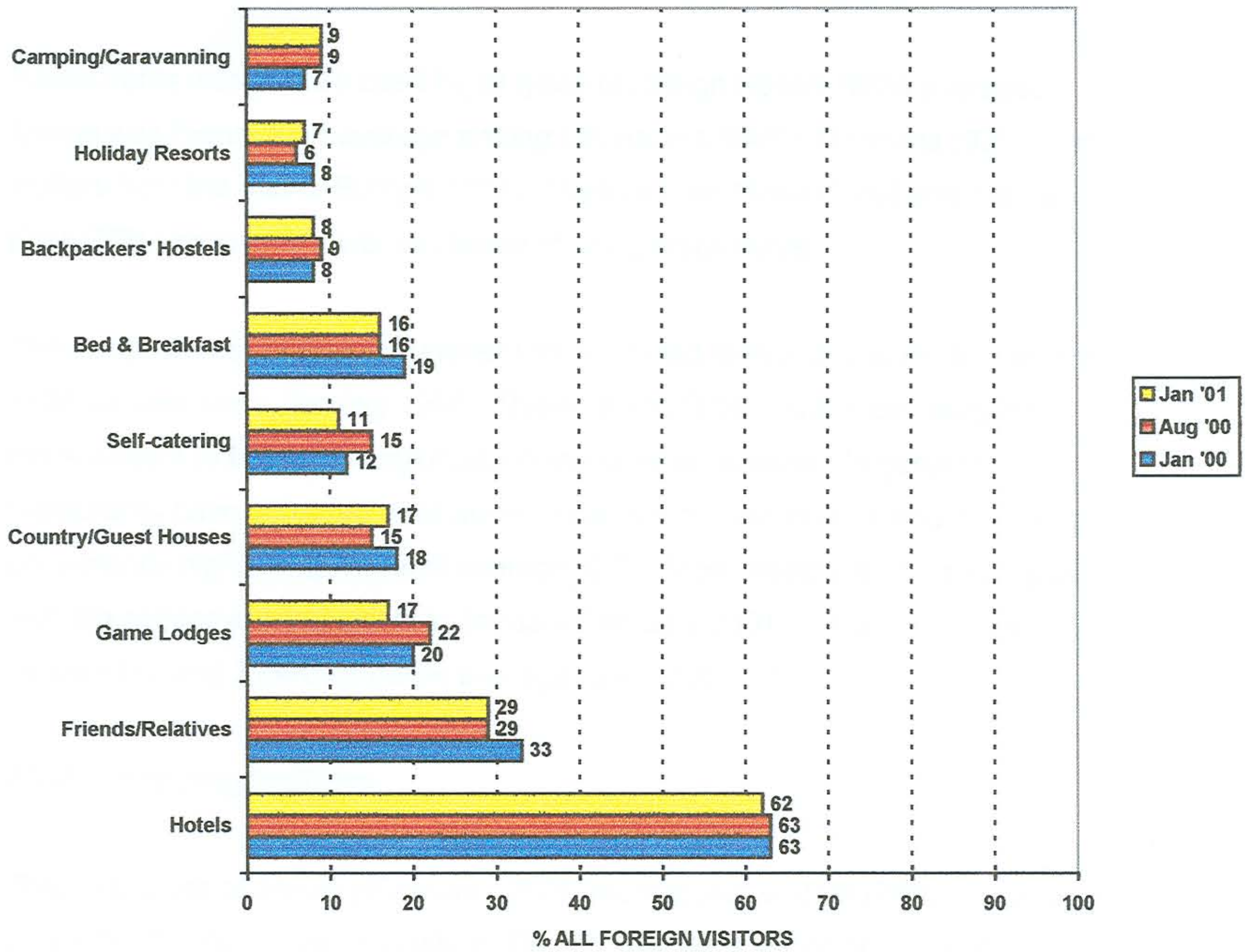
3.2.7 Types of accommodation and share of visitor nights

Hotels were the most popular form of commercial accommodation utilised by foreign tourists (Figure 3.4 - page 75). It ranged from 62 percent to 64 percent for the past 4 years.

Games lodges, bed and breakfast and country/guest houses (combined) were important alternatives to hotels, visited by 16 percent to 17 percent of respondents each. Two new categories were added, namely backpackers' hostels and camping/caravanning which contributed 8 percent to 9 percent each. The hospitality of friends and relatives were enjoyed by 29 percent of visitors, which was slightly down from January 2000 (SAT, 2001:54). Figure 3.4 presents the major types of accommodation that were used by foreign visitors.

Gauteng held 21 percent of the visitor-night market in January/February 2001, which was down from 29 percent in January 2000. A fairly large proportion of visitors to Gauteng (38%) stayed with friends or relatives. The share of hotels has risen from 30 percent to 42 percent. Guesthouses (5%), self-catering establishments (2%), game lodges (3%), backpackers hostels (3%) and camping/caravanning (2%) occupied the various niche markets (SAT, 2001:56).

Figure 3.4: Types of accommodation used by foreign visitors



Note: In 2000, country houses/guest houses were combined, and backpackers' hostels and camping/ caravanning were added.

Source: SAT, 2001:54

Mpumalanga's share of overall visitor nights has fallen slightly from 5 percent to 4 percent. Staying with friends/relatives has increased slightly to 10 percent from 7 percent in January 2000. Game lodges accounted for 29 percent of visitor nights, with hotels 25 percent also playing an important role. Bed and breakfast, self-catering, holiday resorts and backpackers' hostels played a small role, while camping/caravanning has increased to 15 percent in this survey period (SAT, 2001:57).

3.2.8 Restaurants

Restaurants were widely used by all types of foreign visitors (86% average). Usage was higher than average among UK visitors (94%), Germans (92%) and visitors from the rest of Europe (91%). Visitors from Africa (74%) and the Far East (72%) showed a lower incidence of using restaurants.

The usage of restaurants in summer has remained steady at around 86 percent to 88 percent since January 1996. There seems to be a slight tendency for more visitors to frequent restaurants in the summer season. In general, restaurants have achieved wide acceptance with foreign visitors and maintained consistently high ratings (overall average: 9,2). Most respondents were happy with the service in restaurants in January/February 2001 - 84 percent good, 14 percent fair and 2 percent below average (SAT, 2001:73).

3.2.9 Shopping facilities

Three-quarters of January/February 2001 international visitors (76%) made use of South Africa's shopping facilities. People who went shopping more often are indicated in Table 3.4.

Table 3.4: Shopping facilities

COUNTRY	% USE OF SHOPPING FACILITIES
Britain	86 %
Australasia	85 %
Longer-stay visitors (over two weeks)	85 %
Scandinavia	84 %
North America	83 %
Visiting friends/relatives' visitors	82 %
Holidaymakers	80 %

Source: SAT, 2001:74

The use of shopping facilities has remained stable over the last few surveys, after a decline in August 1995 to 69 percent (SAT, 2001:74). South Africa's shopping facilities received a favourable rating of 9,2. All provinces were rated over 8,3; Cape Town and Gauteng (9,3 each) received particularly high ratings. African visitors found the shopping facilities particularly good (9,6). Ratings of visitors from the Far East have maintained their improvement at 8,1 after a decline to 7,5 in August 1999. The service received while shopping in South Africa was well rated, namely 83 percent good, 15 percent fair and 2 percent below average (SAT, 2001:75).

3.2.10 Perceptions of service, friendliness, helpfulness and safety in South Africa

Perceptions of service

In previous years respondents rated their perceptions of service for each province visited. This has shown a steadily improving trend over the past 6 years. In this survey respondents were asked to rate the service offered at each type of facility in each province. All the main tourist facilities achieved very good ratings for service in January/February 2001, though public transport remained an area of concern (SAT, 2001:93).

An overall rating of foreign visitors' perceptions of service was introduced in the August 1999 survey. After a rating of 7,9 in August 2000, ratings rose to 8,3 in January and August 2000 and to 8,4 in the current survey. As in previous surveys, the Western Cape has been rated highest for service (8,8), with KwaZulu-Natal (8,0) and Gauteng (7,9). Visitors from the Far East/Asia (7,4) and Australasians (7,0) had the lowest perceptions of service. Holidaymakers (8,8) and business visitors (8,3) rated service somewhat higher than those visiting friends and relatives (7,9) (SAT, 2001:97).

Perceptions of friendliness and helpfulness

Perceptions of friendliness and helpfulness remained at acceptable levels. The overall average for friendliness was 9,2 and the overall average on helpfulness was 8,9. Perceptions of helpfulness in Gauteng remained slightly below other areas, rating 8,4, KwaZulu-Natal 8,8 and the Western Cape 9,2. Friendliness was also rated slightly lower at 8,7 compared with 9,3 in KwaZulu-Natal and 9,4 in the Western Cape (SAT, 2001:94).

Perceptions of personal safety

Foreign visitors' perceptions of personal safety in South Africa have sustained their recovery after a sharp decline in 1998 (currently 6,6 up from 6,4 in January 2000). Though improved, the ratings are still not satisfactory. Over half of foreign visitors (51%) feared for their personal safety. They have rated personal safety either "fair" (35%) or "below average" (16%). Visitors from the Far East/Asia and Australasia gave personal safety the lowest ratings (4,9 and 5,3 respectively). Visitors from "other Europe" also rated personal safety low (6,1). Business visitors rated personal safety lower than average (5,8).

Personal safety in Gauteng was still rated as unsatisfactory, though the current rating of 5,3 represents a rise from 4,7 in 2000. In both the Western Cape and KwaZulu-Natal perceptions have marginally fallen from January 2000 (SAT, 2000:95).

Fear of crime was a major concern of visitors to South Africa, mentioned by 50 percent, which was more than all the other concerns combined. However, spontaneous mentions of crime as a disappointment of their trip (13%) maintained the improvement of January 2000 (14%) from 21 percent in January 1999. While this perception is improving, crime remains a threat to the development of tourism (SAT, 2001:96).

Some 3,6 percent of respondents had personally been victims of crime during their visit, which was marginally down on the 4,1 percent reported in 2000.

Highest rates were recorded by Scandinavian (10%) and Australasian (8%) visitors and those who stayed longer than 31 days (11%). Most frequently mentioned crimes were theft (2%) and mugging (1%), with isolated mentions of car break-ins, hi-jacking, car theft, house robberies and other crimes. The crimes mainly took place in Cape Town (1,1%), Johannesburg (1,0%) and Durban (0,4%), i.e. the main tourist destinations. Only about half the crimes were actually reported to the police (1,7%) (SAT, 2001:103).

3.3 TOURISM MARKETS AND FORECASTS

3.3.1 Tourism and its markets in a global context

The year 2001 was not a very good year for international tourism as the total tourism figures declined by 1,3 percent to 687 million (Lipson, 2002:3). The biggest fall in numbers happened after the 11 September 2001 attacks in the USA with the global tourism market that suffered an 11 percent decline in the 4 months afterwards. The events of 11 September 2001 affected tourism in every region of the world. Even before 11 September 2001 a decrease was experienced in the growth of outbound travel from countries such as Germany, Japan and the USA in the first 8 months of 2001. Other negative affects for international tourism included:

- The outbreak of foot and mouth disease in the UK and the Netherlands;
- The strengths of the US dollar which resulted in a decline in visitors to the US in the first 8 months of 2001;
- The Israeli-Palestinian conflict;
- The economic crisis in Argentina which mainly affected tourism to neighbouring countries; and
- The millennium hype also had a negative impact on 2001 figures as many international tourists moved their trips to accommodate millennium celebrations.

The WTO (1998:14) argues that tourism, despite its global size and growth, remains surprisingly fragile. Reasons for this include:

- The large number of very small operators;
- The fashionability and perishability of the tourism product;
- The unpredictability of demand; and
- The marked seasonality of most destinations and markets.

For these and other reasons, the tourism industry experiences one of the highest failure rates of any sector.

However, despite of international problems that had an affect on tourism, Western Europe took the honours as the most popular region in 2001, by holding 3 of the top 5 slots. France remained the top destination with an estimated 76,5 million tourists in 2001. Spain robbed the US of the second place, and Italy came in fourth. Several eastern European countries also experienced strong growth. Bulgaria's tourist numbers grew by more than 14 percent, Slovakia by 13 percent and Estonia by 9 percent (Lipson, 2002:3).

World tourism arrivals are therefore projected to grow at 4,3 percent per year and to reach 1,6 billion by 2020. In this same period, worldwide tourist spending is expected to grow at 6,7 percent per year (Smith, 2001:13).

3.3.2 Projections on tourism in South Africa

A number of key targets as set in The White Paper on the Development and Promotion of Tourism in South Africa (1996) (DEAT, 1996c:27) include inter alia to:

- Increase the contribution of tourism to GDP to 8 percent by 2000 and 10 percent by 2005;
- Sustain a 15 percent increase in visitor arrivals over the next ten years;
- Create 1 million additional jobs in tourism by 2005;
- Increase foreign exchange earnings of tourism from approximately

R10 billion in 1996 to R40 billion per annum in 2005; and

- Welcome 2 million overseas visitors and 4 million visitors from the rest of Africa by 2000.

Currently, the DEAT (2001:11) claims the following on tourism in South Africa:

- Tourism is the third largest foreign exchange earner in South Africa after manufacturing and mining, and tourism is poised to overtake mining in the near future;
- Tourism in South Africa employs one in every 16 workers;
- South Africa's tourism economy contributes 8,2 percent of GDP compared to the international tourism's contribution of 11,7 percent. (Some analysts feel that tourism in South Africa can realistically contribute 15 percent to GDP);
- Tourism contribution to the national GDP has grown at an annual rate of 2,2 percent since 1994;
- Expenditure by foreign tourists grew by R1,1 million in the first half of 2000;
- The total revenue generated by foreign arrivals in the past year (2000) is estimated at R7,1 billion;
- Tourism generates about R20 billion a year for the country; and
- In 2000, South Africans made about 16 million trips to destinations within their own country.

3.3.3 Tourism, jobs and the South African economy

The World Travel and Tourism Council (WTTC) estimates that in South Africa travel and tourism is now a R108,5 billion industry in terms of total demand. It expects this figure to grow by 4,8 percent per annum between 2002 and 2012.

The WTTC calculates tourism economic impact and job creation according to two definitions, namely the "Travel and Tourism Industry" and the "Travel and Tourism Economy". The "Travel and Tourism Economy" includes the tourism industry as well as capital spending for tourism. For example, investment in hotel buildings, transport vehicles, craft, furniture and equipment and personal capital spending. The "Travel and Tourism Industry" on the other hand, only includes tourists' direct spending and not capital spending (Grant Thornton Kessel Feinstein, 2002:45). Table 3.5 indicates the WTTC's estimates and forecasts.

Table 3.5: WTTC's estimates and forecasts: travel and tourism's contribution to South Africa's economy and jobs

	2002			2012		
GDP	**RANDS billion**	**% OF TOTAL GDP**	**GROWTH %**	**RANDS billion**	**% OF TOTAL GDP**	**GROWTH %**
Travel and Tourism Industry	31,1	3,0	2,2	84,8	3,5	5,1
Travel and Tourism Economy	72,5	7,1	3,2	194,3	8,1	4,9
EMPLOYMENT	**000's**	**% OF TOTAL EMPLOYMENT**	**GROWTH %**	**000's**	**% OF TOTAL EMPLOYMENT**	**GROWTH %**
Travel and Tourism Industry	492,7	3,0	1,8	679,2	3,4	3,3
Travel and Tourism Economy	1 148,0	6,9	2,7	1 555,3	7,9	3,1

Source: Grant, *et al* (2002:45)

The "Travel and Tourism Industry" currently contributes 3 percent (or R31,1 billion) of South Africa's GDP, whilst measured in its broadest form, the "Travel and Tourism Economy" contributes 7,1 percent of South Africa's GDP. The WTTC expects this figure to rise to 8,1 percent by 2012.

Even though tourism is unlikely ever to contribute more than 15 percent of our

GDP, it is an important contributor to job creation, representing 6,9 percent of total employment or 1 147 980 jobs at the economy level. In 10 years' time the WTTC predicts that the "Travel and Tourism Economy" will account for 7,9 percent of South Africa's employment, therefore adding some 407 320 new jobs. The "Travel and Tourism Industry" currently accounts for 3 percent of total employment or 492 654 jobs. The WTTC predicts that in 10 years' time this figure will increase to 679 189 jobs or 3,4 percent of the total.

However, South Africa is still lagging behind compared with global estimates and forecasts. The WTTC's figures indicate that in 2012 the "Travel and Tourism Economy" will contribute 10,6 percent to global GDP and 8,6 percent to global employment (Grant, *et al* 2002:45).

3.3.4 The South African "Travel and Tourism Economy" contribution to GDP and numbers employed

If we were to identify trends or growth in tourism's contribution to South Africa's GDP and employment since 1997, we see that there have not been great leaps in growth. Annual growth in demand in the "Travel and Tourism Economy" has ranged from 3,2 percent to 5,5 percent for the period 1997 to 2001, with negative growth (-1 percent) being experienced in 1999 (Grant, *et al* 2002:45).

Growth in employment in the "Travel and Tourism Economy" has actually declined from 8,6 percent in 1997 to 2,6 percent in 2001. The WTTC's forecast for 2012 indicates that growth in employment in the "Travel and Tourism Economy" is expected to average about 3,17 percent per annum for the next 10 years (Grant, *et al* 2002:46).

3.3.5 Pre- and post 11 September 2001 forecasts for South Africa

Although in many countries the impact of 11 September 2001 (USA) was devastating, according to the WTTC it is difficult to estimate the true impact on the economy and employment as many positive impacts have overshadowed some of the negative impacts. The impacts for South Africa in terms of employment in 2002 are positive. The updated forecast for employment in the "Travel and Tourism Economy" is the creation of 29 400 jobs, compared with the initial pre- 11 September 2001 forecast of 6 800 jobs.

There is no doubt that there has been a certain degree of cancellation and reduced bookings in terms of travel to many destinations. While currently there may be a certain degree of nervousness associated with travelling, tourism is an incredibly resilient industry and can recover fairly quickly. Early indications are that South Africa's tourism has recovered extremely quickly and in fact, gained from the events of 11 September 2001 (Grant, *et al* 2002:46).

3.3.6 The growth challenge for tourism in South Africa

While "compound average growth rate" (CAGR) between 1994 and 2000 was an encouraging 8 percent, the period after 1998 has seen a sobering decline. CAGR now stands at 0,4 percent. This is largely due to decreasing numbers of tourist arrivals from Lesotho and, to a certain extent, Swaziland. Clearly, the honeymoon period of the "democracy dividend" is over. The growth rates we are now experiencing are far below the average growth rates experienced in many other regions in the world, including the rest of Africa, and are certainly less than a quarter of the average rate of growth for the world.

SAT's re-examination of their "strategy for growth" started to look at the portfolio of source markets. Currently, 90 percent of arrivals are drawn from 21 countries. Five of these countries which all are neighbouring states, deliver over 60 percent of tourist arrivals. Current trends show that nearly half of these markets have so far delivered fewer tourists to us in 2002 than they did in 2001 (SAT, 2002:16).

While source markets on the whole deliver significant yields to South Africa, we must be cautious of dismissing African source markets. The sheer volume from these markets ensures that their overall contributions to revenue are important. Analysis of provincial tourism reveals that while provinces such as the Western and Eastern Cape depend almost entirely on the overseas markets for their international tourism receipts, other provinces are critically dependent on African arrivals for their tourism revenue. The prospects of going forward are not very encouraging. In fact, if we do nothing differently during 2002, overall arrivals will grow by no more than 0,8 percent and our tourism revenue will have a mere 1,2 percent projected growth for the year (SAT, 2002:16).

3.3.7 An action plan for tourism growth in South Africa

SAT's (2002:20) "strategy for growth" seeks to drive more ambitious results through focused execution against the chosen segments. Although these goals may be adjusted at a later stage, they currently stand at volume growth of 5,5 percent to 6 percent CAGR between 2002 and 2005, and revenue growth of 12 percent to 13 percent between 2002 and 2005. These targets are achievable if the average activation rate (or market share) across the growth segments moves from 2 percent in 2002 to 8 percent in 2005, and if defend segment arrivals are held constant.

In order to achieve these goals, SAT will embark on a two-pronged strategy. At a *macro-level*, South Africa's brand as a destination will be positioned. This means that the entire marketing, fulfilment and product value chain must be revised. At a *specific level*, SAT will need to execute systematically against the detailed segment activation strategies that have been developed.

SAT (2002:17) mentions that their "growth strategy" will therefore be focused across a portfolio of markets where actions will be targeted to achieve, namely:

- Volume growth in markets where there is high potential to increase arrivals;

- Revenue growth in markets where there is high potential for growth in yields;

- Defending our market share in markets which are important to the portfolio, but where growth potential is limited;

- Focused growth from markets and market segments where there is a potential to get increased volumes in off-peak periods to manage down seasonal fluctuations; and

- Facilitates the packaging of the product offering with industry to further transformation and redistribution.

3.3.8 Forecasts of the tourism industry

Forecasts for the African continent

Global tourism is forecast to grow, but overall growth forecasts hide tremendous differences between regions and countries. According to Teye (Butler and Jones, 2001:298), Africa only receives 4 percent of all international tourists and only 2 percent of total international tourism receipts. He states that Africa still has a number of obstacles to overcome in order to develop a viable tourism industry in Africa. Obstacles include political instability, economic restructuring, human resource constraints, a lack of regional co-operation and basic infrastructure. Telecommunication, health and medical challenges and weak institutional frameworks also need to be overcome.

(Middleton, *et al* 1998:48) argue that while some parts of Africa are sometimes referred to as the "sleeping giants" of the tourism world, a combination of underdevelopment, political instability, crime and poverty hold back their overall tourism development prospects for the foreseeable future. Most countries in Africa are economically underdeveloped and lack the level of infrastructure development and the economic growth from which domestic tourism can develop to support their growth opportunities in international markets. In the longer term, large parts of Africa have vast environmental assets and great tourism development potential from a resource standpoint. They mostly also have large and growing population problems and are unlikely to play a major role in world tourism development for the foreseeable future.

The empowerment of travellers

The likely role travel and tourism are to play by 2020 will be an increased empowerment of travellers and the market place in which travel products and services are bought. Travel consumers will have higher disposable income and increased comfort levels in using the Internet, computers and new technologies with many taking advantage of online continuing education programmes. More information about destinations will be available and will include lower market entry costs and new market strategies for suppliers. With travel information and education levels rising, travel will become more individualised and responsive to a more diverse population (Smith, 2001:15).

An increasing trend among contemporary traveller consumers will be to view travel as a means to enhance the quality of their lives by building on a philosophy of doing well while doing something good for society. These actions range from e.g. an increase in volunteerism to grow interest in life-long education, training and career development as well as to scrutiny the travel and tourism industry's environmental impacts.

Tourism demand movements

Knowledge of the sign and size of variables outside the control of the management of tourism will be of great use when forecasting demand movements. Theoretical research may be useful when suggesting the signs of relevant derivatives. However, to establish the size of such effects requires an empirical investigation of the determinants of an individual's (and hence a population's) probabilities of visiting an attraction.

The importance of empirical work is twofold: *first* as a test of theoretical propositions, and *second* as a means of identifying the size of the various effects on the probabilities of visiting an attraction. A better empirical knowledge of the determinants of repeat visiting is likely to be useful to attraction management and to policymakers. Different time paths of visit flows bring about inter alia different patterns of repeat visits and imply variations in the income and employment that are generated by an attraction. Policymakers should therefore be able to affect these variations by influencing the incidence of repeat visits (Darnell and Johnson, 2001:125).

Driving forces of tourism

Anderson (1998) recognises changes in consumer behaviour, expectations and values as some of the main driving forces behind the pace and direction of the tourism industry's development. In the leisure market, consumers become less satisfied with traditional holiday packages. "Mass tourism" is replaced by the so-called "new tourism". "New" tourists have more experience, are more environmentally aware and independent, flexible, more quality conscious and harder to please. Quality and value for money are vital to "new" tourists. The tourism industry undergoes a shift from the traditional "push" of products through channels by travel suppliers to the "pull" of products by the consumer which are based on a growing availability of transparent and easy-to-use technology (Lubbe, 2000:46).

Saunders (2001b:9) argues that a change in demographics has an impact on leisure and tourism consumption. People will have less time to travel in future. Table 3.6 (page 89) analysis the future impacts on tourism. It considers 2 critical dimensions in terms of travel and tourism namely time and money. A tourist needs both at least (in some quantities) to enjoy travel and tourism. It can be one way to segment future markets and it certainly enlightens some products and markets.

The decreases and changes to leisure time implicate that the old, relied-upon and leisure time patterns are disappearing. Seasonal and weekend peaks will decline. Holidays will be more evenly spread throughout the year. There are already moves towards more frequent, shorter and educational school holidays in some countries like the USA and UK. Holidays will become shorter and lead times will decrease.

Table 3.6: Basic leisure time segments

	MONEY High	
Well-off: young to middle aged (pressurised) • Upmarket packages • Exotic breaks • Health farm • High "fashion" • Short • Relaxation and adrenaline		**Well-off: retired** • Long haul, luxury • Sophisticated and demanding • Second homes • Multiple holidays
Low		TIME High
Unemployed and low income • Day out • Visiting friends/relatives • Maybe weekends		**Poor: retired and young** • Explore / long packages • Backpacking • Off-season cheap breaks • Budget
	Low	

Source: Saunders, 2001b:9

The tourism industry have always been dynamic, the future is only likely to be more so as the environment becomes more competitive and markets more flexible, demanding and short of time. In predicting tourist demand, it is essential to understand tourist motivation. With other factors such as destination features and marketing it contributes greatly towards shaping tourist demand.

Managing tourism and its markets

According to Middleton, *et al* (1998:110) the tourism industry operates on the principle that visitors vary by characteristics that are crucial to practical management decisions. They are crucial to move towards the sustainability of visited destinations. The most common variables include:

- Profile of customers for marketing purposes - geo-demographic and psychographic variables;
- Customer awareness of/or interest in environmental quality as a basis for choice of destination and choice of product at the destination;
- Products purchased - it reflect different purposes of visit and choice of activities e.g. cultural activity, conferences, adventure;
- Prices paid (tourism revenue generated locally);
- Usage of fragile natural and built resources;
- Time of visit - by year, time of week, time of day;
- Choice of location (within a destination area);
- Prior knowledge of a destination before a visit - varying from first-time visitors to regular repeat customers;
- Media by which fist time visitors obtain information about the destination and perceive its image (including advertising, publicity, brochures and information from other sources); and
- Means of purchasing their chosen products - from direct contracts with suppliers to the use of tour operators, travel agents and other intermediaries.

3.4 EMPLOYMENT IN THE TOURISM INDUSTRY

3.4.1 An international perspective on tourism employment

Lea (1997:169) argues that it is possible to make the following generalisations about tourism and employment, namely:

- There is a close but not perfect correlation between the income-generating effects of tourism and the creation of employment. High returns from the industry do not translate directly into proportionately more jobs;

- The kind of tourist activity influences employment because some types are more labour intensive;

- The types of work skills available locally also have an effect on employment as illustrated by the high demand for unskilled labour;

- Tourism may actually take employees away from other sectors of the economy or offer part-time jobs, both of which have little effect in reducing overall unemployment figures; and

- Many tourism employment are seasonal.

A failure to consider all these categories has resulted in rather crude analyses of the real employment situation in Third World countries.

3.4.2 A national perspective on tourism employment

Saunders (2001a:7) argues that there is a data deficiency in tourism which is being addressed by the DEAT. This data is seen as critical to demonstrate the job creation strength of the tourism industry. However, it is not an easy task for the following two fundamental reasons, namely:

- There are many different ways to define the tourism industry and to define its job creation impact (available figures are often based on different definitions); and

- It is very difficult to count the number of people who are employed in South Africa (the basic job data on which a lot of economic modelling is based, varies significantly).

When considering different economic job data as a base and apply the various definitions of the tourism industry, many different answers are obtained.

3.4.3 The definitions of tourism

The definition of the tourism industry impacts on the figures produced. There are two basic ways to look at the tourism industry, namely either the "direct" industry, or the "direct and indirect" industry.

- ***The "Direct" Industry I***

Saunders (2001a:7) argues that the "direct" industry by itself can be understood very differently, and one of the ways of understanding it is what most people usually perceive as the "tourism industry". This includes all those enterprises which primarily sell services to tourists e.g. hotels, accommodation establishments, travel agents, tour operators, some restaurants, tour guides, airlines, car hire, etc. These we all see squarely as businesses sitting in the tourism sector ("tourism businesses") and therefore the jobs they create are seen as tourism jobs.

Technically we could define these businesses and count their employees through samples, statistical returns, etc. However, this is not done in any cohesive way for the tourism industry. Where it used to be done by Statistics South Africa for the hotel industry, a number of factors impact on the accuracy of the figures and continue to cause counting problems in the sector. Factors include inter alia part-time and casual staff and how to count them; outsourcing and the employees that are being shed to a "supplier" and huge numbers of accommodation establishments that are not included in the sample e.g. many hotels and a vast numbers of guesthouses. The strong trend to outsourcing and long practised norm of part-time and casual staff in the tourism industry complicate most methods of trying to pin down the numbers employed.

- ***The "Direct" Industry 2***

1. *"Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes".* This definition includes day visitor activity.

2. *"Tourism is the activities of persons travelling to a place which is other than their usual environment for a period of less than one year, but for at least one night".* This definition excludes day visitor activity.

When applying the definitions (1 and 2 above) of tourism that are accepted on a world wide level, there are two definitions that further confuse the issue. The "direct" tourism industry becomes much broader as it includes all spending of tourists (to purchase their travel and at the destination), and the impact this has on the general industry. This is how the WTO and WTTC define the "direct" tourism industry for job creation and GDP contribution calculations, using the broader tourism definition of tourism under the "direct" Industry 1 (Saunders, 2001a:7).

This "direct" spending of tourists doesn't just impact on the tourism businesses identified, but also on many other industries. For example, self-catering tourists spend at shops, self-drive (owned or hired car), tourists spend at petrol stations, foreign tourists spend at banks for foreign exchange, tourists may go to the cinema, buy clothes, etc. We don't tend to think of shops, the petrol station or bank employees as being in the tourism industry but some of them are, when "direct" employment in tourism is measured according to either of the two accepted definitions of tourism.

One other complication of the "direct" tourism industry as defined by the WTO and the WTTC, is that some income of "tourism businesses" is not derived from tourism. For example, if one visits a local hotel bar for a drink or enjoy a meal in the hotel's restaurant, this is not tourism income, nor is that spending that support a tourism job.

The "direct and indirect" industry

When one stick with the WTO and WTTC definitions, the "direct and indirect" tourism industry includes the "direct" impact and the "indirect" impact or multiplier effect of all "direct" tourism spending and the number of jobs that are created through the multiplier effect. As the businesses that are the primary receivers of tourism spend on inputs and pay salaries, the jobs in the supplier industries and the jobs created through employees spending their wages, are attributed as "indirect" tourism industry jobs. These "indirect" tourism jobs can be literally in any sector of the economy (Saunders, 2001a:9).

Calculating the number of "direct and indirect" jobs can only be done through economic modelling that use the same methodologies as used to calculate direct jobs. In addition, economic input/output models are required that indicate linkages between economic sectors and model the multiplier effect.

The "direct" economy and the "direct and indirect" economy

As it is not complicated enough, the WTTC also calculates tourism economic impact and job creation according to another dimension, namely "the industry" and "the economy". The "economy" includes the industry, and both have a "direct" and an "indirect" component. The "tourism economy" includes capital spending for tourism, whereas the "tourism industry" only includes tourists' direct spending and not capital spending. Capital spending includes the investment in hotel buildings, transport vehicles and craft, furniture and equipment, as well as personal capital spending (Saunders, 2001a:9).

Table 3.7 (page 95) indicates the different definitions of tourism that can be used when measuring job creation (and also GDP contribution in a simplistic way).

Table 3.7 is presented on page 95.

Table 3.7: Definitions of tourism

	TOURISM BUSINESSES	TOURISM INDUSTRY	TOURISM ECONOMY
Direct employment	People employed in businesses which primarily earn income from tourists	Employment generated through the direct spending of tourists	Employment generated through the direct spending of tourists and direct tourism capital expenditure
Direct and indirect employment	(Not applicable)	Employment generated through the direct spending of tourists and the multiplier effect of this spending on employment in other sectors of the economy	Employment generated through the direct spending of tourists and direct tourism capital expenditure and the multiplier effect of these two types of spend sectors of the economy

Source: Saunders, 2001a:9

3.4.4 How many people are employed in tourism?

Economic modelling is essential in order to determine how many jobs there are in the tourism industry. Economic modelling is not scientifically accurate, and different economists and Government officials develop different models of our economy. Mostly however, they rely on the base job data of the Government to determine the numbers employed according to different breakdowns. However, sometimes this data is modified according to some of their own assumptions. Herein lies the problem as it depends on whose economic model is used as different numbers may be derived (Saunders, 2001a:9).

Furthermore an even bigger problem poses, namely what is the employment base? Some of the reasons for discrepancy may include the self-employed and contract workers who may indicate that they work in a household survey, but may not register as "employees". It is uncertain how well we can model input/output linkages in the informal sector and tourism employment in the informal sector. Depending on which econometrically model (read economist/

economic firm) is used, which base figures and how they have been adjusted, the answer to how many jobs there are in tourism can vary across all of the definitions.

However, Bennett (2000:360) mentions that it was estimated that tourism provided work for approximately 750 000 South Africans in 1999. Of these, about 250 000 were directly employed in the tourism industry, with the rest being employed in related industries.

Not sufficient supporting empirical data is available to know for sure which of the following methods are correct, but the following criteria might give an indication of how many people are employed in/through tourism, namely:

Tourism business employment

THETA, who is responsible for skills development in the tourism industry, conducted a detailed employment survey of 500 employers in the various sub-sectors it covers. This resulted in an estimate of 600 000 employees that are covered by THETA (Saunders, 2001a:11).

However, employees covered by THETA and tourism industry employees are often thought to be synonymous, but they are not. THETA covers a number of non-tourism sectors/parts of sectors. For example, a number of sport, conservation, gaming and gambling and the restaurant and catering industry, is not tourism. When one makes informed adjustments to the THETA employment numbers to indicate tourism employment, a figure of around 300 000 tourism employees in tourism businesses are derived. Therefore, THETA's statistics are not as yet based on a structured sample that can be repeated to indicate tourism business employment growth.

Tourism industry employment

The WTTC's figures for the total ("direct and indirect") tourism "economy" and tourism "industry" employment in South Africa ("direct and indirect") for a sample of years/revisions are shown in Table 3.8.

Table 3.8: The total ("direct and indirect") tourism economy and tourism industry employment in South Africa

	WTTC				DEAT
	2000 (1998 STUDY)	2000 (YEAR 2000 REVISION)	2001 (YEAR 2000 REVISION)	2001 (YEAR 2001 REVISION)	2000
Tourism Industry	596 990	337 200	351 200	509 200	285 000
Tourism Economy	820 325	742 300	771 900	1 093 100	574 236

Source: Saunders, 2001a:11

The fairly major differences between the year 2000 forecast from the detailed 1998 exercise and the WTTC's year 2000 revision, are thought to be due to the higher foreign tourism and economic growth forecast in 1998 than actually materialised between 1998 and 2000. However, one might have expected this to curtail employment growth, but not to cause such an apparent significant decline in employment.

The major differences between the 2001 forecast done in 2000 and the 2001 estimate produced in 2001 are due to a change in data sources and some adaptations in methodology employed by the WTTC. These adaptations were brought about when they changed the international economics consultancy that develops the projections on their behalf (Saunders, 2001a:11).

In addition to the WTTC's economic analyses, the DEAT commissioned a small exercise to look at the economic contribution of tourism and tourism employment in the year 2000. This exercise concluded that there were 574 236 employment opportunities in the tourism economy, with a growth of a very specific 3 849 jobs over the previous year. The tourism economy employment number is very low and causes only further confusion.

It is argued that these figures indicate the problems with economic modelling which render the ability to know how many tourism employees there are and to track growth trends in tourism employment (Saunders, 2001a:11). It is therefore unsure how many people are employed through tourism. The reasons for not knowing, include the following:

- Economic modelling is not an exact science;
- The economic modelling of tourism is relatively new and still being developed;
- South Africa has a fairly unique employment situation with a large informal sector;
- The definition of employment is changing, i.e. contracting, self-employment;
- Basic economic data in South Africa is not yet totally reliable; and
- The tourism industry has many definitions and is complicated by casual, part-time and "outsourced" employment.

3.4.5 Travel and tourism statistics and data

Butler, *et al* (2001:297) state that a great deal of inconsistency exists between travel and tourism data that is largely due to problems of definition. Purpose of visit is one such definitional problem. When tourism is not defined, it generally means pleasure tourism or people on holiday(s), but formal definitions like that of the WTO tend to include anyone who is travelling.

The apparent inconsistency in figures is partly because many pleasure tourists stay in less conventional accommodation. Many surveys concentrate solely on hotel guests, thus much less is known about other staying visitors. Domestic tourists are more likely than international tourists to use accommodation other than hotels, as they are better placed to know alternatives. Until problems that relate to the definitions of tourism and hospitality are resolved and the definitions become all-encompassing and apply with equal validity to all regions, there are likely to be continued difficulties and inconsistencies in understanding tourism and travel data and statistics.

Latham (2000:87) states that the collecting of tourism statistics is time consuming and complex. In some countries it is taken very seriously, to the extent that attempts are made to assess the size of potential errors. It is then possible not merely to provide a point estimate (that is, a single value) of say tourist numbers, but to give lower and upper bounds within which the true value is thought to lie. Some countries review their data collection procedures with a view to minimise errors subject to an acceptable cost.

However, not all countries attach the same importance to tourism statistics in general, and to certain measure in particular. For example, the expenditure of incoming tourists normally has high priority attached to it because of its positive contribution to the balance of payments. On the other hand, the number and spending of tourists who are visiting friends and relatives may be under-estimated in countries in which measurement is through serviced accommodation establishments.

It is not surprising then that the interpretation of tourism data is fraught with danger. Latham (2000:87) gives the following key points to bear in mind when using tourism statistics, namely:

- Tourism statistics are normally estimates, often derived from sample surveys. As such, they are liable to various forms of error, many of which are impossible to quantify;

- For measurements which result from sample surveys, in general the smaller the sample size, the greater is the probable error;

- Even though the sample size for data relating to a region or country may give rise to acceptable levels of error, analysis of a subset of the data pertaining to a smaller area or region may not be feasible owing to the much reduced sample size;

- Sample size is not everything. The true random sampling of tourists who are by their very nature on the move is not normally possible. A sample has to be formally and carefully constructed;

- Where methodology in collecting data changes (even when it is for the better), it is dangerous to compare results; and

- There are serious problems involved in attempting either to compare or to combine figures collected by different countries or organisations.

The final point arises because there is not only considerable variation in the methods employed by different countries, but also variation in the measures adopted. A notable example is that some countries count tourist arrivals (at least one night spent in the country visited), whereas others prefer to count visitor arrivals (this includes excursionists, i.e. those who do not stay overnight).

Figures should therefore be treated with caution due to the diversity of methodologies used by each nation in calculating travel and tourism figures.

3.5 ENTREPRENEURIAL ACTIVITY

3.5.1 Entrepreneurship and its contribution to GDP

A breakdown of the respective contributions to GDP shows that large enterprises contribute 65,2 percent of the GDP, followed by medium enterprises with 15 percent, small enterprises 13,9 percent and micro enterprises 5,8 percent. SMME's in the South African economy contributes 34,4 percent of the GDP (Ntsika Enterprise Promotion Agency, 2001:10).

Gauteng records the highest enterprise density of 4,9 percent and is followed by the Western Cape with 4,3 percent. The overall enterprise density for South Africa is 3,7 percent and the total number of self-employed individuals is 1 628 797 (Ntsika Enterprise Promotion Agency, 2001:32).

In the national economy, SMME's are becoming much more important in the job market. Their contribution to the GDP is increasing, but not to the same extent as in the case of employment. However, it seems that the jobs that are created by SMME's are not new (or additional) jobs, but rather employment opportunities with large enterprises. This is because the total numbers of workers that are employed are not increasing to the same extent as the SMME's share of employment and the rise in unemployment. This implies job substitution from large enterprises to SMME's. Although SMME's don't create new job opportunities, they have rather absorbed workers who are employed with large enterprises, but who lost their jobs for some or another reason. In this context, SMME's play an important role in job retainment (Ntsika Enterprise Promotion Agency, 2001:35).

3.5.2 Levels of entrepreneurship

The Global Entrepreneurship Monitor (GEM) measures the levels of entrepreneurship in different countries (Table 3.9 - page 102). South Africa was surveyed for the first time in 2001 while a total of 29 countries took part in the GEM. South Africa ranked 14th in the total entrepreneurial activity of the countries that took part.

An important finding of the study is that start-up businesses in South Africa seem to have the highest failure rate compared to start-up entrepreneurs in the other developing countries that took part in the GEM. It was found that the key to increase the number and quality of entrepreneurs in South Africa lies in education. It was also found that a businessperson that has an established business is more than twice as likely to succeed in any new venture that he/she starts. This points to the value of entrepreneurial experience in launching a successful venture (Big News, 2002b:1).

Table 3.9: The most entrepreneurial countries

POSITIONS OF COUNTRIES	
1. Mexico	10. Canada
2. Australia	11. Argentina
3. New Zealand	12. Italy
4. South Korea	13. Poland
5. Brazil	**14. South Africa**
6. Ireland	15. Finland
7. United States of America	16. Norway
8. Hungary	17. Denmark
9. India	18. Spain

Source: Big News, 2002b:1

3.5.3 Entrepreneurial challenges

Binedell (2001:4) argues that firms face numerous daily challenges in their quest to survive over a sustained period of time. Every industry and individual firm faces a unique pattern of choices and opportunities. The South African business environment is undoubtedly caught up in an unusual period of structural change. Many well-established firms struggle to find their stride in the context in which the country now finds itself. One key driving force that shapes this landscape of opportunity and change is the shifting needs of markets and customers. However many firms, irrespective of their size, have developed a potentially disastrous viewpoint of their business.

Firms mainly focus to achieve month-on-month and year-on-year results. It becomes easy for them to fall into the trap of just making sales and making margins. One needs to be constantly aware that the perspective of a market and how it perceives to interpret value keeps on changing. Many South African businesses complain that volumes and margins suffer as a result of consumers who spend more discretionary income on cell phones, the Lotto, micro-lending and gambling. Businesses need to address new markets or need to re-organise the business to innovate products and services for the markets that remain available (Binedell, 2001:4).

3.6 CONSTRAINTS FACING TOURISM SIZE AND GROWTH

Constraints that can affect the size and growth of tourism enterprises in South Africa include the following:

3.6.1 Tourism demand

Malunga (2002:2) questions whether South Africa really gets a big share of global tourism as justified by what it has to offer. He argues that the total global tourism is 697,5 million arrivals, while South Africa in spite of a good December holiday season (2001) saw its arrivals drop by 2 percent in the first 11 months of 2001. One should consider Singapore that is a tiny island nation with limited natural resources. They received 7 691 090 visitors in 2000 while South Africa received 6 000 538 visitors. In 2001 Singapore had a respectable (compared with its size) 7 518 584 arrivals. Singapore received 667 148 arrivals alone in December, notwithstanding the decline in global tourism that followed the 11 September 2001 attacks (USA).

Singapore may not have much to offer as far as nature, but they know how to provide excellent service and have an effective public transport system. He argues that it is important to capitalise on short-term catalysts to develop long-term loyalties that generate repeat arrivals. The events of 11 September 2001 should taught us all that there is no longer an enclave of blissful safety anywhere in the world. South Africa can therefore no longer use the crime level as an excuse for the low rate of tourist arrivals or for tourists not returning to the country (Malunga, 2002:2).

Tourism, hospitality and leisure specialists Grant, *et al* (Witepski, 2001a:54) state that the South African casino gaming market is worth more than R6 billion a year. However, gaming remains low on the international visitor's list of priorities. The reason for this might be that South Africa could not compare with international offerings when it comes to entertainment. If the gaming industry wants to target international tourists, substantial entertainment over and above the gaming aspect should be offered.

3.6.2 The marketing of tourism products and services

Johnston (Smart, 2001a:41) mentions that tour operators find the cost of marketing South Africa as an adventure (tourism) destination overseas "prohibitive", and many tour operators don't have the funds to do so. When people think of South Africa, they tend to think safaris, Cape Town or Sun City and not about any other tourist activity that could exist in the country. South Africa might need a paradigm shift or a Government-driven initiative to show tourists all the extras what the tourism market has to offer.

Bannister (2001b:14) claims that if countries are not marketed correctly, they fall prey to "default positioning" by the media or by "societal opinions" which are usually directed by the media. South Africa is currently drifting from a global marketing perspective and is perceived to be an interesting developing country, but is tinged with the generally negative perceptions of Africa. South Africa is positioned by ongoing negative reports on crime, rape, malaria, HIV/Aids, corruption and emigration. As such, it is not surprising that the "tourism boom" has not yet taken off to the required levels and that foreign direct investment continues to disappoint.

In communicating a clear message, South Africa needs to understand the nature of its target markets and stakeholders and how they view South Africa (Bannister, 2001b:14). It is vital to emphasise the importance of three specific groups, namely:

- The South African public's belief, support and commitment;
- The South African and global media - the key influences of global and national opinions need to be engaged and managed; and
- The expatriate South Africans which can be grouped into the negatives, the neutrals and the supportive. South Africa needs to manage these groups and turn them into neutral (at worst) and ambassadors at best.

3.6.3 Environmental impacts

The Greater Johannesburg area is the single most important economic region in the country (DEAT, 2002b:11). However, a number of problems face Johannesburg in particular, namely:

- Mining causes air and land pollution;
- Water and noise pollution;
- There is a lack of education, training and general environmental awareness;
- Administrative structuring is poor and environmental management is not integrated into local Government;
- Poverty, overcrowding and unemployment lead to environmental health problems;
- Poor resource management leads to wastage, lack of water resources and unsustainable practices;
- Standards are not uniform; and
- There is a lack of financial and human resources to undertake environmental management.

People who live in urban areas often have little contact with the natural environment and may know (or care), very little for their impact on it. At present, about 52 percent of SA's total population live in metropolitan and urban areas. It is estimated that by 2010, more than 60 percent of the population will live in urban areas (DEAT, 1999b:122).

3.6.4 Social impacts

The World Health Organisation (WHO) (Dicey, 2001a:34) states: "Visitors perceive that if travelling to SSA, one has a good chance of contracting HIV/Aids". Another destination might be chosen where the tourist thinks that HIV/Aids cannot contracted as easily. Saunders (Dicey, 2001a:34) argues: "The international HIV/Aids conference in South Africa (2001) also put the country on the map as the Aids Capital of the world".

According to the Department of Health (2001:36) little research is available regarding the relationship between HIV/Aids and tourism. Potential risks can be identified that are incurred by tourists while on vacation. Such an evaluation might focus on inter alia tourists access to sex workers, casual sex and excessive consumption of alcohol and recreational drugs. The tourism and hospitality industries are especially characterised by labour mobility, seasonality, a high rate of casual labour, rural and urban locations, staff quarters and high levels of unskilled and semi-skilled labour. All these elements point to an industry that is likely to be seriously affected by HIV/Aids.

3.6.5 Regulation of the tourism industry

Fourie (Dampier, 2001:51) mentions: "Fly-by-night tour operators jumping on the bandwagon threaten the integrity and professionalism of the industry as they lack the expertise required to give international guests a world class experience".

3.7 CONCLUSION

There is no other growth industry of comparable size and geographic coverage that comes near the performance of tourism. Its growth prospects are equally impressive if one looks ahead into the next century.

The attacks on the USA on 11 September 2001 led to a disappointing year for international tourism in 2001. However, South Africa benefits currently from it as a long-haul tourist destination. There are high expectations that the tourism industry will attract large numbers of tourists, international as well as local. To ensure this, South Africa will have to select its markets and strategies carefully.

Tourism demands are changing all the time as the industry is in a constant state of flux. It will be essential for entrepreneurs to consider these demands in ensuring larger numbers of tourists and repeat visits.

Various definitions are used for "the tourism industry". It leads to mixed messages and confusion to determine the number of people that are employed in the South African tourism industry. It is therefore essential that tourism statistics and data should be interpreted with caution.

Entrepreneurship is an important contributor to the economy of the country. However, South Africa is left with the challenge to improve on its performance regarding its entrepreneurial capacity.

The following chapter focuses on the link that exists between entrepreneurship and tourism in South Africa and considers the major role players and opportunities in the tourism industry.

CHAPTER 4

TOURISM AND ENTREPRENEURSHIP

4.1 INTRODUCTION

The contribution of SMME's in generating employment and income tend to become increasingly recognised in South Africa. This is an encouraging sign as people find opportunities to participate in ways that empower and nourish many others, particularly those that are otherwise disadvantaged. However, an increase in the numbers of people who are engaged in SMME's could be a sign of economic failure to provide productive jobs. People are then forced to take refuge in activities that might provide only minimal, subsistence support.

Shaw and Williams (1998:254) mention that SMME's hold a special place in tourism economies for a number of reasons, but most notably because they can provide a strong interface between the host community and tourism. In this respect, entrepreneurial activity not only has an economic dimension but also strong social and cultural elements. However, in developing economies the small business culture is being increasingly perceived as a constraining influence on certain areas of tourism growth.

This chapter investigates what entrepreneurship entails and its importance to economic development. Opportunity driven entrepreneurship is analysed, while the role players and opportunities that exist in tourism are discussed.

4.2 SMALL BUSINESSES, ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

It is important to define small businesses as well as entrepreneurship in order to establish whether an enterprise is classified as being small, medium or micro.

4.2.1 Defining small businesses

According to the National Small Business Act (No. 102 of 1996) a small business means: "a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy". The classification of *"business services"* is as follows:

- *Small:* Less than 50 full-time paid employees with a total annual turnover less than R10 million;
- *Medium:* Less than 100 full-time paid employees with a total annual turnover less than R20 million; and
- *Micro:* Less than 5 full-time paid employees with a total annual turnover less than R0,15 million.

"Catering accommodation" (and other trade), which is relevant to some role players in the tourism industry, is classified as follows:

- *Small:* Less than 50 full-time paid employees with a total annual turnover less than R5 million (R5 million difference from "small" under business services);
- *Medium:* Less than 100 full-time paid employees with a total annual turnover less than R10 million (R10 million difference from "medium" under business services); and
- *Micro:* Less than 5 full-time paid employees with a total annual turnover less than R0,15 million (same as "micro" under business services).

A "small business organisation" is defined as: "any entity, whether or not incorporated or registered under any law, which consists mainly of persons carrying on small business concerns in any economic sector, or which has been established for the purpose of promoting the interests of/or representing small business concerns, and includes any federation consisting wholly or partly of such association, and also any branch of such organisation".

4.2.2 Defining entrepreneurship

Entrepreneurship is the emergence and growth of new businesses and firms. An **entrepreneur** is therefore a person who sees an opportunity in the market, gathers resources and creates and grows a business venture to satisfy these needs. He/she takes the risk of the venture and is rewarded, with profit, if it succeeds. An **entrepreneurial venture** is one that constantly seeks growth, innovation and has strategic objectives (Nieman, 2002:6).

Hisrich and Peters (1998:9) argue that entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychical and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence. In almost all of the definitions of entrepreneurship, there is agreement that entrepreneurship comprises a kind of behaviour that includes: (1) initiative taking, (2) the organising and re-organising of social and economic mechanisms to turn resources and situations to practical account, and (3) the acceptance of risk or failure. Although each of these definitions view entrepreneurs from a different perspective, they all contain similar notions such as newness, organising, creating wealth and risk-taking. Yet, each entrepreneurial definition is somewhat restrictive, since entrepreneurs are found in all professions.

Entrepreneurship is about people who realise new opportunities. Entrepreneurs are persistent, passionate, adaptable and able to take risks. Entrepreneurship in its broadest sense is about the capabilities of people to combine scarce resources in new ways to respond to opportunities or provide solutions to problems. As a set of attitudes and behaviours, entrepreneurship can occur in a range of environments. However, at the core of entrepreneurship lies the creation of new business ventures by individuals or teams (Driver, Wood, Segal and Herrington, 2001:2).

4.2.3 The role of entrepreneurship in economic development

Smallbone and Welter (2001:63) argue that the potential role of Governments in SMME's in transition economies include:

- To generate employment and thereby contributing to absorbing labour surpluses which result from economic restructuring;
- It contributes to the development of diversified economic structures;
- It contributes to the development of a supply base to serve the needs of large firms (including inward investors and state owned enterprises);
- It can be a source of innovation;
- SMME development can contribute to sectoral restructuring;
- The development of the SMME sector can also contribute to the wider process of social transformation that is an integral part of transformation; and
- Self employment and small business ownership may provide a means of "self help" support for many former employees of state-owned enterprises who have either lost their jobs, the restructuring in state-owned enterprises, or have been forced to take leave.

Hisrich, *et al* (1998:13) state that the role of entrepreneurship in economic development involves more than just increasing per capital output and income. It involves initiating and constituting change in the structure of business and society. This change is accompanied by growth and increased output, which allows more to be divided by the various participants. One theory of economic growth depicts innovation as the key not only in developing new products or services for the market, but also to stimulate investment interest in a new venture being created. A new investment works on both the demand and the supply sides of the growth equation: new capital create expansion in the capacity for growth (supply side), and the resultant new spending utilises the new capacity and output (demand side).

Tourism entrepreneurship and economic development

Shaw, *et al* (1998:243) argue that entrepreneurship is important in the linkages that tourism forms in developing countries, and it may well be that such relationships develop in a series of distinctive stages. However, as Mathieson and Wall (1982:82) point out, the nature of entrepreneurship is contingent: "Although it is attractive to think of a sequence of developmental stages, the exact pattern of entrepreneurial activity is likely to vary from place to place". Unfortunately, such geographical variations in the development of entrepreneurship that can be conceptualised as local contingencies in their formation and operation have been little researched. One exception is the general recognition that economic linkages between tourism and local industries depend on: (a) the types of supplier and producers in the local economy; (b) the historical development of tourism within the area (although this is only vaguely conceptualised); and (c) the type of tourism development under construction.

Tourism creates income and employment directly in the sectors in which expenditure or tourism-related investment takes place. It also induces further increases throughout the economy. Income and employment generation result not only from expenditure by foreign tourists along with the associated increases in private investment and public expenditure, but also from domestic tourist expenditure. The extend to which changes in tourism demand are likely to affect income and employment depends in part, upon the existence of the appropriate surplus resources within the economy. An example is airport capacity that should be sufficient to meet additional demand for incoming and departing tourists (Sinclair and Stabler, 1997:139).

However, Kotler, Bowen and Makens (1999:651) argue that destinations may not welcome tourists uniformly. Due to location, climate, limited resources, size and cultural heritage, some places have few economic choices other than to participate in tourism. Some engage in tourism with mixed emotions and at times, ambivalence. Some people and businesses benefit from tourism while others may not. While a destination's economy may be better off from tourism, residents sometimes feel that losses in qualify of life, convenience and cultural and social values are not worth the economic benefits.

Tourism ranks as one of the top sources of employment. Other industries also give way to tourism as a major source of foreign exchange earnings. Consequently, tourism can make an essential contribution to the welfare of nations and has the potential to assist in the attainment of sustainable development by generating economic benefits for local communities and national economies. At the same time, environmental protection is reinforced.

4.3 OPPORTUNITY DRIVEN ENTREPRENEURSHIP

4.3.1 Opportunity identification

Entrepreneurship is arguably the single most powerful force to create economic and social mobility. Because it is opportunity-centred and rewards only for talent and performance, it enables people to pursue and realise their dreams, to falter and to try again, and to seek opportunities that match who they are, what they want to be, and how and where they want to live. No other employer can make this claim (Timmons, 1999:5).

Kotler, *et al* (1999:87) define a marketing opportunity as an area of need in which a firm can perform profitably. Opportunities can be listed and classified according to their attractiveness and the success probability. The firm's success probability depends on whether its business strengths not only match the key success requirements for operating in the target market, but also exceed those of its competitors. Therefore, the best performing firm will be the one that can generate the greatest customer value and sustain it over time.

Driver, *et al* (2001:3) argue that only one in 16 adults in a metropolitan area in South Africa is an opportunity entrepreneur (engaged in an entrepreneurial venture primarily to take advantage of a business opportunity), compared with only one in 167 adults in rural areas. It is estimated that 83 percent of the entrepreneurial activity in rural areas is driven by necessity, compared with 50 percent in metropolitan areas. Only 1 in 39 black adults is an opportunity entrepreneur, compared with 1 in 12 white adults. It is estimated that 66 percent of entrepreneurial activity amongst blacks is necessity driven, compared with 23 percent amongst whites.

Temlett (Graham, 2002a:5) states that 30 percent to 40 percent of students from international business schools start their own business within 10 years of graduating. Graduates are successful in most sectors, but there is evidence of more activity in the service industry, where knowledge-based businesses are less capital-intensive. He argues that South Africa offers tremendous potential for entrepreneurs who are prepared to take a risk to attain their goals. South African graduates are likely to take their knowledge, experience and wealth back to their communities. This has a strong multiplier effect on local economies.

Temlett (Graham, 2002a:5) argues that students have great ideas but often have to be taught to identify profitable opportunities: "Our teaching aims to help entrepreneurs identify opportunities with real economic potential, harness the necessary resources and manage the sustainable growth of their firms. A key challenge is finding new venture capital".

The "window of opportunity"

Opportunities exist or are created in real time and have what is called a "window of opportunity". For an entrepreneur to seize an opportunity requires that the "window" be opening, not closing, and that it remain open long enough. Markets grow at different rates over time and as a market quickly becomes larger, more and more opportunities are possible (Timmons, 1999:83).

As the market becomes larger and established, conditions are not as favourable. Thus, at the point where a market starts to become sufficiently large and structured, the "window" opens and later the "window" begins to close as the market matures. In considering the "window of opportunity", the length of time the "window" will be open is important. It takes a considerable length of time to determine whether a new venture is a success or a failure. If it is to be a success, the benefits of that success need to be harvested (Timmons, 1999:88).

Hisrich, *et al* (1998:41) state that the market size and the length of the "window of opportunity" are the primary basis for determining risks and rewards. The risks reflect the market, competition, technology and amount of capital involved. The amount of capital forms the basis for the return and rewards. The methodology for evaluating risks and rewards frequently indicates that an opportunity does not offer either a financial or personal reward commensurate with the risks involved. The return and reward of the opportunity need to be viewed in light of any possible subsequent opportunities as well.

The opportunity must also fit the personal skills and goals of the entrepreneur. It is particularly important that the entrepreneur is able to put forth the necessary time and effort required making the venture succeed. Although many entrepreneurs feel that the desire can be developed along with the venture, typically it does not materialise and doom the venture to failure (Hisrich, *et al* 1998:41).

Opportunity identification and evaluation is a difficult task. Most good business opportunities do not suddenly appear but result from an entrepreneur being alert to possibilities or in some cases, by establishing mechanisms to identify potential opportunities. Whether the opportunity is identified with the input from consumers, business associates, channel members or technical people, each opportunity must be carefully screened and evaluated.

4.3.2 Strategies in relation to entrepreneurial opportunities

The entrepreneurial process

Hisrich, *et al* (1998:39) argue that the process of starting a new venture is embodied in the entrepreneurial process that involves more than just problem solving in a typical management position (Table 4.1 - page 117). An entrepreneur must find, evaluate and develop an opportunity by overcoming the forces that resist the creation of something new. The process has four phases, namely: identify and evaluate the opportunity; (2) development of a business plan; (3) determine the resources required; and (4) manage the resulting enterprise created. Although these phases proceed progressively, none is dealt with in isolation or is totally completed before factors are dealt with in a sequential phase. For example to successfully identify and evaluate an opportunity (Phase 1), an entrepreneur must have the type of business desired in mind (Phase 4).

The evaluation and assessment of an opportunity

The evaluation of the opportunity is perhaps the most critical element of the entrepreneurial process, as it allows the entrepreneur to access whether the specific product or service has the returns needed for the resources required. As indicated in Table 4.1, this evaluation process involves looking at the creation and length of the opportunity, its real and perceived value, its risks and returns, its fit with the personal skills and goals of the entrepreneur and its differential advantage in its competitive environment (Hisrich, *et al* 1998:41).

Table 4.1 is presented on page 117.

Table 4.1: Aspects of the entrepreneurial process

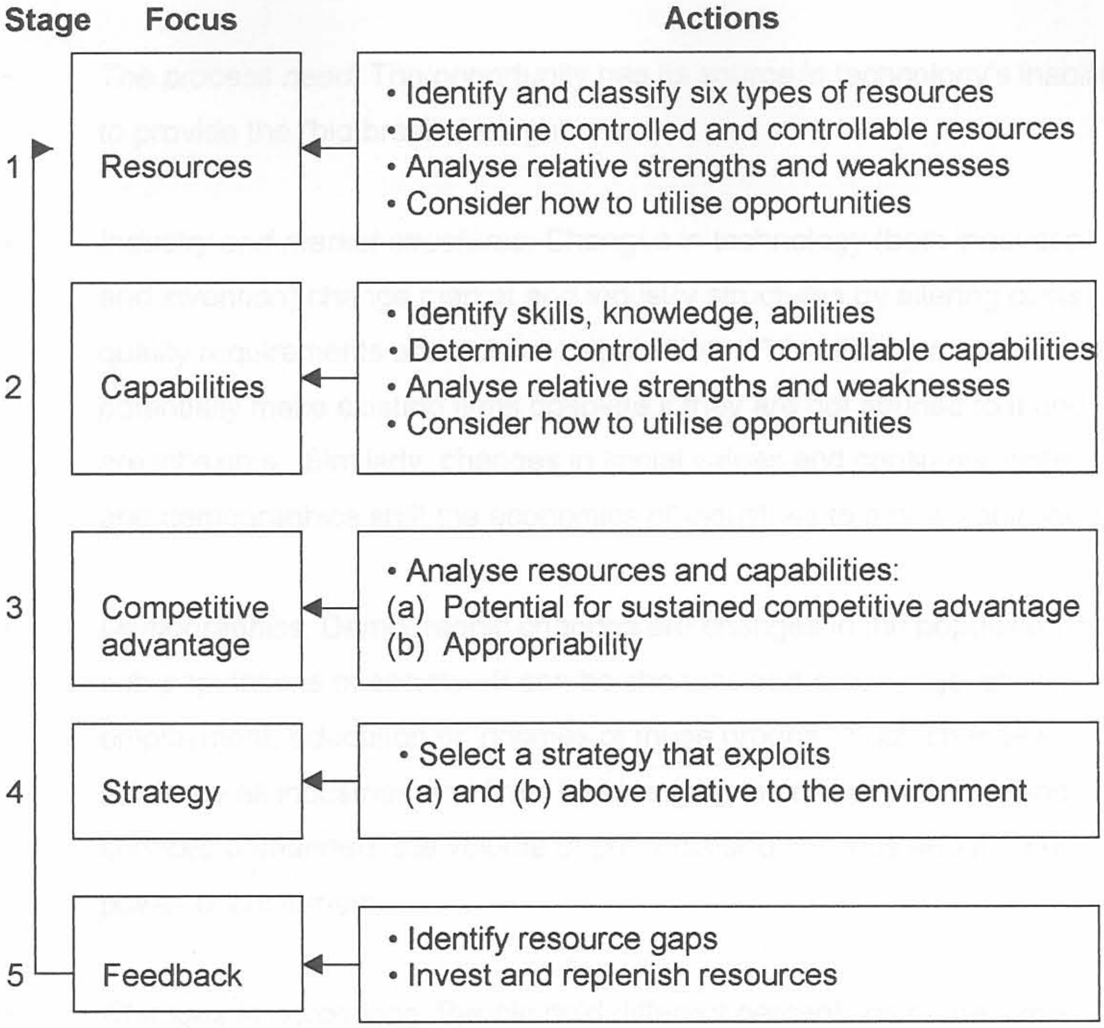
IDENTIFY AND EVALUATE THE OPPORTUNITY	DEVELOP THE BUSINESS PLAN	RESOURCES REQUIRED	MANAGE THE ENTERPRISE
Creation and length of opportunity	Title page Table of contents	Existing resources of the entrepreneur	Management style
Real and perceived value of opportunity	Executive summary	Resource gaps and available supplies	Key variables for success
Risk and returns of opportunity	Description of the business	Access to needed resources	Identification of problems and potential problems
Opportunity versus personal skills and goals	Description of the industry Marketing plan		Implementation of control systems
Competitive situation	Financial plan Production plan Organisation plan Operational plan Summary Appendices (Exhibits)		

Source: Hisrich, *et al* 1998:40

Opportunity assessment can be broken into five stages as demonstrated in Figure 4.1 (page 118). Each stage focuses on the analysis and actions that must be taken. Analysis rests on the entrepreneur's understanding of the nature of the business that one wants to create. Traditionally, entrepreneurs must ask the question, "What is my business"? One should attempt to answer the question in terms of a target customer and the target's buying needs, tastes and preferences. In opportunity assessment, entrepreneurs should initially assess the core stable set of *internal* capabilities rather than the volatile *external* resources (Dollinger, 1999:121).

Figure 4.1 is presented on page 118.

Figure 4.1: A resource-based approach to entrepreneurial opportunity assessment and analysis



Source: Dollinger, 1999:122

4.3.3 Sources of entrepreneurial opportunity and new ideas

Sources of entrepreneurial opportunity

Dollinger (1999:69) identifies the following sources of entrepreneurial opportunity, namely:

- *The unexpected:* When current businesses are surprised by an unanticipated event, they are often unable to adapt quickly enough to take advantage.

- *The incongruous:* Incongruity is dissonance, things that "ought to be", but are not. It creates instability and opportunity.

- *The process need:* The opportunity has its source in technology's inability to provide the "big break-through".

- *Industry and market structures:* Changes in technology (both innovation and invention) change market and industry structures by altering costs, quality requirements and volume capabilities. This alteration can potentially make existing firms obsolete if they are not attuned to it and are inflexible. Similarly, changes in social values and consumer tastes and demographics shift the economics of industries to a new equilibrium.

- *Demographics:* Demographic changes are changes in the population or sub-populations of society. It can be changes in the size, age, structure, employment, education or incomes of these groups. Such changes influence all industries and firms by changing the mix of products and services demanded, the volume of products and services and the buying power of customers.

- *Changes in perception:* People hold different perceptions of the same reality. These differences affect the products and service they demand and the amounts they spend.

- *New knowledge:* It is not sufficient to have new knowledge. There must also be a way to create products from it and to protect the profits of those products from competition as the knowledge is spread to others. (In addition to this, timing is critical).

Sources of new ideas

Hisrich, *et al* (1998:173) emphasise that different sources of new ideas exist throughout the world for entrepreneurs. Some of the more frequently used sources include:

- *Consumers:* Potential entrepreneurs should pay close attention to the final focal point of the idea for a new product or service, which could be the potential consumer. Care needs to be taken to ensure that the idea or need represents a large enough market to support a new venture.

- *Existing firms:* Potential entrepreneurs should establish a formal method to monitor and evaluate competitive products and services. An analysis of this kind uncovers ways to improve on existing offerings, which result in a new product with more market appeal.

- *Distribution channels:* Members of distribution channels are excellent sources for new ideas due to their familiarity with the needs of the market. Channel members frequently have suggestions for completely new products. They can also assist in marketing newly developed products.

- *Government:* The Government can be a source of new product ideas in various ways. For example, a patent office contains numerous new product possibilities. Although patents themselves may not be feasible new product introductions, they can frequently suggest other more marketable new product ideas. New product ideas can also emerge in response to Government regulations. However, various Acts can influence the industry and new entrepreneurs.

- *Research and development:* The largest source of new ideas is the entrepreneur's own "research and development". Formal research and development departments are often well equipped to enable the entrepreneur to conceptualise and develop successful new product ideas.

However, Kotler, *et al* (1999:291) argue that the search for new product ideas should be systematic rather than haphazard. Otherwise, the firm risks finding new ideas that will not be compatible with its type of business. A firm should carefully define a new-product development strategy. The strategy should state what products and markets to emphasise. It should also highlight what the business wants from its new products, such as whether it be a high cash flow, market share, or some other objective. To obtain a flow of new product ideas, a firm should consider several idea sources.

Methods for generating ideas

Hisrich, *et al* (1998:174) state that even with a wide variety of sources available, to come up with an idea to serve as the basis for a new venture can still be a difficult problem. The entrepreneur can use several methods to help generate and test new ideas such as by means of:

- *Focus groups:* A "moderator" leads a group of people through an open, in-depth discussion rather than simply asking questions to solicit a participant's response. For a new product area, the "moderator" focuses the discussion of the group in either a directive or a non-directive manner. In addition to generate new ideas, the focus group can be an excellent method for initially screening ideas and concepts.

- *Brainstorming:* The brainstorming method for generating new product ideas is based on the fact that people can be stimulated to greater creativity by meeting with others and participating in organised group experiences. Although most of the ideas generated from the group have no basis for further development, often a good idea emerges.

- *Problem inventory analysis:* Problem inventory analysis uses individuals in a manner analogous to focus groups to generate new product ideas. However, instead of generating new ideas themselves, consumers are provided with a list of problems in a general product category. Consumers are asked to identify and discuss products that have a particular problem. This method is effective since it is easier to relate known products to suggested problems that arrive at a new product idea, than to generate an entirely new product idea by itself.

4.3.4 The business environment

Firms may be influenced by forces outside their industry that may affect not only particular organisations within the industry, but also the industry as a whole. Therefore, environmental scanning should be conducted.

Environmental scanning is the systematic method that is used by a firm to study and forecast external forces. These forces are not under the direct control of the firm or its industry. The basic purpose of environmental scanning is to study and interpret what is happening in a firm's current environment in order to forecast developments in its future environment (Bennett, 2000:145).

There are two types of environmental scanning namely the internal and external environments:

- ***The internal environment***

The internal environment, which is likely to be more controllable than the external environment, includes factors that are internal or intrinsic to the organisation of a business. Assessment of the internal environment requires an analysis of a firm's existing and accessible resources in order to determine its performance capabilities. The firm's profile reflects the quantity and quality of physical, financial and human resources available to the tourism organisation, and also accesses the inherent strengths and weaknesses of the firm's management and organisational structure (Bennett, 2000:145).

- ***The external environment***

The *external forces* are those that emanate from the external environment. It is not enough to know only one's own products, market and competition. The manager also needs to know the business and market environment in which it operates. For this reason, an accurate and thorough assessment of both the internal and external environments is critically important in the strategic management process.

A firm's external environment consists of all the conditions and forces that affect its strategic options but are typically beyond the firm's control. The external environment consists of two interactive and interrelated segments, namely the operating (or market) environment and the macro-environment. The market environment includes the competitive, consumer and supplier environment, while the macro-environment includes the economic, technological and socio-cultural environments and the legal and political dimensions. Some are more critical than others are, but all are important (Bennett, 2000:145).

Dollinger (1999:15) argues that the entrepreneurial challenge is to acquire resources from the environment, combine them with other resources already possessed and to configure the new venture into a successful firm (Table 4.2 - page 124). The threats or constraints imposed by the environment are those inherent in any competitive marketplace. The entrepreneur can overcome these constraints, or protect against their worst effects by developing strategies that exploit the firm's resources. Since the environment is characterised by change, uncertainty and complexity, entrepreneurs must continually monitor events and trends and make adjustments to their firm's and their strategies.

Table 4.2 is presented on page 124.

Table 4.2: The environment and constraints in the environment

ENVIRONMENT	CONSTRAINTS IN THE ENVIRONMENT
Resources in the environment	**Barriers to entry**
Venture capital availability Availability of financial resources Presence of experienced entrepreneurs Technically skilled labour force Larger urban areas Large industrial base Accessibility of suppliers Accessibility of customers High occupational and industrial differentiation Proximity of universities Availability of land or facilities Accessibility of transportation Attitude of the area population Availability of supporting services	Governmental influences Rivalry among existing competitors Pressure from substitute products Bargaining power of buyers Bargaining power of suppliers

Source: Dollinger, 1999:17

The strengths, weaknesses, opportunities and threats analysis

One useful instrument to help tourism entrepreneurs to identify key internal and external variables and to pinpoint potential business opportunities, are the strengths, weaknesses, opportunities and threats (SWOT) analysis. A SWOT analysis is the process of systematically identifying a firm's strengths, weaknesses, opportunities and threats. *Strengths* are the resources or abilities that can give the tourism firm the upper hand over competitors. *Weaknesses* must also be acknowledged. *Opportunities* are the potentially favourable conditions in the firm's environment. *Threats* are major unfavourable circumstances or impediments to a firm's present or future position (Bennett, 2000:147).

Table 4.3 (page 125) shows some of the typical issues that tourism managers need to consider when conducting a SWOT analysis.

Table 4.3: The SWOT analysis checklist

STRENGTHS	WEAKNESSES
Competitive advantages Ability to innovate Distribution system Marketing skills Brand name recognition Cost advantages Financial strength Complete product line Reputation/image	Obsolete facilities Lack of management depth Low brand name identify Weak marketing image Low research and development capability Below-average marketing skills Lack of financial muscle High operating costs Shaky reputation/image
OPPORTUNITIES	**THREATS**
Expand product line Enter new markets Diversify to broaden risk Improve buyer/supplier relationships Improve technology Improve regulatory/legal climate Favourable demographic changes	New competitors Slowing market growth Changing needs of customer Adverse demographic changes Weakening economy Unfavourable regulatory environment

Source: Bennett, 2000:147

Kotler, *et al* (1999:87) argue that each business needs to evaluate its strengths and weaknesses periodically. The management of the business (or an outside consultant) reviews the business' marketing, financial, manufacturing and organisational competencies. Each factor is rated as to whether it is a major strength, minor strength, neutral factor, minor weakness or major weakness. A firm with strong marketing capability would show up with all marketing factors rated as major strengths. In examining its pattern of strengths and weaknesses, the business does not have to correct all its weaknesses or gloat about all its strengths. The question is whether the business should limit itself to those opportunities for which it now possesses the required strengths or should consider better opportunities.

Evaluating external forces

Longenecker, Moore and Petty (2000:100) state that entrepreneurs are subject to direct influences of their industries. Therefore, forces can determine the nature and degree of competition in an industry (Porter, 1985). The forces include the following:

- Bargaining power of buyers;
- Threat of substitute products or services;
- Bargaining power of suppliers;
- Rivalry among existing competitors; and
- Threat of new competitors.

Collectively, these five market forces can determine a small firm's success. Obviously, all industries are not alike. Therefore, each force has varying impact from one situation to the next. Elements in an industry's structure can influence these five factors. Basically, these factors add to a firm's competitive foundation as follows:

Buyer power influences the prices that firms can charge for example, as does the threat of substitution. The power of buyers can also influence cost and investment, because powerful buyers demand costly service. The bargaining power of suppliers determines the cost of raw materials and other inputs. The intensity of rivalry influences prices as well as the costs of competing in areas such as plant, product development, advertising and sales force. The threat of entry places a limit on prices and shapes the investment required to deter entrants.

The more completely entrepreneurs understand the forces underlying competitive pressure, the better they will be able to assess market opportunities and threats facing their ventures. The challenge to the entrepreneur is to recognise and understand these forces so that the venture is positioned to make the most of what the industry has to offer. Once the entrepreneur has identified the opportunities and threats present in the macro-environment and the industry environment, the competitive foundation begins to form (Longenecker, *et al* 2000:100).

The importance of a business plan

A business plan is a written document that sets out the basic idea that underline a business and related start-up considerations. It is a way of reducing risk as it forces the entrepreneur to think about his/her business. For the entrepreneur to start a new venture, a business plan has four basic objectives. *First*, it identifies the nature and the context of the business opportunity e.g. why does such an opportunity exist. *Second*, it presents the approach the entrepreneur plans to take to exploit the opportunity. *Third*, it identifies the factors that will most likely determine whether the venture will be successful. *Finally*, it serves as a tool for raising financial capital.

A business plan can be viewed as an entrepreneur's game plan. It crystallises the dreams and hopes that motivate the entrepreneur to attempt to start the business. The business plan should lay out the basic idea for the venture, describe where one is now, indicate where one wants to go, and outline how one proposes to get there. Above all, the business plan should explain the key variables for success or failure, thereby helping one prepare for different situations that may occur by thinking about what could go right and what could go wrong. This is seen as a business plan's most important function. While the business plan will represent the vision and goals for a firm, it will rarely reflect what actually happens. Within the context of a start-up, there are just too many unexpected things that can affect the final outcome. As the entrepreneur's "blueprint" for creating a new venture, the business plan is in essence, a bridge between an idea and reality (Longenecker, *et al* 2000:121).

An entrepreneur should adopt a flexible approach and allow room for necessary changes to take place as, and when required. It is necessary to document what one learns, including what one aim to achieve in the business plan. The business plan should ideally be reviewed annually through a strategic planning process to reflect some trends and development that are taking place in the marketplace. The entrepreneur also needs to constantly scan the environment under which his/her business operates.

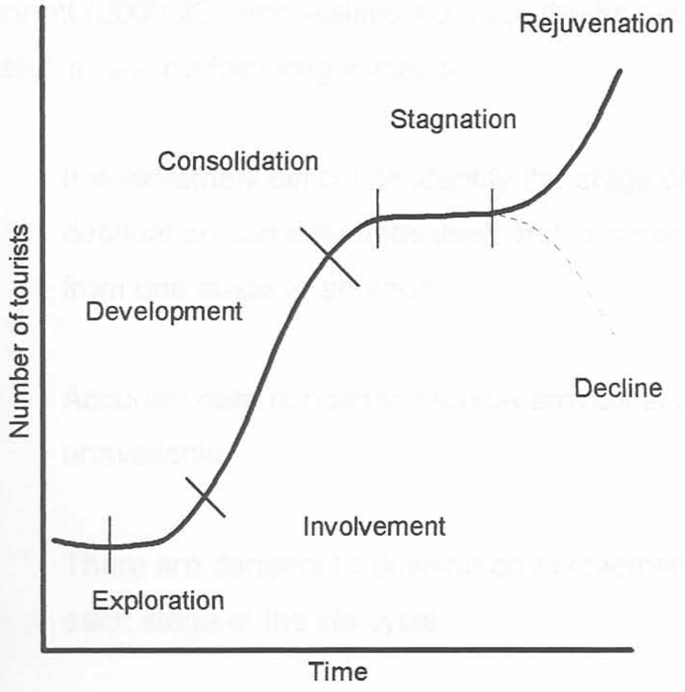
4.4 OPPORTUNITIES IN TOURISM

Before once can consider the opportunities in the tourism industry, it is necessary to understand the life cycle of a tourist area.

4.4.1 The tourist area life cycle

The tourist area life cycle in Figure 4.2 describes the main stages of a tourism destination from its initial discovery to its eventual decline or rejuvenation. This implies that tourism destinations are of a dynamic nature and that they undergo a measure of change as time passes. This change (or evolution) has both positive and negative effects, not only on the basic attractiveness of the area and its tourism resources, but also on the people that live and work in the community. It also affects the tourist who visits the area and the tourism industry as a continued investment opportunity. Sadly, many people agree that tourism destinations often undergo a change for the worse over time (Bennett, 2000:17).

Figure 4.2: The tourist area life cycle



Source: Butler, 1980

Six distinct stages can be identified namely exploration, involvement, development, consolidation, stagnation and decline. According to this presentation, only a few people will at first explore a destination wherefore it will gradually be frequented visited by more tourists and be further developed, until it reaches a decline phase.

The nature and length of any destination's life cycle are unique, and differ from those of most other destinations. Some destinations may have a life cycle of 100 years while another may have one as short as a few months or years. Some destinations may slump into decline after the stagnation phase, whilst others may undergo a rejuvenation phase. In the case of an instant resort (e.g. Sun City), the initial stages (involvement and development) are of limited significance. The shape of the life cycle curse is dependent on factors such as the rate of development, access, Government policy, market trends and competitive destinations. It is important for local communities, developers and entrepreneurs to realise that a destination will change over time, and that its appeal for tourists may change as physical and other changes take place (Bennett, 2000:17).

Bennett (2000:22) emphasises although the tourist area life cycle might be very useful, it has the following limitations:

- It is extremely difficult to identify the stage of the life cycle in which a destination currently finds itself and to determine when an area moves from one stage to another;
- Accurate data concerning tourist arrivals at a specific destination are unavailable;
- There are dangers to develop and implement a tailor-made strategy for each stage of the life cycle;
- What represent a tourist area? Is it a region, city or town or an area within a city or town? and

- Few tourist markets are homogeneous, and whilst a destination might be declining in popularity in one market segment, it might be increasing in popularity in another market segment.

4.4.2 Role players in the tourism system

A large number of entrepreneurial opportunities exist in travel and tourism. It can range in size from a small business to multinational corporations. Figure 4.3 (page 131) classifies the tourism industry into various role players.

4.4.3 Role player descriptions

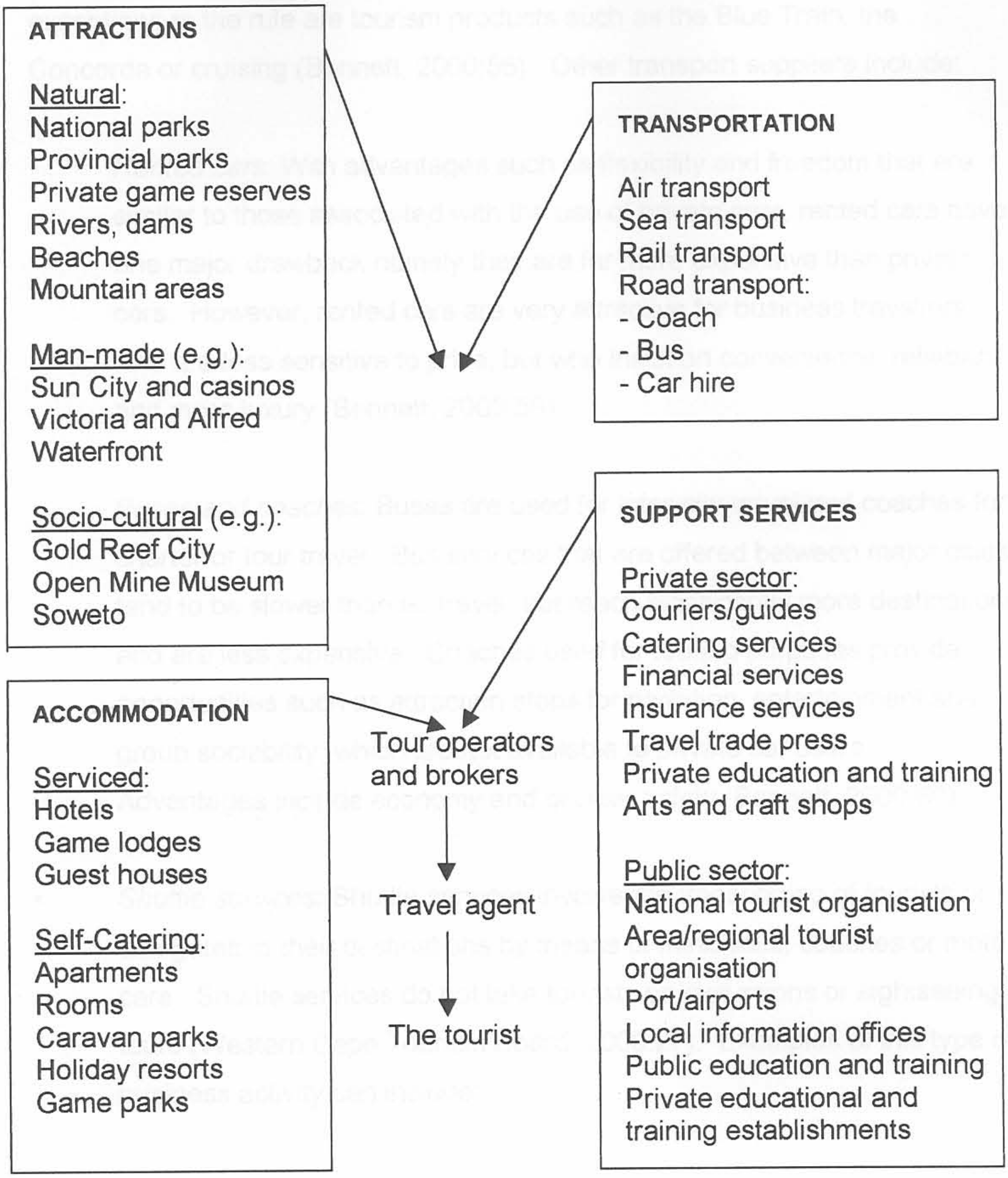
Entrepreneurial opportunities might exist in the following areas:

Accommodation

Accommodation is a critical component of the tourism product since the type, scale and nature of accommodation available at a destination determine the type and scale of tourism that is possible at that destination. The nature of accommodation supplied at a destination is mainly a function of demand i.e., it is tourists who determine what type of accommodation will be found at the destination area. Some tourists prefer the full-amenity type of property, whilst others are content with the bare essentials. The type and nature of accommodation will also be partly determined by what competitors have to offer, and by the type of transportation visitors use to reach the destination (Bennett, 2000:50).

Figure 4.3 is presented on page 131.

Figure 4.3: Role players in the tourism system



Source: Bennett, 2000:43

Transport suppliers

Transportation is defined as the means to reach the destination and the means of movement at the destination. The four main travel modes are road, rail, water and air. Transport is generally not part of the motivation or attraction of the destination, but rather en enabling condition, i.e. it is essential for tourism but in itself it is not sufficient reason for travel. However, exceptions to the rule are tourism products such as the Blue Train, the Concorde or cruising (Bennett, 2000:56). Other transport suppliers include:

- *Rented cars*: With advantages such as flexibility and freedom that are similar to those associated with the use of private cars, rented cars have one major drawback namely they are far more expensive than private cars. However, rented cars are very attractive for business travellers who are less sensitive to price, but who insist on convenience, reliability and more luxury (Bennett, 2000:58).

- *Buses and coaches*: Buses are used for inter-city travel and coaches for charter or tour travel. Bus services that are offered between major cities tend to be slower than air travel, but reach significantly more destinations and are less expensive. Coaches used for touring purposes provide opportunities such as attraction stops for narration, entertainment and group sociability, which are not available to private car users. Advantages include economy and greater safety (Bennett, 2000:60).

- *Shuttle services*: Shuttle services involve the transporting of tourists or delegates to their destinations by means of minibuses, coaches or motor cars. Shuttle services do not take tourists on excursions or sightseeing tours (Western Cape Tourism Board, 2000:27). Examples of this type of business activity can include:

  - Airport transfers;
  - Conference transfers;
  - Door-to-door shuttle services;
  - Hotel transfers;
  - Long distance transfers; and
  - VIP chauffeuring.

Tour wholesalers

A tour wholesaler can be defined as an organisation that puts together the services of airlines or other transportation carriers, ground service suppliers and other travel needs into a tour package which is sold through a sales channel, such as a retail travel agent to the public. By definition, a tour wholesaler does not sell directly to the public. According to Mill and Morrison (1992:472), "the tour wholesaler is involved in tour planning, preparation, marketing and reservations and may or may not also operate the tour". Wholesalers can offer tour packages at prices lower than an individual traveller could arrange because they can buy services such as transportation, hotel rooms, sightseeing services, airport transfers and meals in large quantities at discounted prices (Lubbe, 2000:253).

Tour operators

A tour operator is a person or business that purchases the different items that make up an inclusive holiday in bulk, combines them together to produce package holidays and then sells the final products to the public either directly or through travel agencies. Tour operators can therefore be seen as the wholesalers of the travel industry, buying from its principles and reselling through its retailers, the travel agencies (Lubbe, 2000:254).

Travel agencies

A travel agency can be defined as a business or person selling the travel industry's individual parts or a combination of the parts to the consumer (McIntosh, Goeldner and Ritchie, 1995:133). The travel agency is an agent of the principal and specifically of the transportation industry. It operates as a legally appointed agent, representing the principal in certain geographic areas. The agency operates also as a broker and brings the buyer and seller together for the other suppliers of travel such as hotels, car rentals and ground operators. In marketing terms, a travel agent is an agent or middleman who act on behalf of the client. Types of travel agencies include full-service travel agencies, corporate agencies and speciality agencies (Lubbe, 2000:81).

Tour guides

Tour guides have an information-giving role, although they may also be called upon to perform some of the functions performed by couriers. They are usually employed for their general or specialist knowledge. Tour guides perform a vital role in tourism, since many tourists see a country or region through their eyes. Various categories of tour guides can be identified. These include national, regional, local and specialist guides. Specialist guides are numerous. They range from guides who specialise in professional hunting, ostrich farms or crocodile farms to those who specialise in features such as the Cango Caves, museums, diamond diggings and many others (Bennett, 2000:67).

Event and convention management

Opportunities that can relate to event and convention management include:

- Event planning and management;
- Pre-event and on-site services;
- Registration services;
- Site or venue selection;
- Logistics management;
- Technical support; and
- Event marketing.

Galas, parties, social functions, conventions, exhibitions, meetings or corporate functions are only a few of the events one may come across (Western Cape Tourism Board, 2000:28).

Alternative tourism

Rogerson (2000:9) mentions that alternative tourism is thought of small-scale dispersed and low-density developments. They are often located in and organised by villages or communities "where it is hoped that they will foster more meaningful interaction between tourists and local residents, as well as to be less socially and culturally disruptive than enclave developments" (Brohman, 1996:64). Examples of alternative tourism include village and cultural tourism, adventure tourism, backpacker tourism, trekking, etc.

Rural tourism

Wilson, Fesenmaier, Fesenmaier and Van Es (2001:132) argue that although tourism can be expensive to develop in certain cases (.e.g. large resort areas) or can involve large firms and chains, rural tourism can be developed with relatively little investment credit, training and capital. Rural areas have a special appeal to tourists because of the mystique associated with rural areas and their distinct cultural, historic, ethnic and geographic characteristics (Edgell and Harbaugh, 1993:17). Tourism particularly helps two types of small businesses in rural areas, namely those directly involved in tourism (e.g. attractions and hotels/motels) and those indirectly involved in tourism (e.g. grocery stores). Additionally, rural tourism works well with existing rural enterprises such as farms and can generate important secondary income for farm households (Mjalager, 1996:103; Oppermann, 1996:86).

Suppliers to the tourism industry

The potential of tourism lies in the provision of goods and services to complement existing attractions (Western Cape Tourism Board, 2000:26). A few of the tourism related services include the following:

- Attraction managers;
- Training and information suppliers;
- Craft products (curios and souvenirs);

- Interior design in terms of providing furniture, art or paintings;
- Gardening and landscaping;
- Food supplies;
- Sport facilitation;
- Entertainment facilitation;
- Marketing agents;
- Portering;
- Laundry services;
- Cleaners;
- Safety and security; and
- Construction and building trade.

The opportunities listed are certainly not the only ones that exist. They serve merely as a means of stimulating thought. Entrepreneurial ventures in the tourism industry can be exploited further as the opportunities will still be there. Therefore, it is important for new entrants to consider the bigger picture and to try identifying something that is unique and appealing.

However, as confirmed with various tourism Authorities and professional bodies, the following presents an overall view of the industry:

- Provincial Tourism Authorities are in the process to compile a database of the number of tour guides that are operating in South Africa. Unfortunately, these numbers are not available as it will only be presented in booklet form at the end of the year (2002) (Nunes, 2002).

- There are currently 30 000 bed and breakfast establishments registered with the Bed and Breakfast Association of South Africa (BABASA), of which 6 000 are located in Gauteng. However, the numbers could be much more as it is not compulsory to register with them (Ham, 2002).

- The Association of Southern African Travel Agents (ASATA) cannot make the number of travel agents in South Africa available as it is only available to affiliated members or alternatively at a cost (Viljoen, 2002a).

- It is voluntary to belong to the Southern African Association for the Conference Industry (SAACI). Therefore, record is kept only of conference providers who are members. In Gauteng alone, 350 conference providers are affiliated with SAACI (Botha, 2002).
- The Southern African Tour and Safari Association (SATSA) keeps record only of tour operators that deal with international tourists. This information is available only to affiliated members (Jay, 2002).

4.5 CONCLUSION

Entrepreneurs are the decision-makers who will help shape the free-market economic system of the new millennium by taking opportunities, discovering market needs and the launching of new firms to meet those opportunities and needs. Self-employment and small business ownership are important contributors to the economy. In a developing country like South Africa, tourism is vital for creating income and employment.

Tourism is a fast growing industry and due to a presence of foreign tourists and the extent of tourist expenditure, opportunities for entrepreneurs will always exist in various sectors of the industry.

Entrepreneurs need to investigate the opportunities in tourism and it's potential carefully as well as the environment in which they operate. There are plentiful sources of new ideas and successful enterprises in the South African tourism industry.

Businesses can be small in scale and local people can use tourism as an opportunity to obtain additional income to their present business or even to create new ventures. A major advantage for tourism entrepreneurs is that they have the choice to operate in a rural or urban area. Tourism contributes to other small businesses and functions very well with existing enterprises in an area.

The attractiveness of tourist attractions and destinations change over time as it is of a dynamic nature and undergoes a measure of change as time passes. Changes create both positive and negative effects and entrepreneurs will have to cope with these impacts. It is therefore important for tourism entrepreneurs to maintain interest and appeal to their tourism products and services.

In the next chapter the problems, barriers and constraints to tourism entrepreneurs are investigated.

CHAPTER 5

BARRIERS AND CONSTRAINTS TO ENTREPRENEURSHIP IN TOURISM

5.1 INTRODUCTION

Rogerson (2000:1) argues that the neglect of SMME's in tourism studies is surprising in view of the emphasis that is placed in the White Paper on the Development and Promotion of Tourism in South Africa (1996) (DEAT, 1996c:16) upon the "entrepreneurial opportunities" that are associated with "responsible tourism" in South Africa.

SMME's are not only essential to South Africa's growing economy but also increasingly important providers of employment and essential players in the upliftment of poorer communities. However, small tourism businesses struggle to effectively penetrate the market (Viljoen, 2002b:4).

This chapter investigates the problems, barriers and constraints to tourism entrepreneurs. The problems, barriers and constraints are discussed and analysed under various headings where the researcher interprets it suitable to fit best.

5.2 ECONOMIC RELATED CONSTRAINTS

5.2.1 The economic climate in South Africa

Not all the foreign exchange earnings that are generated by tourism remains in a country (Bennett, 2000:362). When goods and services are imported to serve tourist needs, leakage occurs. Forms of leakage that occur include:

- The cost of goods and services that have to be imported to satisfy tourist needs;

- Importation of goods and materials for the infrastructure and buildings required for tourism development;

- Payment of interest, rent or profit on foreign capital invested in the country's tourism plant;

- Direct expenditure on promotion, publicity and other services purchased when promoting the country abroad;

- Transfer pricing, particularly in the case of multinational firms where payments are recorded in the country of tourist origin rather than in the destination country, thereby reducing profits and taxes in the destination country; and

- Exemption of duties or taxes by the host Government on foreign-owned firms or promotion of financial inducements to attract foreign investment.

Rogerson (2000:7) argues that the relative neglect of the informal tourism economy often leads to tourism planners to view the informal sector as a nuisance. Lessons from international experience are that informal tourism activities should not be seen as "aberrant activities" that will disappear with modernisation.

If considered from a political economy perspective, it is suggested that across the developing world the majority of local people will participate in tourism either "through wage employment or small, petty, retail and artisan enterprises" (Britton, 1982:355). Although this group of tourism SMME's would be highly differentiated, they would share on common attribute, namely that their growth potential is seen as severely limited (Rogerson, 2000:5).

Tourists are affected by the price of foreign currency. If a currency devalues in a foreign country, international tourism becomes "less expensive" and results in increased travel flows to that country. Conversely, an increase in the value of a country's currency will make international tourism "more expensive" and may cause decreased travel to that country. Therefore, exchange rates have a significant effect on the extent of international travel (Uysal, 1998:89).

Moodie (2002:7) states that rising food, transport, housing and education costs are squeezing discretionary spending. Statistics South Africa's figures show that inflation rose in March 2002 for the fifth consecutive month. As Peter Bacon, Managing Director of Sun International supports: "I think the tourism industry is without any doubt feeling the effects of inflationary pressures".

However, only a few studies have been done on the contribution to economic activity and the job creation function of SMME's. A problem with many of the studies is that findings are based on official Government data as supplied by Statistics South Africa, while very little is known about the composition of SMME's in villages, townships and cities (Peter, Mallane and Frankel, 2001:2).

5.2.2 The status of employment in South Africa

Employment opportunities in general

The latest figures from Statistics South Africa show dat there are roughly 7,7 million people unemployed in the country. It is therefore estimated that 2,5 million people are unemployed in Gauteng only. The Gauteng province relies on the 11 "Blue IQ" projects to create employment. However, it is estimated that only 25 000 new employment opportunities per year will be created by these projects (Van der Kooy, 2002:48).

Driver, *et al* (2001:5) argue that a small proportion of entrepreneurs accounts for most of the job creation by new firms. Only 5 percent of new firm entrepreneurs intend to create more than 20 jobs over the next 5 years, and will account for half of the job creation by new firm entrepreneurs. Necessity entrepreneurship tends to be a response to poverty. While it is important as a means of survival, it is unlikely to relieve poverty on the scale required in South Africa or to act as a driving force in the economy.

Employment opportunities in tourism

Lea (1997:169) argues that the effect of tourist expenditure on employment generation is widely discussed in the economic literature, but is limited to answer questions such as:

- The skills required, and the returns and benefits expected;
- The geographical distribution of employment;
- The overall contribution to national, regional and local economies; and
- The future significance of the travel industry as an employment generator.

Three types of employment are generally recognised namely:

- Direct employment from expenditure on tourism facilities like hotels;
- Indirect employment in businesses affected by tourism in a secondary way like local transport and handicraft; and
- Induced employment arising from the spending of money by local residents from their tourist incomes.

Among the Southern African Development Community (SADC) countries, Tanzania is the largest producer of travel and tourism employment at 818 000 jobs. Second is Mozambique with 678 000 jobs and third is South Africa with 648 000 jobs (WTTC, 1999:18).

As Nkosi (Dampier, 2002a:69) states: "The tourism industry has failed to live up to expectations, mainly due to the focus on upmarket international tourists to the exclusion of domestic tourism initiatives. This has resulted in limited job creation restricted to attractive tourist destinations like the Kruger National Park and the Victoria and Alfred Waterfront. There has also been limited empowerment participation in these developments. The reduction of international tourist arrivals after the 11 September 2001 attacks (USA) highlights the vulnerability of tourism income if based on international tourists".

5.3 CONSTRAINTS RELATED TO THE GOVERNMENT

5.3.1 Perceptions about South and Southern Africa

In his Address to the Joint Sitting of the National Assembly and the National Council of Provinces on the New Partnership for Africa's Development (NEPAD), President Thabo Mbeki pointed out that one of the challenges we need to address is the negative perception amongst investors who perceives "Africa as a high-risk area" (Sibuyi, 2002:5).

Sikhakhane (2002:10) claims that the situation in Zimbabwe affects the stability of the entire Southern African region. "It requires attention for if not confined to better tactics and strategies, it has the potential to blemish the legacy of anti-colonial struggles and the credibility and capacity of the post-colonial state to govern without turmoil". Mamoepa (2002:11) supports it by stating: "The deteriorating situation in Zimbabwe is having a negative effect on the region and on South Africa in particular".

Mfune (Muller, 2002:12) argues that foreigners often have limited geographical knowledge. If foreigners (especially North Americans) hear about political conflict in Zimbabwe or war in the Democratic Republic of the Congo, they tend to rather avoid the complete Southern African region.

The main drawback is that for all its relative stability, South Africa can suffer fallout by association with problems elsewhere on the African continent.

5.3.2 Government policies

South African Government policies

Driver, *et al* (2001:46) identify a number of Government policies as an inhibitor of entrepreneurial activity in South Africa, which are:

- The administrative burden of compliance is high for small firms;
- Labour legislation is particularly difficult for small firms;
- The immigration policy is too restrictive; and
- Affirmative procurement.

Problems with Government programmes include:

- Objectives are too broad and over-ambitious;
- Government programmes are difficult to implement; and
- Programmes are poorly marketed.

Tourism related policies

Hall (2000:19) states that tourism is difficult to define because of its particular service and structural characteristics. Tourism is consequently beset by problems of analysis, monitoring, co-ordination and policy-making. Moreover, analysis of tourism public policy and planning (Hall and Jenkins, 1995) has been a low priority, with the tourism industry and Governments at all levels more often concerned with promotion and short-term returns than strategic investment and sustainability. The major proportion of tourism industry and even Government tourism agency research focus on understanding the market and the means by which potential consumers can be persuaded to buy tourism products. According to Hall and Jenkins (1998) an understanding of the following are minimal:

- The dynamics of the tourism destination system in terms of the most appropriate set of supply-side linkages to maximize the returns from visitor expenditure;
- The long-term effects of tourism on the socio-cultural and physical environment; and
- The relationship of tourism to other industries.

The complex nature of the tourism industry and the often poorly defined linkages between its components are major barriers to the integrative strategic planning which is a prerequisite for sustainable development. Tourism development is often fragmented and poorly coordinated (Hall and Jenkins, 1995). The poor record of synchronization of policy and practice therefore appears to be one of the major impediments to attainment of sustainable development objectives (Hall, 2000:34).

The National Environmental Management Act (NEMA) (No. 107 of 1998) as a framework piece of legislation in South Africa does not provide a detailed regulatory framework for the management of the country's biological diversity and management of coastal resources. It also does not provide any legal framework for waste and pollution management, or air quality protection (DEAT, 2002a:66).

NEMA requires Government departments that have an environmental impact or function to prepare EMP's, EIP's, or both. The same applies to the provinces. The purpose of these plans is to coordinate the environmental policies, programmes, functions and decisions of departments and provinces. During the past year, the CEC has evaluated the EMP's and EIP's of all national departments, as well as those of all provinces. Numerous gaps have been identified relating to the roles, responsibilities, processes, structures and mechanisms to facilitate co-operative governance within certain sectors (DEAT, 2002a:65).

Pillay (Dicey, 2002b:78) states: "A policy document was submitted towards the end of 2001 and was adopted by the Cabinet with time frames and targets. Accordingly, 35 percent of Government budget in 2002 must be spend on black businesses, with that figure rising to 50 percent in 2003". He claims: "Ultimately, our aim is to have a database of black businesses that Government can refer to. The initial database has 350 entries within the transport, catering, conference and accommodation sectors. The database will be updated on a quarterly basis".

According to Pillay, there are a number of other initiatives in the pipeline: "One is an audit of black-owned businesses in order to identify opportunities for investors as well as to identify areas where Government should concentrate its efforts". Government expenditure will also be measured to ascertain whether or not Government is meeting expectations in terms of utilizing these black businesses sufficiently.

5.3.3 The Government and infrastructure

The WTTC (1998:32) mentions that infrastructure remains a critical component in travel and tourism development in South Africa if the full potential of employment generation, export earnings and regional development effects are to be realised. Quality infrastructure is also essential in order to diversify the product base, remove bottlenecks, ensure good service and distribute benefits of tourism flows around the economy. Patterns of flow should not affect the natural or built heritage, nor run counter to local interests. The WTTC also believes that there is a need to conduct an in-depth investigation of infrastructure needs/resources, and attaches particular importance to air transport infrastructure.

5.3.4 The Government and the diversity of the tourism industry

Because of the diversity of the tourism industry and its complexity, it adds to a difficulty that Government faces. Part of the complexity is the intermingling and overlapping of the private and public sectors. In tourism, the mixture of the two sectors and their interdependence is strongly pronounced. Managers move freely between the public and the private sector and this can make managers' values, objectives and behaviour complex.

The nature of the industry - its environment of competition, market, public and Government demand implicates that it is always in a state of change. It is always under pressure to respond to the market as countries, regions or types of tourism rise and fall in popularity. There can also be considerable volatility and flux in the industry (Elliott, 1997:185).

5.4 LEGISLATION, REGULATION AND STANDARDS

5.4.1 Legislation

Government has stated its commitment to promote small business. However, the administrative burden placed on small firms by the requirements of legislation is high. Labour legislation is seen as onerous for small firms (Driver, *et al* 2001:4).

The introduction of (new) labour legislation has a profound impact on the South African labour market, notably the Basic Conditions of Employment Act (BCEA) (No. 75 of 1997), the Labour Relations Act (LRA) (No. 66 of 1995), the Labour Relations Amendment Act (No. 12 of 2002), the Employment Equity Act (No. 55 of 1998) and the Skills Development Act (No. 97 of 1998). An oversupply of unskilled workers and a shortage of skilled ones characterize the South African labour market. High population growth constantly exceeds the growth in employment demands. This is already compounded by the consistent loss of jobs in the formal sector (ISA, 2001:112).

Big News (2002a:1) claims that pressure is mounting, together with more and more money that thousands of small businesses pay in Skills Development Levies, for the skills development system to give something back to the small business community. At the same time, frustration is mounting among small business owners who are unable to benefit from one of the most generous tax incentives from the Minister of Finance (Mr Trevor Manuel). A small business can get more out of the system than it pays in Skills Development Levies, but only 221 learnerships have been registered in South Africa. Most of these learnerships are so specialised that very few businesses can benefit from putting an employee through one.

South Africa's skills development system is still new, but because it does not pay small businesses to claim back their Skills Development Levy, the unclaimed money is heaping up in the growing beaurocracy of the country's 25 Setas. People inside the Seta-system claim that Standard Generating Bodies (SGB's) are pushing their own interests and agendas. This is leading to:

- Drawn-out debates and fights about the standards to be set;
- The interest of training institutions - who want their own courses "recognised", being placed before skills development in general; and
- Registration of very specialised learnerships before general ones because of narrow industry representation on the SGB's.

Tourism related legislation

At present there is no co-ordinate development on tourism legislation. However, the DEAT appointed the University of Port Elizabeth on 1 July 2001 to conduct a study on Tourism Law Reform. There are issues that require changes in legislation, for example the Grading Council and the compulsory registration of tourism facilities (DEAT, 2002a:21).

Hospitality establishments in particular are affected by the amendments (1999) to the Tobacco Products Control Act (No. 83 of 1993). The Act prohibits smoking in public places such as restaurants, bars and coffee shops but allows the establishment to designate no more than 25 percent as a smoking section. The Federated Hospitality Association of South Africa

(FEDHASA) believes that the Act will be difficult to implement from a logistical point of view (Dicey, 2001b:44).

5.4.2 Regulation and co-ordination

Ioannides (1998:155) argues that a major concern is the increasing consolidation of the tour-operating industry with the large wholesalers that control an enormous proportion of the tourism market. Tourism principals conduct product segmentation, create flexible and specialised travel packages and cater to a multitude of markets. Tour operators regard this trend as a threat to their businesses. While they have to compete with numerous other specialists offering variations of similar products to a similar range of destinations, they also worry about the large conglomerates that enter specialised niche markets. This leads to a situation where they have to "constantly reinvent the wheel by searching for new products in the same destinations".

Rogerson (2000:4) argues that the mainstream model of tourism development is one that is dominated by large capitalist enterprises that operate according to the dictates of market competition and technological efficiency. From this perspective, small locally owned tourism enterprises are essentially "left to scratch around for any crumbs" that might fall from the table and is dominated by large enterprises (Harrison, 1994:242).

McCann (Dicey, 2001c:87) argues: "There is no national ruling with regard to tourism transport permits and each province is allowed to write its own policy. Departmental employees are also not up to speed with current legislation with the result that operators are driving around illegally. The implications, should a disaster occurs, are horrific. There are tourism transport operators who have been waiting more than 3 years for a permit".

According to Pheiffer (Dampier, 2002b:34), the lack of industry regulation means that "anyone with a contact or a combi" can offer tours. Edgecomb (Dampier, 2002b:34) states: "There is no real law against anyone giving tours.

After all, in South Africa, anyone has the freedom to trade. The only stipulation is that the vehicle must be roadworthy and the driver's license must be valid". Edgecomb believes that a stricter policing system may be the solution. "I applied for a transfer permit 4 years ago and, although it has not yet been granted, no one has asked to see it. The lack of uniformity in the industry is shocking - doesn't this promote illegal operators"?

5.4.3 Tourism standards

Although accommodation owners support the concept of a star grading system, some still seem unsure of what it means for their establishment. Issues such as whether they are able to erect plaques denoting their status and how the information can be used for marketing purposes clearly still need to be addressed.

Roberts (Witepski, 2002:57) claims: "I am very happy that there is a body promoting star grading, and I feel that it is important that there is a single grading system in place that is recognised by the Government. However, there has been little communication to date. I am fast losing faith in the scheme. The Grading Council should concentrate on making sure their present members are happy before recruiting new ones". Donald (Witepski, 2002:57) mentions that she is uncertain of how the scheme works: "Although my establishment has been graded, I was not told how I could improve my ranking, or even how I can use it".

5.5 TOURISM DEVELOPMENT

5.5.1 Tourism development and growth

The DEAT (1996c:5) states that a number of factors limit the effectiveness of the tourism industry to play a more meaningful role. The key constraints are the following:

- Tourism is inadequately resourced and funded;

- A myopic private sector;
- Limited integration of local communities and previously neglected groups into tourism;
- Inadequate tourism education, training and awareness;
- Inadequate protection of the environment;
- Poor service;
- Lack of infrastructure, particularly in rural areas;
- A ground transportation sector not geared to service tourists; and
- A lack of inclusive, effective National, Provincial and Local structures for the development, management and promotion of the tourism sector.

5.5.2 Ownership of the tourism product

Abrahamse (2001:14) claims: "Unfortunately, the tourism industry reflects the racist character of our society and economy. The facts are that whites own almost all of the tourism pie and almost all of tourism is experienced and enjoyed by whites. When we think of tourism and its growth we think of increased numbers of arrivals of white European and American tourists to the country. The facts are also that whites occupy the skilled employment levels in the industry and that when there is a slump in the industry, black unskilled workers are the first to be dismissed".

The tourism industry is in a major state of change, although it appears that it may be changing from the top down much more quickly than from the bottom up. Industry leaders will always argue that this is the way it has to happen. They are after all, leaders and cannot help to look at things from their perspective at the top of the heap. But it is clear too, that the frustration that the Minister of Environmental Affairs and Tourism feels when he says that "the status quo - where tourism is still largely white-owned and controlled, is unacceptable", is also felt by many people on the ground (Hatchuel, 2001:27).

However, Fabricius (Hatchuel, 2001:27) cautions that the industry is faced with a unique situation. Unlike industries such as mining that is made up of a few major corporations, "tourism has a small group of major players and many medium and small players. Engaging with many smaller firms is far more of a process than with a few larger ones".

5.5.3 Community participation in tourism

While the community approach may be an effective way to develop and promote tourism, creating the necessary inter-community co-operation and collaboration is a complex and difficult process. Businesses are asked to share resources while simultaneously competing. Local Governments may see collaborating to develop tourism as risky, or they may be worried about losing control over local decision-making (Huang and Steward, 1996:26; Jamal and Getz, 1995:186) (Wilson, *et al* 2001:132).

Goulden (Witepski, 2001b:74) says: "If we are to impress international visitors with our uniqueness, community tourism should be a top priority". Despite the obvious benefits of developing this sector, little progress has been made. The reason for this might be that communities have little understanding of how international tourists want to spend their money and as such, have not developed so-called "tourist traps".

Seif (Smart, 2002:74) comments: "Internationally, a lot of emphasis has been placed on community tourism in developing countries, where the potential is large but relatively untapped. However, disadvantaged communities and other local destination stakeholders are far from receiving a fair share of tourism revenues and other benefits due to unequal and at times exploitative circumstances in global and native tourism markets. Indeed, it is a disturbing fact that a high percentage of tourism fees return to the country of origin in the form of commissions. As a result, far from being enriched by increased tourism traffic, many local communities are impoverished".

5.5.4 Environmental impacts

The DEAT (2002a:64) claims that the most dominant environmental matter is access to clean water, with a cumulative 62 percent of the population choosing this as a priority. Clean air and prevention of air pollution were the second most important, with the third most important issue overall being the protection of land. Adding to these, the National Botanical Institute found that 25 percent of South Africa's land is almost beyond repair from overcropping and overgrazing (DEAT, 2002a:32).

The year 2005 is set to mark a milestone in the history of humankind. It is estimated that at some point during this year, there will be more people living in cities than in rural areas. Historically, the South African Government allocated resources unequally. This had a serious impact on local urban environments. It negatively affects the quality of life of inhabitants and threatens the ability of the environment to sustain itself (Cape Metropolitan Council, 2000:74).

5.6 TOURISM DEMAND

5.6.1 Tourism flow patterns

It is argued that industrialised countries generate tourist demand for most developing countries, and the large foreign firms from generating countries dominate the flow patterns (Jenkins, 1994). Particularly, in the absence of unique attractions, tourist demand is largely externally determined (Jenkins, 1980). It implicates that significant decisions as to which destination regions are to be favoured with tourism development, are frequently exercised by travel intermediaries which is based not in destination regions, but in the tourist generating countries (Tosun, 2001:298).

Bennett (2000:361) argues that when a new destination area is developed, there is often a lack of expertise to develop and manage tourism. In such cases expertise (referred to as expatriate labour) is brought into the area, resulting in an outflow of currency through remittance payments. Because it is mainly the better-paid managerial and administrative jobs that draw expatriate labour, it is clear that the leakage in the form of expatriate earnings can be substantial. Owing to the lack of local managerial skills, many of the hotel managers in Southern Africa are foreigners and this results in some leakage of income.

The World Trade Organisation (DEAT, 2002a:24) estimates that as much as 50 percent of the tourism revenue that enters the developing world ultimately "leaks" back out in the form of profits earned by foreign-owned businesses, promotional spending abroad or payments for imported goods and labour. According to one estimate, if both the hotel and airline are foreign-owned, as much as 80 percent of a traveller's spending is lost to the host country.

5.6.2 Seasonality and tourism

A striking feature of tourism in many countries is the way in which the level of activity fluctuates throughout the year. The seasonality of tourism is reflected in:

- Employment (casual/seasonal staff);
- Investment (low annual returns on capital); and
- Pricing policies (discounted off-season prices).

A business that is subject to seasonal fluctuations in demand for its output is faced with a dilemma. If it purchases sufficient resources to meet the peak load demand, then it will have to carry spare productive capacity for the remainder of the year. If it gauges its resources according to the average level of demand, it will spend part of the year carrying spare capacity and be unable to meet the peak load demand level. Alternatively, it can take on variable resources (staff) to meet the peak load demand and then shed these variable factors of resources during the off-season. However, this option does not improve employer/employee relations (Fletcher, 2000:205).

5.6.3 E-commerce and technology

The Regional Tourism Organisation of Southern Africa (RETOSA) (2002:24) argues that the realisation that e-commerce is a far more convenient and flexible mode of business, has caused a major shift in patterns of consumption. The tourism industry is no longer restricted to the level of service offered at a travel agent's premises. Therefore, the Internet's popularity has an impact on the traditional structure of the tourism industry. In particular, a number of smaller industry-related service providers who have not made the necessary technological adjustments, have had to shut their doors. The major players remain those who had the foresight to secure their positions by purchasing the latest technology.

The Internet has an adverse effect especially on business travel. In the so-called "wired-world", business travel may actually decline. A global infrastructure of low orbit satellites, asymmetric digital subscriber lines (ADSL) and other new technologies will enable business people to interact, rather than just communicate in real time, thereby negating the need physically to travel. It can be argued that the technologies that make it unnecessary for the business person to travel, will also enable the leisure traveller to stay at home as virtual reality offers a high degree of stimulation (Butler, *et al* 2001:303).

5.6.4 Prices of tourism products and services

The depreciation of the Rand over the last few years against the currencies of all the major source countries for overseas visitors, has highlighted the awareness that for seemingly unfathomable reasons, South Africa remains one of the most expensive destinations in the world. A programme was conducted in the UK, indicated that long-haul holidays start at £499. Of 20 long-haul destinations, South Africa is the most expensive at £1 092. Even Mauritius as a high-end beach destination, is only £699 (Marsh, 2002:12).

Carolus (Weaver, 2002a:36) claims: "South Africa has been marketed as a relatively expensive destination, certainly as regards the high end products. Tour operators in places like the UK and the USA set their package prices once a year and as a result, they are unable to take advantage of the swings in the Rand to dollar or pound exchange rates, which locals are able to do".

Carolus says that South Africa had to "play smarter and as economically as possible in what is an increasingly competitive global tourism arena. We are constantly bombarded by negative media reports that South Africans are 'ripping off' foreign tourists because of the exchange rates. To an extent, foreign travel agents have only got themselves to blame". Perhaps what South Africa is battling with is not extravagant prices and pricing ourselves out of the market, but rather an unintentional misinformation campaign internationally based on thumb-suck figures. It is those kinds of figures, conjured out of nowhere, that could easily be scaring off foreign tourists.

5.6.5 The airline industry

South African Airways

SAA's virtual control of the South African skies and over code-sharing routes and bilateral agreements, is a source of ongoing anger among its competitors. SAA has an unfair advantage by virtue of it being both a Government-owned body, and a *de facto* private enterprise unit competing unfairly in the market. Bac (Weaver, 2002b:27) claims: "SAA has an unfair competitive advantage, and that is not good for our tourism industry. SAA should fly those routes that are good for our tourism industry, and not just those that are profitable".

Flight and seat availability

The Japanese International Co-operation Agency (JICA) (2002:39) identifies the following major barriers regarding airlines to South Africa:

- Too little seat capacity to South Africa and too infrequent flights;
- No direct SAA flights and inconvenience of connection; and
- Lack of co-operation perceived between airlines and SAT.

Aminzadeh (Muller, 2001:59) is of the opinion that marketing efforts are without effect as long as there is a shortage of flights to South Africa. A shortage of seats on planes from abroad is the biggest factor that keeps tourists out of South Africa. Since January 2001 there were 4 500 seats less per week to South Africa with the withdrawal of four European airlines namely: Sabena (Belgium), Alitalia, Austrian Airways and Turkish Airways.

The overbooking on certain flights is a common practice with airlines generally because of the "no-show" problem where seats are held but passengers do not arrive. Across the industry in South Africa, the average for "no-shows" is 10 percent to 15 percent. Economy-class airfares generally have more rules than first or business class, such as advance purchase, minimum-stay requirements and cancellation fees. During high season, airlines generally charge more where loads are good to compensate for the low times where seats are often impossible to fill. Yield-management systems monitor seasonal and market conditions, which means airfares can change daily in cases where a supplier is facing stiff competition and has a need to fill a flight (Marx, 2002:6).

Airfare conditions and structures

Spann (Cochrane, 2002:3) argues: "While passengers perceive airfare structures as being too complex and unfair, it is the fare conditions that airlines should consider streamlining. The higher the demand, the supply of lower-fare seats decreases; the cheaper the fare, fewer and limited seats are released for sales. Airlines' revenue management policies apply to most service industries. For example, in the entertainment industry, consumers pay different ticket prices for different seats, time of day or day of the week".

One can open just about any newspaper and in the leisure section there is bound to be air fares and holiday packages for low prices. The problem is that while these fares and rates may be legitimate, they apply only to a limited number of travellers. Stoltzing (Sunday Times Business Times, 2002:17) says: "That leaves a bad taste in the mouth when people want to book a holiday and find they can only do so at regular fares. They need to bear in mind that many of the prices quoted in advertisements will apply only to the first people to book and that conditions are likely to apply".

Commission structures

The cost of getting products into the market is high, with most airlines' distribution costs roughly 25 percent of the average ticket price. These costs comprise agency commissions of 7 percent, agent and supplier override commissions, travel consultant incentives and global distribution system (GDS) costs which stand at US$4 per sector (Marx, 2002:6).

Lessing (Dicey, 2002a:91) claims: "Travel agents can no longer survive on a base commission of 7 percent commission without earning substantial overrides for volume business. This has resulted in major travel groupings all fighting for a share of an ever-diminishing pie. I don't believe the airline industry will be able to sustain the current override commission levels. The problem is that many businesses have built their business plans around certain expectations of this system". Thereafter, SAA announced their intention to further reduce domestic commissions from 7 percent to 5 percent. However, SAA committed to no changes to the current standard commission of 7 percent until 31 March 2003.

5.7 SOCIAL CONSTRAINTS

5.7.1 Social impacts at the workplace

Starting and operating one's own business typically demands hard work, long hours and much emotional energy. Entrepreneurs experience the unpleasantness of personal stress as well as the need to invest much of their own time and labour. Many of them describe their careers as exciting but very demanding, while the possibility of business failure is a constant threat to entrepreneurs (Longenecker, *et al* 2000:8).

A culture exist of entrepreneurship that is not broadly understand and celebrated, or supported as a career choice. Negative individual mindsets are widespread. There is a lack of initiative, creativity and confidence. South Africans tend to look to others for solutions to their problems. Levels of trust in personal and business relationships are also often low (Driver, *et al* 2001:4). The legacy of mistrust of business in South Africa and of its perceived association with political repression, along with all-too-frequent revelations in the media of business malpractice, readily leads to suspicion in many quarters of the ethics and integrity of entrepreneurs (Driver, *et al* 2001:7). South African entrepreneurs with unsuccessful ventures in particular, also face a social stigma associated with failure, as well as the personal distress of letting down investors, employees and clients (Driver, *et al* 2001:8).

Locals that work in the tourism industry often remain in low-paid, low-key jobs, while outsiders fill the more demanding and better-paying jobs. This might have social repercussions as it could lead to conflict in the workplace and locals could be made to believe that they are inferior to foreign cultures or people. The negative effect of a perception like this on the social values of the local community is self-evident. This phenomenon often surfaces especially in Southern Africa where many of the hotel and other managers working in the tourism (and hospitality) industry are foreigners. Some of these managers are not familiar with the South African "setup", including the values and traditions of the numerous African sub-cultures and it could lead to unnecessary conflict in the tourism industry (Leisure Training Publications, 2001a:58).

5.7.2 Safety and security

Consumer interest should be maintained in a climate where safety and security of travellers is secured. In today's world of discerning customers and competing destinations' reputations have to be carefully and creatively built, but with instant global communications they can be quickly lost. This is a high priority challenge if South Africa's tourism potential is to be realised (WTTC, 1998:25). The safety and security of visitors remains a fundamental condition for all tourism destinations. However, it is particularly important for South Africa, where the otherwise exceptional reputation is being shadowed by the actual and perceived level of crime (WTTC, 1998:31).

Bennett (2000:185) supports this argument by stating that incidence of violent crime in South Africa such as armed robbery, rape, murder and politically motivated attacks is among the highest in the world. This creates the impression that South Africa is a dangerous destination, which has a negative effect on the region's tourism potential.

However, Saayman (Pretorius, Jubasi and Horner, 2002:1) says the South African tourism industry could do more to dispel the perception that South Africa is unsafe. "Tourists who visit South Africa only have to be better informed about dangers, in particular in some cities".

5.7.3 HIV/Aids and the labour force

HIV/Aids is expected to have an increasing impact on the South African labour market, with a direct influence on the active labour force, labour productivity and employer costs. Current labour legislation prohibits discrimination against someone with HIV/Aids, as well as HIV testing as a condition of employment. Over 3 million South Africans live with HIV/Aids and around 80 000 economically active people die each year as a result. The financial impact on the country's labour force and profitability will be severe, especially as employers bear the brunt of many of the costs (ISA, 2001:113).

5.8 TOURISM MARKETING

5.8.1 The marketing of South Africa's products and services

There are numerous initiatives that try to project various images and perceptions about South Africa. In addition to SAT, there are parallel initiatives from the various provinces and commercial tourism product owners and operators. Arguably there is some duplication and wastage as the Gauteng province for example, tries to sell itself to America rather than let SAT market the province's icons (Bannister, 2001a:15).

Fabricius (Smart, 2001b:47) is of the opinion that there is confusion as to whether SAT should be actively marketing the tourism industry, or simply to create an awareness of it. Added to this is the fact that SAT needs to refocus its priorities. At the moment, "international marketing" is the buzzword and with limited resources, domestic marketing is bound to attract less than its fair share of attention.

The JICA (2002:39) identifies the following major tourism marketing barriers, namely:

Consumers/media exposure:

- Very little market/media exposure in all East Asian markets;
- In general, a negative image due to crime, tourist mugging - in many instances a misperception due to a lack of knowledge; and
- Very little awareness of South Africa as a country and as a tourist destination.

Operators and agents in the source market:

- Passive due to a low demand, low interest, and little awareness of consumers; and
- High risk of selling South African tours.

South African Tourism:

- Danger of falling into supplier logic;
- Insufficient understanding of conditions in the source market and demand-side logic;
- Non-presence of a representative office (excluding Japan); and
- Low promotion budget.

5.8.2 Influences and perceptions

Most visitors learn about tours through word-of-mouth or through international marketing initiatives, although many tour operators rely on hotels' front desk staff to pass along business. However, this practice may inadvertently be harming the industry. According to Christensen (Dampier, 2002b:34): "Many concierges who act independently of hotels, pocket exorbitant commission fees. Although hotel management would frown upon this practice, operators feel they cannot complain as they rely on the concierge's recommendation to new clients".

The meetings and incentive industry needs greater clarity and harmonisation if it is to achieve more universal recognition for its major contribution to business. "The industry has many challenges ahead and one of those is to be able to communicate clearly about exactly what its role and function is world-wide" according to Nutley (Industry Coalition Group, 2002:7). "Currently there are mixed messages and much confusion. The industry is **not part of tourism**. But at the same time, we are not saying with one voice what and who we are, and why the industry is crucial to many fundamental aspects of society and business. We are the fastest growing sector in the world, yet we do not communicate it to major influencing organisations such as Governments".

Bac (2002:11) argues that leisure time is the only time that one has to undertake a day trip. There is a wide range of day visitor facilities and things to do in South Africa. However, it appears that the local market doesn't know about it and/or use these facilities at the level that is anticipated by the developers/promoters of the facility. Typically, day trips (trips that do not include an overnight stay away from home) **are not included** in the definition of a holiday and are therefore excluded from South Africa's tourism statistics.

However, these trips are very important to national and provincial travel and expenditure patterns. According to research undertaken by the DEAT (2001) in conjunction with the 9 provinces, some 56 percent of South Africa's population undertook day trips and spent a total of R2,3 billion in the national economy between May 2000 and April 2001. The day trip spent amounted to 12 percent of the total amount spent on all domestic travel and tourism in the one-year period (Bac, 2002:11).

5.9 FINANCIAL CONSTRAINTS

Financial institutions are often not able to interact effectively with entrepreneurs, and vice versa. Conventional financing mechanisms do not allow for cost-effective provision of finance to large numbers of entrepreneurs who seek small quantities of finance. Poverty and lack of assets mean that many people do not have the collateral needed to access formal loan finance (Driver, *et al* 2001:4).

Driver, *et al* (2001:44) identify the following problems with financial support namely:

- Conflicting views on access to finance;
- Financial institutions are not able to interact effectively with entrepreneurs;
- Entrepreneurs are not able to interact effectively with financial institutions;
- Poverty and lack of income;
- Micro-enterprise finance is lacking;
- Community finance mechanisms (such as village banks and stokvels) which risks are managed through personal community linkages and local reputations; and
- Young venture capital industry in South Africa where risk is spread over few deals making it more difficult to take a risk on any one particular product.

Black entrepreneurs are not interested to invest in South Africa's tourism industry, states a report commissioned by the TBC. Thompson (Graham, 2002b:6) who worked on the report, says black entrepreneurs that come into the industry face huge start-up costs before they can even begin to offer a product. Access to finance remains the single biggest constraint on increased black ownership in the tourism industry. Shongwe (Graham, 2002b:6) supports: "The biggest constraint to develop a greater range of products for domestic tourism is perceived to be limited spending power".

5.10 EDUCATION AND TRAINING

The proportion of South African adults who believe that they have the skills required to start a new business is below the international average, as is the proportion who believe there are good business opportunities in the area they live (Driver, *et al* 2001:3). General basic education is poor for a large proportion of the population. South Africans lack basic skills including a high level of technical skills (Driver, *et al* 2001:4).

Driver, *et al* (2001:39) establish a number of problems related to education and training as an inhibitor of entrepreneurial activity in South Africa. They include:

- Legacy of apartheid education - lack of basic skills;
- Legacy of apartheid education - lack of confidence, initiative, creative thinking;
- Integrating business and management skills into education from primary school level upwards;
- Shortage of high level technical skills - science, maths, engineering, technology;
- Lack of informal learning opportunities; and
- Lack of work experience.

Shevel (2002:6) says travel industry sources caution that many tourism projects are implemented without adequate assessment for their viability and maintenance. There are now 358 schools offering travel and tourism as a matric subject in South Africa, with 40 000 students studying the subject, thought to be more than in any other country in the world.

Makhetha (Sake Beeld, 2002:10), Chairperson of THETA, expressed his concern already in April 2001 about students who cannot find employment after studying travel and tourism. There are also many education providers that do not comply with certain standards.

Customer service plays an important role in tourism as the industry has more points of customer contact than any other industry. It transcends cultures and disciplines and requires a higher degree of professionalism and service than other sectors. With competition for jobs growing from other parts of the economy, travel and tourism needs to create conditions to attract and retain a high caliber labour force. The predominance of small operators and high labour mobility make the industry particularly prone to market failure because trained staff becomes an industry-wide rather than a business resource (WTTC, 1999:35).

5.11 CONCLUSION

It is the responsibility of the Government to create and maintain a framework for a viable and sustainable economy in which tourism can take place. The Government is also responsible for tourism policies, legislation, regulation and standards regarding tourism that may influence tourism entrepreneurs.

Entrepreneurs should keep in mind that social impacts influence the tourism industry such as HIV/Aids and the perceptions associated with it. Safety and security remain a major constraint to the South African tourism industry.

Tourism is not always properly planned and developed in South Africa. More local people need to be stakeholders of the South African tourism industry, while local communities should benefit from it.

Tourism flow patterns, seasonality, technology and prices of tourism products and services affect tourism demand. The availability of flights and seats regarding the airline industry, and airfares and commission structures are more areas of concern to tourism entrepreneurs.

Clear guidelines are necessary to define the tourism industry. Various misleading perceptions exist and it leads to confusion and a lack of co-ordination between the various role players in the tourism industry. It applies to the growth possibilities of tourism, the employment opportunities in tourism and forecasts for the industry.

It is essential for entrants to the South African tourism industry to be aware of the problems, barriers and constraints as analysed in this chapter as it could guide and assist them even before venturing into the industry.

In the next chapter the emphasis falls on the empirical perspectives of the study and will include descriptive research, reliability tests, item analysis as well as factor analysis.

CHAPTER 6

RESEARCH DESIGN AND METHODOLOGY

6.1 INTRODUCTION

A research design is a master plan specifying the methods and procedures for collecting and analysing data to get the needed information. It is a framework of the research plan of action (Zikmund, 2000:59). Research methods refer to the various means by which data can be collected and/or analysed. Hussey and Hussey (1997:54) argue that research methodology refers to the overall approach to the research process, from the theoretical underpinning to the collection and analysis of the data.

Dutka (1995:25) argues that qualitative research involves free-format responses in which words and observations are used. It provides in-depth information obtained from a few cases. The qualitative paradigm is identified by a tendency to be process orientated, subjective, based on natural uncoordinated observations and descriptive. In general it is based on "feelings" and not tangibles.

Quantitative research concentrates on numbers to represent viewpoints and opinions. The numbers that are generated from a larger number of cases are manipulated by using arithmetic and statistics. It contains a factual basis, measurable data, is analysis-based, and depends on logic with analytical, mathematical deductions (Dutka, 1995:26).

Most researchers see qualitative and quantitative methodologies as complementary and argue that both should be combined to maximise their individual strengths (Dutka, 1995:26). For example, initial qualitative research can be used to help develop an effective quantitative telephone or mail questionnaire.

In an attempt to be objective in understanding barriers and constraints to tourism entrepreneurs, it was decided to use both qualitative and quantitative methods. Initial qualitative research was used to help determining the critical factors as well as the questions of the questionnaire.

This chapter aims to provide an insight into the practical ways and methods that were employed in gathering the information for the empirical part of this study. The universe and sample frame will be discussed as well as the sample method and size. The method of data collection and questionnaire design is described. The last part of the chapter concerns the data processing, analysis and evaluation of results.

6.2 DEFINITION OF THE RESEARCH PROBLEM AND OBJECTIVES

6.2.1 Problem definition

According to Welman and Kruger (1999:12), a research problem refers to some difficulty which the researcher experiences in the context of either a theoretical or a practical situation and to which he/she wants to obtain a solution.

The focus of the research is to identify the barriers and constraints encountered by tourism entrepreneurs in Gauteng and Mpumalanga. Identifying the barriers and constraints will allow us to take steps to develop and incorporate new strategies to break down these barriers and therefore enhance the role that tourism entrepreneurs play in South Africa.

6.2.2 Objectives of the research study

Primary objective:

The primary objective of the research is to determine the barriers and constraints that entrepreneurs are facing in the tourism industry in South Africa.

Secondary objectives:

The secondary objectives of the study are:

- To analyse the tourism industry in providing a better understanding of how it is functioning in the South African context.
- To analyse the role and structure of the Government in tourism.
- To analyse the role of other stakeholders in the tourism industry.
- To investigate the size of the tourism industry in South Africa.
- To investigate the employment opportunities that exist in the tourism industry.
- To analyse how the tourism sector links and is conducive to SMME development.

6.3 THE POPULATION AND SAMPLING FRAME

6.3.1 The population (universe)

A population (also called the universe) is that set of people, products, firms and markets that is of interest to the researcher. It is the responsibility of the researcher to provide a precise definition of the population of interest (Dillon, Madden and Firtle, 1993:215).

In the case of this particular study, the population refers to the owners of tourism enterprises located in Gauteng and Mpumalanga.

6.3.2 The sample frame

The sample frame is closely related to the population. It is the list of elements from which the sample is actually drawn. Ideally, it is a complete and correct list of population members only (Cooper and Schindler, 2001:170). Dillon, *et al* (1993:218) say that the sampling frame is the vehicle the researcher uses to assemble eligible sampling units. A sampling frame is therefore a list of the sampling units.

Sudman and Blair (1998:338) identify three ways in which the sample frame may differ from that of the universe:

- The frame may contain ineligibles or elements that are not part of the population;
- The frame may contain duplicate listings; and
- The frame may omit units of the population, which is by far the most serious problem.

It can be assumed that convenience sampling was used in this particular study. Convenience samples involve selecting sampling units on the basis of where and when the study is being conducted. For this reason convenience samples are also referred to as "accidental samples", since sampling units are selected by "accident". Convenience samples provide very little or no control over who is included in the sample. If respondent participation is voluntary or if the interviewer as opposed to the researcher selects sampling units, then convenience samples are produced (Dillon, *et al* 1993:229).

The sample frame that was used in this study were tourism entrepreneurs located in Gauteng and Mpumalanga. Biases could exist between the opinions of members of the sample frame and the population. However, it is assumed that the opinions of the sample frame used represents the opinions of informed tourism entrepreneurs (owners) in South Africa.

6.3.3 Sampling size, method and response rate

Sample size:

According to Lockhart and Russo (1994:144), refer a *sample size* to the number (*n*) of items to be selected from the universe of the population to make up a specific sample. According to Cooper, *et al* (2001:172) some principles that influence sample size include:

- The greater the dispersion or variance within the population, the larger the sample must be to provide estimation precision;
- The greater the desired precision of the estimate, the larger the sample must be;
- The narrower the interval range, the larger the sample must be;
- The higher the confidence level in the estimate, the larger the sample must be;
- The greater the number of subgroups of interest within a sample, the greater the sample size must be, as each subgroup must meet minimum sample size requirements; and
- If the calculated sample size exceeds five percent of the population, sample size may be reduced without sacrificing precision.

Sampling method:

Questionnaires were the main sampling method. Questionnaires were e-mailed to 1 134 entrepreneurs in Gauteng and Mpumalanga. Questionnaires were also faxed to 216 entrepreneurs in Gauteng and Mpumalanga who don't have e-mail facilities.

Interviews were conducted with 3 respondents during the pre-testing phase while an additional 12 interviews were conducted during the final stage of data collection.

Mail surveys were not included in the study because of the typical low response rates that are synonymous with the application of this type of survey method. Another factor is that non-respondents to mail surveys could feel that they do not know enough about the topic of survey being conducted (Leedy, 1997:32).

Response rate:

Response rate refers to the percentage of the sample that co-operates and completes the questionnaire (Dillon, *et al* 1993:165).

Therefore, the response rate for this study was 13,63 percent (184 responses from a total of 1 350 questionnaires were received).

6.4 DATA COLLECTION METHODS

Once the research design (including the sampling plan) has been formalised, the process of gathering information from respondents may begin (Zikmund, 2000:65). Blankenship and Breen (1993:122) argue that there is no simple answer to which available method of data collection the researcher should use when collecting primary data. Each method has its advantages and limitations. Therefore, the user has to choose the most appropriate method.

The researcher decided on a questionnaire that comprised of closed-ended questions and 1 open-ended question as the method of data collection.

6.4.1 Questionnaire design

The first step in the questionnaire design was to develop a preliminary questionnaire with questions developed from the initial research problem.

Responses to the questionnaire were anonymous though some researchers have found that this has no significance on the response rate (McDaniël and Rao, 1981:157). With the purpose of obtaining different views and to avoid repetition and imitation, the questionnaires were sent to only 1 person (owner) in a family, group or firm. All questionnaires were attended to, whether completed or not.

Questions of the same kind or that seek the same sort of information were grouped together (Section A of the questionnaire). They fell into a range of categories where some consisted of a small number of related questions. This intended to elicit information of a particular type. The various sections of the questionnaire were as follows:

Section A:

The majority of the questions in Section A were closed-ended questions. It required respondents to choose from a list of options. A number of combination questions were also created, i.e. "other".

The first part of the questionnaire covered the demographic information of respondents. Respondents were required to mark a cross (tick) next to the appropriate box (item) provided. The demographic information covered 3 areas, namely gender, ethic group and age.

The second part of Section A covered the business information in the following areas: the year (and month) when the business was started, the form of business, where the business operates, the location of the business, products/services that are offered by the business, the main primary product/ service that are offered by the business, the annual turnover (sales) of the business and the number of full-time and part-time employees in the firm. Business owners also had to self-evaluate 8 factors on business success, followed by an evaluation of 8 business skills.

Section B:

Section B of the questionnaire dealt with statements on problems, barriers and constraints that tourism entrepreneurs could face. Respondents were asked to scale the extent of each problem, barrier or constraint. Thirty-six (36) statements were developed and they were a mix of positive and negative statements. In order to determine whether they served as problems, barriers, and constraints, each statement had to be classified in a category from which the statement was derived. The classification of statements is presented in Table 6.1.

Table 6.1: Classification of statements

NO.	STATEMENT	VARIABLE	BARRIER/CONSTRAINT CLASSIFICATION
1	The South African economy is favourable for tourism	42	Economy
24	The South African tourism industry creates jobs	65	Economy
2	The Government supports tourism enterprises	43	Government
4	The Government regulates tourism in South Africa	45	Government
15	The Government develops infrastructure for tourism in South Africa	56	Government
25	Government structures exist for tourism in South Africa	66	Government
27	Government policies for tourism in South Africa are coherent	68	Government
30	Government tourism structures are effective in South Africa	71	Government
32	Tourism is monitored by the South African Government	73	Government
35	Government policies exist for tourism in South Africa	76	Government
14	Quality standards exist for tourism products and services	55	Legislation, regulation and standards
23	South African tourism products/services are of a high standard	64	Legislation, regulation and standards
28	Too high prices are charged for tourism products/services in South Africa	69	Legislation, regulation and standards
3	Tourism development is planned in South Africa	44	Tourism development
5	Natural resources are protected in tourism development	46	Tourism development
9	Local communities benefit from tourism in South Africa	50	Tourism development

Table 6.1 continues on the next page

Table 6.1 continued

NO.	STATEMENT	VARIABLE	BARRIER/CONSTRAINT CLASSIFICATION
10	Tourism is negatively affected by urbanisation	51	Tourism development
16	Local communities support new tourism development programmes	57	Tourism development
18	The South African public lacks environmental awareness	59	Tourism development
26	Opportunities exist in South Africa to establish partnerships in tourism	67	Tourism development
29	Large tourism enterprises dominate tourism in South Africa	70	Tourism development
34	South Africans lack the expertise to develop tourism in South Africa	75	Tourism development
7	Developed countries generate tourism demand to South Africa	48	Tourism demand
21	There are sufficient demand/supply for tourism products/services in South Africa	62	Tourism demand
31	South African tourism products/services cater for a wide variety	72	Tourism demand
33	The tourism industry in South Africa keeps abreast of tourism trends/growth	74	Tourism demand
36	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	77	Tourism demand
11	Safety and security hamper tourism in South Africa	52	Social
19	HIV/Aids affect the tourism industry's labour force negatively	60	Social
6	The picture of tourism as created by the media in South Africa, is a true reflection of it	47	Marketing
12	Perceptions about Southern Africa affect tourism in South Africa negatively	53	Marketing
22	Seasonality affects tourism in South Africa negatively	63	Marketing
20	Tourism entrepreneurs lack marketing funds	61	Finance
8	Customer service in the South African tourism industry is of a high standard	49	Education/Training
13	The South African tourism industry provides jobs mainly for the less-skilled people	54	Education/Training

Statement 17 (Section B) is not classified in Table 6.1 as it is not really a barrier or constraint. However, during the pre-testing phase no consensus could be reached on the meaning (interpretation) of this statement. It was then decided to include it in the questionnaire. The statement is: "In South Africa, a tourist is perceived as someone who travels outside his/her own country".

The 5-point Likert scale that was applied measured responses that ranged from "disagree strongly" to "agree strongly". A value of 1 was taken as "disagree strongly" with the statement, a value of 5 was taken as "agree strongly" and the value of 3 represented a neutral perception/feeling to the statement. A value of 2 was thus indicative of disagreement with the statement while the value of 4 was indicative of agreement.

The idea of using the Likert scale method was that instead of learning whether or not the respondent was favourably inclined on an issue, one also gets a measure and a reasonably reliable one of the actual position on the continuum. However, this method is frequently criticised because a number of unique response patterns can result in the same total score (Tull and Hawkins, 1980:322).

Section C:

Open-ended questions are included in questionnaires to obtain a description of the respondent's reaction in the respondent's own words. However, the resulting variety of responses makes coding open-ended questions difficult (Dillon, *et al* 1993:342).

The cost of open-ended response questions is also substantially greater than that of fixed-alternative questions, because the job of coding, editing and analysing the data is quite extensive. As each respondent's answer is somewhat unique, there is some difficulty in categorising and summarising the answers. Another disadvantage of the open-ended response question is that interviewer/researcher bias may influence the responses (Zikmund, 2000:311).

Dillon, *et al* (1993:310) give the following reasons for asking open-ended questions, namely:

- Open-ended questions are useful to check and/or corroborate the results of quantitative or closed-ended questions. Along these same lines, open-ended questions also may be used to develop a wider range of response than is possible when using quantitative or structured questions;

- Open-ended questions may be used to obtain direct comparisons and to specify particular causes for preference or rejection when two or more stimuli (e.g. products or concepts) are involved in a test;

- Open-ended questions are useful in determining whether a particular communication vehicle (e.g. concept) conveys its intended objectives; and

- Open-ended questions elicit respondents' general reactions to or feelings on exposure to specific products or concepts involved in a test.

Section C of the questionnaire contained a single open-ended question where respondents could give their general comments on problems, barriers and constraints that hamper them as tourism entrepreneurs. It enabled the researcher to gain a wider and more dynamic perspective on their unique views. The comments on responses were evaluated and combined to represent a general view from the tourism industry (refer to Appendix B).

Questionnaires versus interviews:

The distribution of questionnaires electronically via electronic mail ensure fast turnaround time, it ensures flexibility and is less paper chasing. It is also been argued that many respondents feel they can be more candid on e-mail than on personal or telephone surveys for the same reasons they are candid on other self-administered questionnaires. It is argued that e-mail questionnaires are successful for two reasons. They arouse curiosity because they are novel and they reach respondents when they are opening their e-mail, which is when they are prepared to interact (Zikmund, 2000:208).

Questionnaires served mainly the purpose to elicit information while the interviews conducted served to communicate verbally and in a face-to-face situation. Interviews were helpful to verify that the researcher's understanding and interpretation were correct. The researcher could back track to previous questions and could obtained more information and in greater depth. The researcher could also steer the subject towards the next subject of the questionnaire. Because of interview interaction, questions could be clarified. One could also follow up on ambiguous or interesting responses.

However, interviews tended to be time-consuming and interviewees need to be well informed. An advantage of interviews was that some of them were conducted at home. This ensured that interviewees were relaxed. Interviews that were conducted at office were mainly done after-hours. Business owners seemed to be more relaxed if other staff was out of office. The outcomes of these questionnaires were recorded during the interviews.

6.4.2 Measuring instruments

In measurement, a clear distinction is made between different levels of measurement.

According to Churchill (1991:414) consist measurement of "rules for assigning numbers to objects in such a way as to represent quantities of attributes". However, note the following concerning the definition:

- *First*, it indicates that we measure the attributes of objects and not the objects themselves; and

- *Second*, the definition is broad in that it does not specify how the numbers are to be assigned. In this sense, the rule is too simplistic and conveys a false sense of security, because there is a great temptation to read more meaning into the numbers than they actually contain. We often incorrectly attribute all the properties of the scale of numbers to the assigned numerals.

Tull, *et al* (1980:219) distinguish four different types of number or scales of measurement, namely:

- *Nominal scales* comprise of numbers used primarily to categorise objects or events. A nominally scaled number serves only as a label for a class or category. The objects in each class are viewed as equivalent with respect to the characteristic represented by the nominal number.

- *Ordinal scales* represent numbers used primarily to rank items. Items can be classified not only as to whether they share some characteristic with another item, but also whether they have more or less of this characteristic than some other object. However, ordinal scale numbers do not provide information on how much more or less of the characteristic various items possess.

- *Interval scales* represent numbers used to rank items such that numerically equal distances on the scale represent equal distances in the property being measured. However, the location of the zero point is not fixed. Both the zero point and the unit of measurement are arbitrary.

- *Ratio scales* consist of numbers that rank items such that numerically equal distances on the scale represent equal distances in the property being measured and have a meaningful zero. In general, simple counting of any set of objects produces a ratio scale of the characteristic "existence". In this case, the number zero has an absolute empirical meaning - none of the property being measures exists.

6.4.3 Questionnaire testing

A pilot study is an abbreviate version of a research project in which the researcher practices or tests the procedures to be used in the subsequent full-scale project (Dane, 1990:43). No survey data can be trusted unless one can be sure the respondents understood the instrument and provide appropriate responses (Dane, 1990:127). Pre-testing questionnaires should be taken seriously, as stated by Dillon, *et al* (1993:321): "No amount of intellectual exercise can substitute for testing an instrument designed to communicate with ordinary people".

The questionnaire was pre-tested with responses from the owners of 2 travel agencies, 2 tour operators, 1 guesthouse owner and 1 lodge owner. All 6 pre-tested respondents were located in Gauteng. Three interviews were conducted during this pilot testing trial, while 3 questionnaires were e-mailed.

The main objective during this phase was to learn whether the questionnaire was correctly worded and for respondents to easily understand all elements of it. The questionnaire was adapted and adjustments were made to some instructions and statements.

6.4.4 Editing and coding of data

Cooper, *et al* (2001:423) state that the customary first step in data analysis is to edit the raw data. Editing detects errors and omissions, corrects them when possible and certifies that minimum data quality standards are achieved. The editor's purpose is to guarantee that data are:

- Accurate;
- Consistent with intent of the question and other information in the survey;
- Uniformly entered;
- Complete; and
- Arranged to simplify coding and tabulation.

Dillon, *et al* (1993:340) argue that response consistency and accuracy are the primary concerns in editing. Editing instructions are written to include as complete a check as possible for consistency. When 2 answers are inconsistent, it may be possible to determine which, if either of the 2 is correct. When this is not possible, both answers should be discarded. With respect to accuracy the person responsible for editing concentrates on signs of interviewer bias or cheating. For example, common patterns of responses across different questionnaires for the same interviewer can signal potential problems.

In addition to accuracy and consistency, the person who conducts the editing function also is concerned with:

- Response legibility;
- Response clarity, and
- Response completeness.

Once we have collected data, we have to make sense of it. In order to do this, we must organise and code it so that we can analyse it. Therefore, coding means that we have to identify the variable that we want to analyse statistically and decide on the different code values such a variable level presents (Welman, *et al* 1999:208).

Churchill (1991:687) mentions that through coding, raw data are transformed into symbols (usually numerals) that may be tabulated and counted. The transformation is not automatic, but it involves judgement on the part of the coder. Coding closed questions and most scaling devices are simple because the coding is established (for all practical purposes) when the data collection instrument is designed. On the other hand, coding open-ended questions can be very difficult and is often much more expensive than coding closed questions. The coder has to determine appropriate categories on the basis of answers that are not always anticipated.

In the case of this particular study, the editor did not complete incomplete answers, as it could bias the responses of the study. In some cases questionnaires were discarded as unreliable and were consequently totally ignored.

6.4.5 Record-keeping

The researcher kept record of each respondent, questionnaire and comment irrespective if complete or incomplete. Record was also kept of the dates to send follow-up responses to respondents. The researcher reviewed responses on individual questionnaires and stored the 184 original questionnaires for the purpose of transferring the information from questionnaires to a format for statistical analysis.

6.4.6 Data processing

The questionnaires were coded prior to data capturing. The responses were directly captured from the questionnaire using software packages at the Department of Statistics at the University of Pretoria. Some basic calculations were made to check the reliability of the data. Finally the data was imported into the SAS statistical software programme where the final analyses were made. The Iteman programme of the Assessment Systems Programme was used to determine the Cronbach alpha.

6.5 DATA ANALYSIS AND INTERPRETATION

Data analysis is the application of reasoning to understand and interpret the data that have been collected about a subject. Data analysis may involve determining consistent patterns and summarising the appropriate details revealed in the investigation (Zikmund, 2000:66).

Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Scales responses on questionnaires and experimental instruments often require the analyst to derive various functions, as well as to explore relationships among variables (Cooper, *et al* 2001:82).

6.5.1 Distribution of questionnaires

Questionnaires were distributed to tourism entrepreneurs in Gauteng and Mpumalanga. All questionnaires were collected either by e-mail, fax or collected personally (during interviews - Gauteng). A number of questionnaires were eliminated in the case of incomplete questionnaires and questionnaires with an excessive amount of missing data. After elimination, 184 questionnaires were coded for data analysis.

The forms of businesses that were selected were:

- Accommodation providers;
- Food and beverage providers;
- Transport providers;
- Tour operators;
- Travel agents;
- Tour guides;
- Conservation and wildlife;
- Shops/retail;
- Conferences, events and meeting providers;
- Art and craft; and
- Adventure, recreation and entertainment providers.

Contact details (e-mail addresses, fax and telephone numbers) of potential respondents were obtained from booklets, pamphlets, brochures, tourism trade shows as well as from the researcher's personal contacts and collection.

The researcher allowed 2 weeks for responding to the questionnaire. Unsuccessful responses where then followed up by either e-mail, fax or telephone call. A total of 3 reminders (follow-ups) were sent to those who did not respond to the questionnaire.

Limitations of the survey method used:

The survey method (e-mail) used in this study had certain limitations, namely:

- Respondents were representative of different ethnic groups. A large majority of especially black tourism entrepreneurs did not have e-mail facilities.

- E-mail addresses were both personal and business addresses. The questionnaire was addressed to the owner of the business. It was assumed that the e-mailed responses were coming from the owner of the business as a number of individuals in a business setting may have access to the same e-mail address.

- Some respondents indicated responses in the spaces that were allocated "for office use only" (refer to Appendix A for questionnaire layout). Furthermore some respondents indicated responses outside of the boxes allocated, or selected one response when more were asked for or vice versa.

- A number of respondents also altered the format of the questionnaire. In most cases it was possible to interpret the responses. In instances where responses were not clearly visible, responses were carried over on an original questionnaire and attached to the questionnaire from the respondent. Some responses even had to be verified through a follow-up e-mail, fax or telephone call.

- Some entrepreneurs responded from e-mail addresses to which the questionnaires were not sent to. This made the tracking of responses very difficult. It was assumed that in these instances, the respondent might have received the questionnaire at the business e-mail address, but opted to complete the questionnaire at home or from an alternate address and may have forwarded it to the home/alternate address from where the response was sent. However, some respondents also forwarded their contact details on their responses, which could then be followed up.

- A number of respondents e-mailed responses with a note saying "questionnaire attached" where there was none. Quite a large number of questionnaires were also received blank. Furthermore, a number of respondents who had completed the questionnaires experienced difficulties in returning them electronically. Only a few respondents resorted to fax it through. All "failed" responses were followed up with either a telephone call or e-mail note where they were requested to re-send their responses including instructions to save and attach the completed questionnaire. Some respondents did, while the majority was discouraged. Quite a large number of potential responses were lost in this way.

- Some respondents don't run Microsoft word processing software, their mailboxes were full, and some had corrupt e-mails or were too afraid of viruses to open the questionnaire.

- Additionally, a number of respondents preferred not to complete the questionnaire, but rather forwarded information on their establishments such as information regarding its location, facilities available, rate structures, pictures, etc.

6.5.2 Validity and reliability

According to Martins, Loubser and van Wyk (1996:26) researchers often neglect to point out possible shortcomings and pitfalls in research results. Reliability and validity are a prerequisite for research data to be useful and is therefore important to be able to proof reliability and validity.

- ***Validity***

Bagozzi (1994:18) says that a measure or a scale is valid to the extent that it measures what it is intended to measure. While this definition serves to convey the general meaning of validity, it is too vague to be of much theoretical or operational use. A better way to define validity is as a "law-cluster concept" (Putnam, 1962:379). That is, as a group of interrelated ideas whose totality captures the essence of the phenomenon under consideration. Specifically, we define validity as the degree to which a concept and its measures achieve theoretical *and* empirical meaning within the overall structure of one's theory (Bagozzi, 1980:1984).

Forms of validity:

Content validity

Content validity (or face validity) refers to the subjective agreement among professionals that a scale logically appears to reflect accurately what it purports to measure. The content of the scale appears to be adequate. When it appears evident to experts that the measure provides adequate coverage of the concept, a measure has content (face) validity (Zikmund, 2000:282).

Criterion-related validity

Criterion validity is an attempt by researchers to answer the question "Does my measure correlate with other measures of the 'same' construct?" (Zikmund, 2000:282). Criterion validity may be classified as either *concurrent validity* or *predictive validity*, depending on the time sequence of associating the "new" measurement scale and the criterion measure.

Concurrent validity

If the new measure is taken at the same time as the criterion measure, the method is called concurrent validity (Zikmund, 2000:283). Concurrent validity is the extent to which one measure can be used to estimate an individual's current score on another variable. In its most common form, concurrent validation involves comparing the results of two different measures of the same characteristic in the same objects at the same point in time. Concurrent validity is concerned with the relationship between the predictor variable and the criterion variable when both are assessed at the same point in time (Churchill, 1991:489).

Predictive validity

Predictive validity is established when an attitude measure predicts a future event. The two measures differ only on the basis of a time dimension, that is, only if the criterion is separated in time from the predictor measure (Zikmund, 2000:283). Predictive validity focuses on the usefulness of the measuring instrument as a predictor of some other characteristic or behaviour of the individual (Churchill, 1991:489).

Construct validity

Construct validity refers to the accuracy with which a variable represents a theoretical concept. Validity, including construct validity, is assessed through consensus (Dane, 1990:34). It involves determining the extent to which a measure represents concepts it should represent and does not represent concepts it should not represent. Construct validity involves both making comparisons between a new measure and existing, valid measures of the same concept and contrasting the new measure with existing, valid measures of a different concept (Dane, 1990:259).

Cronbach (1970:143) (Tull, *et al* 1980:234) lists three important steps in construct validation, namely (a) derive constructs that could account for test performance, (b) derive hypothesis from the theory involving the construct and (c) to test the hypothesis empirically. Thus, in construct validation, both the measure and the theory relating the construct to other constructs are being evaluated. Table 6.2 summarises the validity estimates.

Table 6.2: Validity estimates

TYPE	WHAT IS MEASURED	METHODS
Content	Degree to which the content of the items adequately represents the universe of all relevant items under study	Judgmental or panel evaluation with content validity ration
Criterion-related	Degree to which the predictor is adequate in capturing the relevant aspects of the criterion	Correlation
Concurrent	Description of the present; criterion data are available at the same time as predictor scores	-
Predictive	Prediction of the future; criterion data are measured after the passage of time	-
Construct	Answers the question, "What accounts for the variance in the measure?" Attempts to identify the underlying construct(s) being measured and determine how well the test presents it (them)	Judgmental Correlation of proposed test with established one Convergent-discriminant techniques Factor analysis Multitrait-multimethod analysis

Source: Cooper, *et al* (2001:211)

Internal versus external validity:

If a study is well controlled, it is said to be internally valid. A study is internally valid to the extent that important variables are controlled so that the actual relationship between the independent variable and the dependent variable can be observed (Vadum and Rankin, 1998:72). For a study to have internal validity, it must clearly demonstrate that a specific factor causes an affect. The logic of establishing internal validity is simple. *First*, one determines that changes in a treatment are followed by changes on an outcome variable. *Second*, one determines that the treatment is the only factor responsible for the effect. Extraneous factors are ruled out - factors other than the treatment. The most direct way to rule out the possibility that the results are due to the effects of extraneous factors is to eliminate all extraneous factors from the study. If there are no extraneous factors in the study, extraneous factors obviously can't be responsible for the results (Mitchell and Jolley, 2001:144).

External validity is the ability to generalise findings from a specific setting and small group to a broad range of settings and people. It addresses the question: If something happens in a laboratory or among a particular group of subjects, can the findings be generalised to the "real" world or to the general public? High external validity means that the results can be generalised to many situations and many groups of people. Low external validity means that the results apply only to a very specific setting (Neuman, 2000:172).

Vadum, *et al* (1998:74) claim that a study is externally valid to the extent that the relationship observed between the independent and dependent variables generalises to circumstances other than those in the study. This would include generalising to different types of subjects, different settings and different types of measures.

- **Reliability**

Reliability is the extent to which a measure produces stable, consistent scores. Measures are able to produce such stable scores if they are not strongly influenced by random error. A measure can be reliable, but not valid. However, if a measure is not reliable, it cannot be valid (Mitchell, *et al* 2001:115). Vadum, *et al* (1998:15) claim that the reliability of a measuring instrument is a numerical index of the extent to which it yield consistent results from one occasion to the next. To quote Anastasi (1988:109): "Reliability refers to the consistency of scores obtained by the same persons when re-examined with the same test on different occasions, or with different sets of equivalent items, or under other variable examining conditions".

Reliability is a prerequisite for validity (Mitchell, *et al* 2001:96). Test-retest reliability tells the total extent to which random error is influencing the measure. If test-retest reliability is low, one may want to calculate other types of reliability coefficients to find out the main source of the measure's unreliability. The main limitation of reliability is that it does not guarantee validity. Key points to remember about reliability are:

- Two *major* avoidable sources of unreliability are:
  - Random fluctuations in the measurement environment;
  - Random fluctuations in how observers interpret and code observations;
- All reliability coefficients are not the same;
- Test-retest reliability tells the total extent to which random error is influencing the measure;
- Other types of reliability can help to find the source of the measure's unreliability;
- Reliability is necessary for validity. Valid measures are reliable;
- Reliability does not guarantee validity. Reliable measures are not always valid;
- Unreliability weakens validity, but does not introduce systematic bias into the measure; and
- Reliability is an important, but not all-important consideration in choosing a measure.

Reliability is necessary for validity and is easier to achieve than validity. Although reliability is necessary in order to have a valid measure of a concept, it does not guarantee that a measure will be valid. It is not a sufficient condition for validity. A measure can produce the same result over and over (i.e., it has reliability), but what it measures may not match the definition of the construct (i.e. validity).

To ensure validity and reliability, questionnaires that indicated "no response" were not rejected. They applied mainly to the demographic and business information of the questionnaire (Appendix A). Some respondents did not feel comfortable to state their age and/or annual turnover.

6.5.3 Tabulated data

Though informative, descriptive statistics of central tendency and variability are frequently not sufficient for a researcher to fully understand the relationships among a set of variables. Dillon, *et al* (1990:466) say for this reason, we often turn to tabulation procedures that can provide additional insight into the data before we consider what specific statistical analyses to perform. A number of techniques that are reflected in tabulation form are referred to.

- ***Percentages***

Percentages are the most widely used statistic for reporting and summarising data. One of the most useful features of the percentage is that it can reduce everything to a common base and thereby allow meaningful comparisons to be made (McGown, 1979:214).

- ***Frequencies***

Typically, the initial step is to tabulate responses on a question-by-question basis. At the cleaning stage, these frequencies are sometimes called *marginals* because they give the number and percentage of respondents who chose each alternative (Dillon, *et al* 1993:345). Frequency distributions are therefore useful for summarising responses to specific questions as well as for data cleaning (Dillon, *et al* 1993:377).

Clover and Balsley (1979:186) claim that frequency distribution lends itself to statistical analysis since there are formulas permitting the calculation of all of the averages and the measures of dispersion from frequency distributions. The *arithmetic mean* and the *standard deviation* are the two most widely used measures of average and dispersion.

- ***Averages (measure of central tendency)***

Averages come in three forms, namely the *mode*, the *mean* and the *median*. The *mode* represents the point in the array showing the greatest response level. The *mean* is readily understood as the sum total of values divided by the number of cases. However, it has one shortcoming. It is affected by a few large or small numbers (skewing) since it is based on all the values in the array. The *median* is the value of the middle case in a series. There are as many cases on the higher side as on the lower side. The measure offers the advantage of being unaffected by extreme cases at one end or the other (Blankenship, *et al* 1993:259).

The *mean* is a particularly informative measure of the "central tendency" of the variable if it is reported along with its confidence intervals. Usually we are interested in statistics (such as the *mean*) from our sample only to the extent to which they can infer information about the population. The *confidence intervals* for the *mean* give us ranges of values around the *mean* where we expect the "true" (population) *mean* is located.

The width of the *confidence interval* depends on the sample size and on the variation of data values. The larger the sample size, the more reliable its *mean*. The larger the variation, the less reliable the *mean*. The calculation of *confidence intervals* is based on the assumption that the variable is normally distributed in the population. The estimate may not be valid if this assumption is not met, unless the sample size is large, say n = 100 or more (StatSoft, 2002).

- ***Item analysis and scaling***

Item analysis involves calculating the *mean* scores for each scale item among the low scores and high scorers. The item *means* between the high-score group and the low-score group is then tested for significance by calculating t values (Cooper, *et al* 2001:240).

The Likert-scale procedure has many advantages. It is easy and quick to construct. Each item that is included has met an empirical test for discriminating ability. Since respondents answer each item, it is probably more reliable and it provides a greater volume of data than many other scales (Cooper, *et al* 2001:241).

In Likert-scale procedure a large number of statements are generated and then an *item analysis* is performed. The purpose of the *item analysis* is to ensure that final items evoke a wide response and discriminate among those with positive and negative attitudes. Items that are poor because they lack clarity or elicit mixed response patterns are eliminated from the final statement list. Hence, a disadvantage of the Likert-type summated rating method is that it is difficult to know what a single summated score means. Many patterns of response to the various statements can produce the same total score. Thus, identical total scores may reflect different "attitudes" because of the different combinations of statements endorsed (Zikmund, 2000:292).

- ***Standard deviation***

The *standard deviation* is a measure of the distance from the observations in a data collection to the middle of that collection. The *variance* of a collection of measurements is the same as *standard deviation* except that the square root is not taken (Hanke, Reitsch and Dickson, 1984:51).

The *standard deviation* is just like the average deviation except that, instead of taking the absolute value of the numbers to eliminate the negative signs, the *standard deviation* takes the square of the deviations of individual values from the arithmetic *mean*. The magnitude of the numbers are altered by this process, so the result is then brought back into line by taking the square root of the resulting sum. Despite the increased difficulty of computation caused by the squaring process, the *standard deviation* is the generally preferred measure of dispersion (McGown, 1979:222).

- ***Correlation***

Correlation is a measure of the relation between two or more variables. The measurement scales used should be at least interval scales, but other correlation coefficients are available to handle other types of data. Correlation coefficients can range from -1,00 to +1,00. The value of -1,00 represents a perfect *negative* correlation while a value of +1,00 represents a perfect *positive* correlation. A value of 0,00 represents a lack of correlation.

The most widely used type of correlation coefficient is *Pearson r*, also called *linear* or *product-moment correlation*. *Pearson correlation* assumes that 2 variables are measured on at least interval scales and it determines the extent to which values of the 2 variables are "proportional" to each other. The value of *correlation* (i.e., correlation coefficient) does not depend on the specific measurement units used. For example, the correlation between height and weight will be identical regardless of whether inches and pounds, or centimetres and kilograms are used as measurement units (StatSoft, 2002).

In order to evaluate the correlation between variables, it is important to know this "magnitude" or "strength" as well as the *significance* of the correlation. The *significance level* calculated for each correlation is a primary source of information about the reliability of the correlation. Therefore, the *significance* of a correlation coefficient of a particular magnitude will change depending on the size of the sample from which it was computed. The test of *significance* is based on the assumption that the distribution of the residual values (i.e. the deviations from the regression line) for the dependent variable y follows the normal distribution, and that the variability of the residual values is the same for all values of the independent variable x (StatSoft, 2002).

An alternative way of computing the reliability of a sum scale is to divide it in some random manner into two halves. If the sum scale is perfectly reliable, we would expect that the two halves are perfectly correlated (i.e. $r = 1,00$). Less than perfect reliability will lead to less than perfect correlation (StatSoft, 2002).

- ***Cronbach alpha***

Cronbach alpha is the mean reliability coefficient calculated from all possible split-half partitions of a measurement scale (Dillon, *et al* 1990:823).

We can estimate the proportion of true score variance that is captured by the items by comparing the sum of item variances with the variance of the sum scale. Specifically, we can compute:

$\alpha = (k/(k-1)) * [1 - \Sigma (s^2_i)/s^2_{sum}]$

This is the formula for the most common index of reliability, namely Cronbach's coefficient *alpha* (α). If there is no true score but only error in the items (which is esoteric and unique, and therefore uncorrelated across subjects), then the variance of the sum will be the same as the sum of variances of the individual items. Therefore, coefficient *alpha* will be equal to zero. If all items are perfectly reliable and measure the same thing (true score), then *coefficient alpha* is equal to 1 (StatSoft, 2002).

6.6 FACTOR ANALYSIS, DESIGNS AND LOADING

6.6.1 *Factor analysis*

Factor analysis attempts to describe the relationships that exist among a set of variables by searching for correlation patterns within the data. All variables are given equal treatment. *Factor analysis* is a label that is given to a family of statistical techniques used in the study of such inter-relationships. While the techniques vary from one another in many important ways, they all have one thing in common. They attempt to identify a *factor*, which is defined as a linear combination of the variables being studied. The major difference among techniques is how the weights that are used to compute the linear combination are developed (Hanke, *et al* 1984:458).

The main applications of factor analytic techniques are:

- To *reduce* the number of variables; and
- To *detect structure* in the relationships between variables, that is to *classify variables*.

Therefore, *factor analysis* is applied as a data reduction or structure detection method (the term *factor analysis* was first introduced by Thurstone, 1931) (StatSoft, 2002).

The purpose of factor analysis in this study is to reduce the number of variables and to classify the problems, barriers and constraints into factors.

Closely inter-linked with factor analysis is *eigenvalues*. These equal the sum total of the squares loading for the variables on a factor, provided that a measure of the percentage of variance is contributing variables that are explained by the factor. *Eigenvalues* can be found for square symmetric matrices. There are as many *eigenvalues* as there are rows (or columns) in the matrix. A realistic description of an *eigenvalue* demands a sound knowledge of linear algebra. However, conceptually they can be considered to measure the strength (relative length) of an axis (derived from the square symmetric matrix). *Eigenvalues* are also known as Latent variables (Zikmund, 2000:347).

If we have a measure of how much variance each successive factor extracts, we can turn to the question of how many factors to retain. By its nature this is an arbitrary decision. However, there are some guidelines that are commonly used and that in practice, seem to yield the best results; namely:

- *The Kaiser criterion*:

We can retain only factors with *eigenvalues* greater than 1. In essence this is like saying that, unless a factor extracts at least as much as the equivalent of one original variable, we drop it. This criterion was proposed by Kaiser (1960) and is probably the one most widely used (StatSoft, 2002).

- *The scree test:*

A graphical method is the *scree test* first proposed by Cattell (1966). We can plot the *eigenvalues* in a simple line plot. Cattell suggests finding the place where the smooth decrease of *eigenvalues* appears to level off to the right of the plot. To the right of this point, presumably, one finds only "factorial *scree*" - "*scree*" is the geological term referring to the debris that collects on the lower part of a rocky slope (StatSoft, 2002).

Theoretically, one can evaluate these criteria by generating random data based on a particular number of factors. One can then see whether the number of factors is accurately detected by those criteria. Using this general technique, the first method (*Kaiser criterion*) sometimes retains too many factors, while the second technique (*scree test*) sometimes retains too few. However, both do quite well under normal conditions, that is, when there are relatively few factors and many cases. In practice, an additional important aspect is the extent to which a solution is interpretable. Therefore, one usually examines several solutions with more or fewer factors, and chooses the one that makes the best "sense" (StatSoft, 2002).

6.6.2 Factorial designs

Factorial designs are used to measure the effect of two or more independent variables at various levels. They are particularly useful when there is some reason to believe that the various levels of the independent variables might interact to produce results that neither could produce alone (Tull, *et al* 1980:182).

Churchill (1991:813) argues that there are three very good reasons why one might want to use a *factorial design*. *First*, it allows the interaction of the factors to be studied. *Second*, a factorial design allows a saving of time and effort because all the observations are employed to study the effects of each of the factors. *Third*, the conclusions reached have broader application, since each factor is studied with varying combinations of the other factors. This result is much more useful than it would be if everything else had been held constant.

6.6.3 Factor loading

A *factor loading* is a measure of correlation between a variable and a factor (Hanke, *et al* 1984:461). Many procedures used to rotate the matrix of *factor loadings* do so in a manner to achieve a simple structure (Dillon, *et al* 1990:573). The major characteristics of simple structure are the following:

- Any column of the factor loading matrix should have mostly small values, as close to zero as possible;

- Any given row of the matrix of factor loadings should have non-zero entries in only a few columns; and

- Any two columns of the matrix of factor loadings should exhibit a different pattern of high and low loadings.

6.7 DIFFICULTIES EXPERIENCED DURING THE STUDY

A number of limitations were referred to in 6.5.1 (Chapter 6) concerning the main survey method (e-mailed questionnaires) that was used. Additional difficulties experienced by the researcher include:

- Access to libraries and library material (SAT and the DEAT).

- Difficulties in obtaining databases and statistics from tourism associations, professional bodies, tourism Authorities, Government departments and tourism quality assurance providers.

- The researcher experienced difficulties concerning the definition of the tourism industry. Some conference, meeting and event organisers, bodies and staff felt that they are not part of the tourism industry. It also applied to some accommodation, adventure, recreation and entertainment providers.

- The "Government-related" questions that were asked in Section B of the questionnaire created a problem, as some respondents doubted the aim and purpose of the researcher's study.

- Some respondents indicated that some of the questions were too personal. Therefore, they were discouraged to complete the questionnaire.

- The researcher experienced difficulties in locating the owners of businesses as many of them are abroad, on safari or operate mainly in other provinces or countries (e.g. North West Province, Botswana, Namibia, Mozambique, etc.).

- Some respondents indicated that they don't deal with the public at all, but handle only bookings from travel agents for overseas destinations. Therefore, they were not prepared to assist with the questionnaire.

- Responses from black tourism entrepreneurs were disappointing. The researcher even approached some of them at a popular tourism trade show, but could not convince them to complete the questionnaire. Irrespective of numerous follow-up attempts, the researcher was unable to get their favourable response.

- Complaints raised by (mainly) travel agents and tour operators were that they are too busy to complete questionnaires, that they work under extreme pressure and that they are bombarded by questionnaires. A large number of responses were lost in this way.

- Respondents (mainly tour operators) who make use of answering machines and don't return calls.

- Some accommodation establishments use "old-fashioned" fax machines. Respondents could easily use excuses such as fax machines that were without paper, not working, etc.

- Incorrect telephone numbers, fax numbers and e-mail addresses forced the researcher to make additional telephone calls.

- Some travel agents and guesthouse / bed and breakfast owners felt that their businesses are too small to assist with the questionnaire. In these cases, they had less than 5 full-time employees. On the other hand, some travel agents and tour operators felt that their firms are too big to complete the questionnaire (more than 20 employees).

- Personal expenses of the researcher mainly because of a large number of e-mails, faxes and telephone calls.

6.8 CONCLUSION

In this chapter only a few methods and techniques in order to create scientifically obtained knowledge by using objective methods and procedures, were discussed. However, research involves different methods for different studies due to different aims. In this particular study relevant and applicable methods and research techniques were used to investigate and test the research problem and objectives.

In order to be able to investigate the research problem and objectives, a thorough and formal methodology should be used. The universe was identified from which the sample frame was derived. A preliminary questionnaire and then the final questionnaire were drawn up, tested and distributed. The results were captured on computer, edited, coded and analysed. Cronbach alpha tests were conducted for reliability of the questionnaire and factor analyses was done.

In the following chapter the research findings of the study are presented.

CHAPTER 7

RESEARCH FINDINGS

7.1 INTRODUCTION

The results of the empirical study are provided in this chapter in tabular format. The first part of the chapter presents all the demographic and business information (Section A of the questionnaire). In the next part all the problems, barriers and constraints to tourism entrepreneurs (Section B and C of the questionnaire) as researched, are being presented. The results of the reliability tests and factor analyses are also provided.

Results of the empirical findings are presented in such a way to make the interpretation of results easier and more understandable.

7.2 DEMOGRAPHIC INFORMATION

7.2.1 Demographic information of respondents

Section A of the questionnaire related inter alia to the demographic information of respondents and refers to the following:

- Gender;
- Ethnic group; and
- Age.

These three aspects are presented in Table 7.1 (page 202).

According to Table 7.1, 92 (50,00%) of the respondents were male, which is half of the respondents. White respondents dominated, with a total of 171 (92,93%). The majority (total of 49) of the respondents were between the age 40 to 49 (26,63%) followed by the age group 50 to 59 with a total of 44 (23,91%).

Table 7.1: Demographic profile of respondents

VARIABLE	FREQUENCY (*n*)	PERCENTAGE (%)
Gender:		
Male	92	50,00
Female	91	49,46
Did not respond	1	0,54
Total	**184**	**100,00**
Ethnic group:		
Black	10	5,44
White	171	92,93
Indian	-	-
Coloured	2	1,09
Other	-	-
Did not respond	1	0,54
Total	**184**	**100,00**
Age:		
Younger than 19	-	-
Between 20 - 29	6	3,26
Between 30 - 39	36	19,57
Between 40 - 49	49	26,63
Between 50 - 59	44	23,91
60 and older	26	14,13
Did not respond	23	12,50
Total	**184**	**100,00**

7.2.2 Business information of respondents

Section A of the questionnaire also comprised the business information. The following were included:

- The year (and month) in which the business was started;
- The form of business;
- Where the business operates;
- The location of the business;
- The products and services that are rendered by the business;
- The main primary product/service that are rendered by the business;
- The annual turnover (sales) of the business;
- The number of full-time employees in the business; and
- The number of part-time employees in the business.

The business information of respondents is presented in Table 7.2.

Table 7.2: Business information of respondents

VARIABLE	FREQUENCY (*n*)	PERCENTAGE (%)
Years in business:		
Less than 2 years	35	19,02
Between 2 - 5 years	52	28,26
Between 6 - 9 years	51	27,72
Between 10 - 19 years	29	15,76
20 and more years	13	7,07
Did not respond	4	2,17
Total	**184**	**100,00**
Form of business:		
Sole proprietorship	47	25,54
Partnership	8	4,35
Close Corporation	77	41,85
Company	46	25,00
Business Trust	4	2,17
Other	2	1,09
Total	**184**	**100,00**
Business operation:		
Urban area	147	79,89
Rural area	37	20,11
Total	**184**	**100,00**
Business location:		
Shopping centre	7	3,80
Formal shop	13	7,07
Private home	112	60,87
Pavement stand	2	1,09
Other*	50	27,17
Total	**184**	**100,00**
Products/services rendered:		
Accommodation	123	23,65
Food and beverage	80	15,39
Transport	56	10,77
Tour operator	62	11,92
Travel agent	34	6,54
Tour guide	30	5,77
Conservation/Wildlife	23	4,42
Shops/Retail	-	-
Conferences/Events/ Meetings	3	0,58
Art/Craft	60	11,54
Adventure/Recreation/ Entertainment	6	1,15
Other*	43	8,27
Total	**520**	**100,00**

Table 7.2 continues on the next page

Table 7.2 continued

VARIABLE	FREQUENCY (*n*)	PERCENTAGE (%)
Main primary product/ service:		
Accommodation	77	41,85
Food and beverage	2	1,09
Transport	11	5,98
Tour operator	36	19,56
Travel agent	24	13,04
Tour guide	2	1,09
Conservation/Wildlife	4	2,17
Shops/Retail	-	-
Conferences/Events/ Meetings	20	10,87
Art/Craft	-	-
Adventure/Recreation/ Entertainment	8	4,35
Other	-	-
Total	**184**	**100,00**
Annual turnover:		
Not exceeding R150 000 per annum	44	23,92
Between R150 000 and R1,0 million per annum	63	34,24
Between R1,0 million and R5,0 million per annum	41	22,28
More than R5,0 million per annum	24	13,04
Did not respond	12	6,52
Total	**184**	**100,00**
Full-time employees:		
Less than 5	104	56,52
Between 5 - 10	40	21,74
Between 11 - 20	18	9,78
Between 21 - 30	8	4,35
Between 31 - 40	3	1,63
Between 41 - 50	4	2,18
More than 50	6	3,26
Did not respond	1	0,54
Total	**184**	**100,00**
Part-time employees:		
None	71	38,59
Less than 5	86	46,74
Between 5 - 10	18	9,78
Between 11 - 20	2	1,09
Between 21 - 30	3	1,63
Between 31 - 40	-	-
Between 41 - 50	1	0,54
Did not respond	3	1,63
Total	**184**	**100,00**

* "Other answers to question 7 namely "Where is your business located?" include: (5) office park, block, building, hotel premises, embassy, business

centre, (6) farm, plot, agricultural holding, wilderness area, nature reserve, rural area, and (7) conference and function venues.

* "Other" answers to question 8 namely "Which of the following products/ services does your firm render"? include: CD-ROM marketing, Web-site design, information technology, tourist consultant, advertising, public relations, media and information, experiential training, weddings, cultural evenings, general relaxation, fly-fishing and health spas. However, all these answers were classified into the 11 categories as stated in question 8.

Table 7.2 indicates that 52 of the businesses are between 2 and 5 years in operation (28,26%). The main form of business is Close Corporations with a total of 77 (41,85%). The majority of businesses operate in urban areas with a total of 147 (79,89%). Private homes are the most popular business location with 112 (60,87%). Accommodation counts for the highest **main primary product/service** that are rendered with a total of 77 (41,85%). No responses were indicated for "shops/retail" and "art/craft" as the main primary product/service.

As accommodation counts for the highest main product/service that are rendered as referred to in question 8, it should be noted that accommodation included the following: holiday resorts, chalets, caravan parks, self-catering establishments, country estates and hotels, retreats, lodges, game farms, guest houses and bed and breakfast establishments.

A total of 63 businesses (34,24%) have an annual turnover between R150 000 and R1,0 million per annum. Twelve respondents did not answer this question due to its sensitive nature. A total of 104 (56,52%) businesses have less than 5 full-time employees, while a total of 86 businesses (46,74%) have less than 5 part-time employees.

The business information (Section A) also included a section for respondents to:

- Indicate how important certain factors are for their business success (question 13); and

- Evaluate various business skills (question 14).

This information is shown in Table 7.3 (factors for business success) and Table 7.4 (evaluation of business skills):

Table 7.3: Factors for business success

FACTOR	MEAN SCORE	STANDARD DEVIATION
Location	3,97	1,38
Product/Service	4,65	1,06
Care for customers	4,71	1,00
Low prices	3,60	1,13
Public and private transport	2,86	1,47
Sufficient parking	3,25	1,56
Capital	4,15	1,11
Education and training	4,14	1,16

Table 7.3 indicates that the most important factor for business success is care for customers with a mean score of 4,71, followed by product/service with a mean score of 4,65.

Table 7.4: Evaluation of business skills

SKILL	MEAN SCORE	STANDARD DEVIATION
Take advantage of an opportunity	3,79	1,01
Product knowledge	4,27	0,85
Management skills	3,93	0,91
Commitment	4,56	0,74
Entrepreneurial skills	3,82	1,01
Enthusiasm	4,42	0,86
Marketing skills	3,42	1,17
Creativity and innovation	3,81	1,02

Respondents felt that commitment is the most important business skill with a mean score of 4,56 as indicated in Table 7.4. The second most important skill is enthusiasm with a mean score of 4,42.

7.3 EVALUATION OF PROBLEMS, BARRIERS AND CONSTRAINTS TO TOURISM ENTREPRENEURS

The item analysis includes the *mean* and *standard deviation*. Several properties make the sample *arithmetic mean* the most widely used estimator for drawing inferences about the population mean (Berenson and Levin, 1983:228). The three most important properties are unbiasedness, efficiency and consistency. The *variance* and the *standard deviation* according to Berenson, *et al* (1983:93) are: "two measures of dispersion that take into account how all the observations in the data are distributed. They are the *variance* and its square root - the *standard deviation*".

7.3.1 Responses of entrepreneurs to statements

Respondents were asked to judge the statements/factors by means of the 5-point Likert-scale. The response to question 15 of the questionnaire (Section B) is set out in Table 7.5 (page 208). The aim of Section B within the boundaries of this particular study was to determine to what extent tourism entrepreneurs experienced the listed statements to be problems, barriers or constraints.

The total sum percentages (responses) of the two lower scales (scales 1 and 2) to each statement are indicated in Table 7.5 first, followed by the two higher scales (scales 4 and 5).

The *mean* (average) of each factor (item), together with the *variance* and *standard deviation* of each item are also indicated within the specific columns within Table 7.5. In the last column, the *item-scale correlation* of each item is indicated as to measure the statistical covariation or association between two variables.

Table 7.5: Statements of problems, barriers and constraints to tourism entrepreneurs

PROBLEM / BARRIER / CONSTRAINT	2-LOW BOX (1&2) %	2-TOP BOX (4&5) %	ITEM MEAN	ITEM VARIANCE	STANDARD DEVIATION	ITEM SCALE CORREL.
1. The South African economy is favourable for tourism	11	86	4,005	0,821	0,908	0,81
2. The Government supports tourism enterprises	28	56	3,294	1,118	1,059	0,69
3. Tourism development is planned in South Africa	27	49	3,232	1,013	1,009	0,56
4. The Government regulates tourism in South Africa	31	41	3,095	0,964	0,984	0,54
5. Natural resources are protected in tourism development	28	52	3,242	1,095	1,048	0,59
6. The picture of tourism as created by the media in South Africa, is a true reflection of it	43	43	2,967	1,249	1,120	0,67
7. Developed countries generate tourism demand to South Africa	58	19	2,524	0,879	0,938	0,26
8. Customer service in the South African tourism industry is of a high standard	62	30	2,562	1,289	1,138	0,73
9. Local communities benefit from tourism in South Africa	23	64	3,551	0,997	1,000	0,47
10. Tourism is negatively affected by urbanisation	34	30	2,944	0,823	0,909	0,34
11. Safety and security hamper tourism in South Africa	90	8	1,619	0,899	0,950	0,77
12. Perceptions about Southern Africa affect tourism in South Africa negatively	92	6	1,633	0,732	0,857	0,61
13. The South African tourism industry provides jobs mainly for the less-skilled people	35	45	3,082	1,053	1,028	0,65
14. Quality standards exist for tourism products and services	30	61	3,357	1,044	1,023	0,71
15. The Government develops infrastructure for tourism in South Africa	35	43	3,076	0,940	0,972	0,73
16. Local communities support new tourism development programs	27	47	3,191	0,893	0,947	0,46

Table 7.5 continues on the next page

Table 7.5 continued

PROBLEM / BARRIER / CONSTRAINT	2-LOW BOX (1&2) %	2-TOP BOX (4&5) %	ITEM MEAN	ITEM VARIANCE	STANDARD DEVIATION	ITEM SCALE CORREL.
18. The South African public lacks environmental awareness	84	8	2,002	0,630	0,796	0,30
19. HIV/Aids affect the tourism industry's labour force negatively	67	12	2,204	0,914	0,959	0,77
20. Tourism entrepreneurs lack marketing funds	87	5	1,843	0,600	0,778	1,00
21. There are sufficient demand/ supply for tourism products/ services in South Africa	34	52	3,221	1,304	1,145	0,69
22. Seasonality affects tourism in South Africa negatively	45	43	2,894	1,271	1,131	0,66
23. South African tourism products/services are of a high standard	37	53	3,201	1,052	1,028	0,72
24. The South African tourism industry creates jobs	9	86	3,992	0,674	0,819	0,76
25. Government structures exist for tourism in South Africa	21	51	3,315	0,823	0,908	0,70
26. Opportunities exist in South Africa to establish partnerships in tourism	19	53	3,352	0,924	0,964	0,55
27. Government policies for tourism in South Africa are coherent	37	22	2,789	0,881	0,940	0,71
28. Too high prices are charged for tourism products/services in South Africa	48	46	2,925	1,488	1,219	0,70
29. Large tourism enterprises dominate tourism in South Africa	63	25	2,399	1,186	1,090	0,36
30. Government tourism structures are effective in South Africa	46	22	2,701	0,829	0,913	0,71
31. South African tourism products/services cater for a wide variety	6	86	3,975	0,526	0,724	0,44
32. Tourism is monitored by the South African Government	24	35	3,117	0,732	0,857	0,71
33. The tourism industry in South Africa keeps abreast of tourism trends/growth	28	47	3,186	0,897	0,949	0,66
34. South Africans lack the expertise to develop tourism in South Africa	31	60	3,373	1,396	1,183	0,50
35. Government policies exist for tourism in South Africa	19	44	3,266	0,682	0,827	0,62
36. Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	21	46	3,288	0,794	0,893	0,53

According to Table 7.5, the only statement with a 4 on the 5-point scale (2-top box) is: "The South African economy is favourable for tourism (86%).

Responses to the list of 35 statements (Section B) that comprise the problems, barriers and constraints to tourism entrepreneurs are also being presented in Table 7.6. The *frequencies* of responses have been excluded and only *percentage* responses are reflected.

The statements do not appear in the same format as they appeared on the questionnaire (Section B). However, they have been rearranged to reflect the responses received for each statement according to the *mean score* in descending order. The *mean score* is a measure of central tendency i.e. it indicates the average response. The *standard deviations* are also indicated. A *standard deviation* exceeding 1 indicates a significant difference of opinion between respondents.

Table 7.6: Responses to statements on problems, barriers and constraints (ranked in order of the *mean score*)

NO	STATEMENT	PERCENTAGES						
		Disagree strongly (1)	Disagree (2)	Don't know (3)	Agree (4)	Agree strongly (5)	Mean Score	Standard Deviation
1	The South African economy is favourable for tourism	1,1	10,5	3,3	57,2	27,7	4,005	0,908
24	The South African tourism industry creates jobs	1,1	7,7	3,87	65,1	22,1	3,992	0,819
31	South African tourism products/services cater for a wide variety	0,5	5,6	5,6	70,2	17,9	3,975	0,724
9	Local communities benefit from tourism in South Africa	0,5	21,9	13,7	50,0	13,7	3,551	1,000
34	South Africans lack the expertise to develop tourism in South Africa	13,8	47,2	7,2	25,0	6,6	3,373	1,183
14	Quality standards exist for tourism products and services	2,7	27,0	8,2	55,8	6,0	3,357	1,023
26	Opportunities exist in South Africa to establish partnerships in tourism	4,4	14,2	27,4	47,8	6,0	3,352	0,964

Table 7.6 continues on pages 211 and 212.

Table 7.6 continued

NO	STATEMENT	PERCENTAGES						
		Disagree strongly (1)	Disagree (2)	Don't know (3)	Agree (4)	Agree strongly (5)	Mean Score	Standard Deviation
25	Government structures exist for tourism in South Africa	2,2	18,8	26,6	48,3	3,8	3,315	0,908
2	The Government supports tourism enterprises	5,0	23,3	14,4	50,5	6,6	3,294	1,059
36	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	5,5	39,6	34,0	18,9	1,6	3,288	0,893
35	Government policies exist for tourism in South Africa	1,1	18,9	35,2	42,4	2,2	3,266	0,827
5	Natural resources are protected in tourism development	5,5	23,7	18,2	46,4	6,0	3,242	1,048
3	Tourism development is planned in South Africa	3,9	24,0	21,2	45,2	5,5	3,232	1,009
21	There are sufficient demand/supply for tourism products/services in South Africa	6,0	28,1	12,7	42,5	10,5	3,221	1,145
23	South African tourism products/services are of a high standard	1,6	34,6	10,4	48,3	4,9	3,201	1,028
16	Local communities support new tourism development programs	3,3	23,0	26,3	44,5	2,7	3,191	0,947
33	The tourism industry in South Africa keeps abreast of tourism trends/growth	2,7	25,7	23,4	45,2	2,7	3,186	0,949
32	Tourism is monitored by the South African Government	2,2	21,1	41,1	32,7	2,7	3,117	0,857
4	The Government regulates tourism in South Africa	4,4	26,2	27,3	37,9	3,9	3,095	0,984
13	The South African tourism industry provides jobs mainly for the less-skilled people	3,8	41,4	19,3	30,3	4,9	3,082	1,028
15	The Government develops infrastructure for tourism in South Africa	2,7	31,6	21,8	41,5	2,1	3,076	0,972
6	The picture of tourism as created by the media in South Africa, is a true reflection of it	8,8	34,2	13,2	39,2	4,4	2,967	1,120
10	Tourism is negatively affected by urbanisation	2,7	27,2	36,1	30,0	3,8	2,944	0,909

Table 7.6 continued

NO	STATEMENT	PERCENTAGES					Mean Score	Standard Deviation
		Disagree strongly (1)	Disagree (2)	Don't know (3)	Agree (4)	Agree strongly (5)		
28	Too high prices are charged for tourism products/services in South Africa	5,5	41,1	6,1	34,4	12,7	2,925	1,219
22	Seasonality affects tourism in South Africa negatively	2,7	40,0	11,1	35,0	11,1	2,894	1,131
27	Government policies for tourism in South Africa are coherent	8,5	28,9	39,7	19,8	2,8	2,789	0,940
30	Government tourism structures are effective in South Africa	6,8	40,3	34,0	17,6	1,1	2,701	0,913
8	Customer service in the South African tourism industry is of a high standard	15,3	46,7	7,1	27,4	3,3	2,562	1,138
7	Developed countries generate tourism demand to South Africa	1,6	17,7	21,6	49,4	9,4	2,524	0,938
29	Large tourism enterprises dominate tourism in South Africa	0,5	24,3	11,6	41,4	22,1	2,399	1,090
19	HIV/Aids affect the tourism industry's labour force negatively	0,5	11,6	21,1	41,6	25,0	2,204	0,959
18	The South African public lacks environmental awareness	-	8,2	6,6	61,3	23,7	2,002	0,796
20	Tourism entrepreneurs lack marketing funds	0,5	3,8	8,2	53,8	33,5	1,843	0,778
12	Perceptions about Southern Africa affect tourism in South Africa negatively	1,1	5,4	2,2	38,4	52,7	1,633	0,857
11	Safety and security hamper tourism in South Africa	2,1	6,0	2,1	31,1	58,4	1,619	0,950

The statement that rated the highest on mean score in Table 7.6 was "The South African economy is favourable for tourism" with a *mean score* of 4,005 and *standard deviation* of 0,908. Twenty statements had a mean score between 3 and 4 in Table 7.6.

The statement that rated the lowest on *mean score* was "Safety and security hamper tourism in South Africa" (1,619). The following statements had a mean score below 3:

No.	Statement
6.	The picture of tourism as created by the media in South Africa, is a true reflection of it.
10.	Tourism is negatively affected by urbanisation.
28.	Too high prices are charged for tourism products/services in South Africa.
22.	Seasonality affects tourism in South Africa negatively.
27.	Government policies for tourism in South Africa are coherent.
30.	Government tourism structures are effective in South Africa.
8.	Customer service in the South African tourism industry is of a high standard.
7.	Developed countries generate tourism demand to South Africa.
29.	Large tourism enterprises dominate tourism in South Africa.
19.	HIV/Aids affect the tourism industry's labour force negatively.
18.	The South African public lacks environmental awareness.
20.	Tourism entrepreneurs lack marketing funds.
12.	Perceptions about Southern Africa affect tourism in South Africa negatively.
11.	Safety and security hamper tourism in South Africa.

However, the following statements were converted from "negative" to "positive" statements for item analysis purposes, namely:

No.	Statement
7.	Developed countries generate tourism demand to South Africa.
10.	Tourism is negatively affected by urbanisation.
11.	Safety and security hamper tourism in South Africa.
12.	Perceptions about Southern Africa affect tourism in South Africa negatively.
13.	The South African tourism industry provides jobs mainly for the less-skilled people.

18. The South African public lacks environmental awareness.
19. HIV/Aids affect the tourism industry's labour force negatively.
20. Tourism entrepreneurs lack marketing funds.
22. Seasonality affects tourism in South Africa negatively.
28. Too high prices are charged for tourism products/services in South Africa.
29. Large tourism enterprises dominate tourism in South Africa.
34. South Africans lack the expertise to develop tourism in South Africa.
36. Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour.

Statement 17 (Section B) was excluded from both the item analysis and factor analysis. The statement is: "In South Africa, a tourist is perceived as someone who travels outside his/her own country". The statement was not perceived to be a problem, barrier or constraint to tourism entrepreneurs, but was rather included in the questionnaire to establish a definition (or perception). The responses to statement 17 (Section B) are presented in Table 7.7.

Table 7.7: Definition of a tourist

RESPONSES	FREQUENCY (*n*)	PERCENT (%)
Disagree strongly	3	1,63
Disagree	30	16,30
Don't know	5	2,72
Agree	123	66,85
Agree strongly	20	10,87
Did not respond	3	1,63
Total	**184**	**100,00**

Table 7.7 indicates that the majority of respondents (123) (66,85%) felt that a tourist is perceived as someone who travels outside his/her own country. It could boil down to the problem regarding the definition of "tourism" in South Africa. For example, "day trips" undertaken in one's own country, is therefore not perceived as travel/tourism.

Some respondents made a few interesting remarks (in Section B), such as:

- Statement 7: "Developed countries generate tourism demand to South Africa". Some respondents did not agree with the concept of developed versus under-developed (or third world) countries. They are not clear who determines this and what it exactly means.

- Some respondents felt that statements 14, 25 and 35 exist only in theory. Statement 14 was: "Quality standards exist for tourism products and services". Statement 25: "Government structures exist for tourism in South Africa", and Statement 35: "Government policies exist for tourism in South Africa".

- Statement 36: "Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour". Some respondents' felt that this statement mainly applies to the hospitality industry and also only to the high ranking positions.

7.3.2 Reliability of questions under each critical construct

In the case of this particular research study, 35 statements within the scope of question 15 of the questionnaire (Section B) were grouped into 9 critical constructs. (Statement 17 was excluded from the study). The 9 critical constructs identified include the following:

- **Construct 1: Economy**

  1. : The South African economy is favourable for tourism.
  24. : The South African tourism industry creates jobs.

- **Construct 2: Government**

  2. : The Government supports tourism enterprises.
  4. : The Government regulates tourism in South Africa.

15. : The Government develops infrastructure for tourism in South Africa.
25. : Government structures exist for tourism in South Africa.
27. : Government policies for tourism in South Africa are coherent.
30. : Government tourism structures are effective in South Africa.
32. : Tourism is monitored by the South African Government.
35. : Government policies exist for tourism in South Africa.

- **Construct 3: Legislation, regulation and standards**

14. : Quality standards exist for tourism products and services.
23. : South African tourism products/services are of a high standard.
28. : Too high prices are charged for tourism products/services in South Africa.

- **Construct 4: Tourism development**

3. : Tourism development is planned in South Africa.
5. : Natural resources are protected in tourism development.
9. : Local communities benefit from tourism in South Africa.
10. : Tourism is negatively affected by urbanisation.
16. : Local communities support new tourism development programmes.
18. : The South African public lacks environmental awareness.
26. : Opportunities exist in South Africa to establish partnerships in tourism.
29. : Large tourism enterprises dominate tourism in South Africa.
34. : South Africans lack the expertise to develop tourism in South Africa.

- **Construct 5: Tourism demand**

7. : Developed countries generate tourism demand to South Africa.

21. : There are sufficient demand/supply for tourism products/ services in South Africa.

31. : South African tourism products/services cater for a wide variety.

33. : The tourism industry in South Africa keeps abreast of tourism trends/growth.

36. : Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour.

- **Construct 6: Social**

11. : Safety and security hamper tourism in South Africa.

19. : HIV/Aids affect the tourism industry's labour force negatively.

- **Construct 7: Marketing**

6. : The picture of tourism as created by the media in South Africa, is a true reflection of it.

12. : Perceptions about Southern Africa affect tourism in South Africa negatively.

22. : Seasonality affects tourism in South Africa negatively.

- **Construct 8: Finance**

20. : Tourism entrepreneurs lack marketing funds.

- **Construct 9: Education and training**

8. : Customer service in the South African tourism industry is of a high standard.

13. : The South African tourism industry provides jobs mainly for the less skilled people.

Since *correlation coefficients* reveal the magnitude and direction of relationships (Cooper, *et al* 2001:533), it is important to analyse the *correlation coefficients* of the critical constructs in Table 7.8 (page 218).

The *Pearson correlation coefficient* varies over a range of +1 through 0 to -1. One would be a perfect positive relationship and the absence of a relationship is expressed by a coefficient of approximately zero (Cooper, *et al* 2001:533).

Therefore, the correlation coefficient of 0,526 in Table 7.8 is an indication of a significant relationship between *Tourism Development* and the *Government*. There are also significant relationships between *Tourism Development* and *Legislation/Regulation/Standards* (0,407) and between *Education/Training* and *Legislation/Regulation/Standards* (0,435).

Table 7.8: Pearson correlation coefficients

	Eco-nomic	Govern-ment	Legislation/ Regulation/ Standards	Tourism develop-ment	Tourism demand	Social	Marke-ting	Finance	Education/ Training
Economy	1,000								
Government	0,331	1,000							
Legislation/ Regulation/ Standards	0,316	0,269	1,000						
Tourism development	0,380	0,526	0,407	1,000					
Tourism demand	0,157	0,198	0,291	0,364	1,000				
Social	0,106	0,131	0,069	0,238	0,059	1,000			
Marketing	0,236	0,288	0,267	0,373	0,058	0,373	1,000		
Finance	0,004	0,082	0,038	0,205	0,119	0,100	0,026	1,000	
Education/ Training	0,137	0,227	0,435	0,300	0,161	0,143	0,320	0,022	1,000

It was also necessary to test the reliability of the particular critical constructs that had been identified. This was done by Cronbach's coefficient alpha as shown in Table 7.9 (page 219).

Table 7.9: Critical constructs (Cronbach alpha)

CONSTRUCT	NUMBER OF ITEMS	RANGE	MEAN	MEDIAN	CRONBACH ALPHA
Economy	2	3-10	7,995	8,000	0,387
Government	8	12-40	24,636	25,000	0,827
Legislation/Regulation/Standards	3	4-15	9,473	10,000	0,501
Tourism development	9	16-41	27,283	27,000	0,539
Tourism demand	5	9-24	16,125	16,000	0,383
Social	2	2-9	3,826	4,000	0,309
Marketing	3	3-13	7,495	7,000	0,304
Finance	1	1-5	1,842	2,000	-9,000
Education/Training	2	2-10	5,647	6,000	-0,082

Table 7.9 indicates that all the reliability coefficients (Cronbach alpha) are higher than 0,3 except for *Finance* and *Education/Training*. This may be because both included a low number of items. Cronbach alpha is significant for Government with 0,827.

7.4 RELIABILITY TESTING

A high reliability was achieved with a Cronbach alpha coefficient, namely higher than 0,80 in Table 7.10 (page 220).

Eleven statements (36 statements in total - Section B) were not included due to the unreliability of their nature. These statements all had an *eigenvalue* less than 1,00. They were removed before the final factor analysis was done.

7.4.1 Reliability - problems, barriers and constraints to tourism entrepreneurs

A Cronbach alpha coefficient of 0,8234 was achieved for the problems, barriers and constraints that tourism entrepreneurs face. The squared multiple correlations (SMC) (or item-to-total correlation) and the Cronbach alpha's for 25 statements on the problems, barriers and constraints to tourism entrepreneurs are shown in Table 7.10.

Table 7.10: Cronbach alpha coefficients for problems, barriers and constraints to tourism entrepreneurs

NO	STATEMENTS ON PROBLEMS, BARRIERS AND CONSTRAINTS	SMC (Item-to-total correlation)	CRONBACH ALPHA
1	The South African economy is favourable for tourism	0,273	0,816
2	The Government supports tourism enterprises	0,558	0,806
3	Tourism development is planned in South Africa	0,532	0,806
4	The Government regulates tourism in South Africa	0,403	0,821
5	Natural resources are protected in tourism development	0,282	0,814
8	Customer service in the South African tourism industry is of a high standard	0,468	0,810
9	Local communities benefit from tourism in South Africa	0,254	0,820
11	Safety and security hamper tourism in South Africa	0,479	0,827
12	Perceptions about Southern Africa affect tourism in South Africa negatively	0,509	0,821
14	Quality standards exist for tourism products and services	0,322	0,813
15	The Government develops infrastructure for tourism in South Africa	0,537	0,811
19	HIV/Aids affect the tourism industry's labour force negatively	0,269	0,821
20	Tourism entrepreneurs lack marketing funds	0,215	0,825
23	South African tourism products/services are of a high standard	0,451	0,814
24	The South African tourism industry creates jobs	0,295	0,817
25	Government structures exist for tourism in South Africa	0,414	0,810
27	Government policies for tourism in South Africa are coherent	0,517	0,807
28	Too high prices are charged for tourism products/services in South Africa	0,245	0,823
29	Large tourism enterprises dominate tourism in South Africa	0,293	0,828
30	Government tourism structures are effective in South Africa	0,466	0,813
31	South African tourism products/services cater for a wide variety	0,269	0,820
32	Tourism is monitored by the South African Government	0,478	0,813
34	South Africans lack the expertise to develop tourism in South Africa	0,341	0,822
35	Government policies exist for tourism in South Africa	0,417	0,815
36	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	0,251	0,824

7.5 FACTOR ANALYSIS

The appropriate multivariate technique that was used in this particular research study is known as "factor analysis" as referred to in Chapter 6.

Hanke, *et al* (1984:458) claim that the *first* purpose of factor analysis concentrates on searching for linear combinations of the variables that adequately describe the relationships of the variables by using significantly fewer factors. For example, the researcher may search for correlation patterns among 20 variables with the hope of being able to describe most of their inter-dependence with as few as 3 or 4 factors. Additionally, the data reduction facility may help the researcher summarise and better present the findings.

The *second* purpose of factor analysis is interpretation that is complementary to the first purpose. By looking at the clusters of interrelated variables the researcher hopes to pinpoint the underlying structure of the variables. That is, is there some hidden dimension that explains the relationships among the variables?

7.5.1 Eliminating factors

Stevens (1986:340) argues that there are 4 methods that can be used in deciding how many components to retain, namely:

- Probably the most widely used criterion is that of Kaiser (1960): "Retain only those components whose *eigenvalues* are greater than 1". Although generally using this rule will result in retention of only the most important factors, it could lead to retaining factors that may have no practical significance.

- A graphical method called the "scree test" as been proposed by Cattell (1966). In this method the magnitude of the *eigenvalues* (vertical axis) are plotted against their ordinal numbers (whether it was the first *eigenvalue*, the second, etc.). This method will generally retain components that account for large or fairly large and distinct amounts of variances.

- There is a statistical significance test for the number of factors to retain which was developed by Lawley (1940). However, as with all statistical tests, it is influenced by sample size, and large sample size may lead to the retention of too many factors.

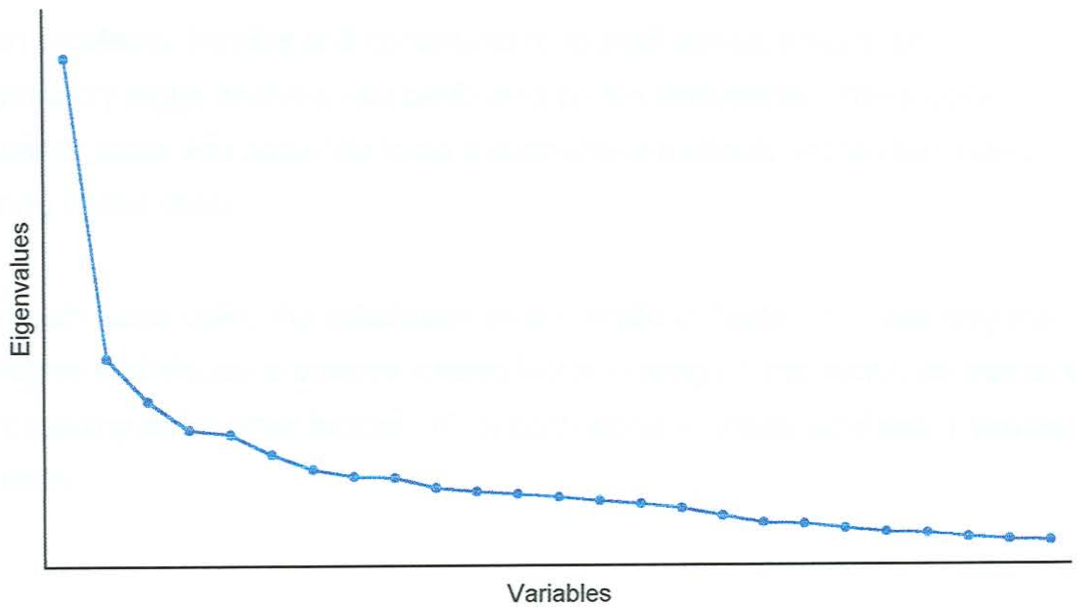
- Retain as many factors as will account for a specified amount of total variance. Generally one would want to account for at least 70 percent of the total variance, although in some cases the investigator may not be satisfied unless 80 percent to 85 percent of the variance is accounted for. This method could lead to the retention of factors that are essentially variable specific, i.e. load highly on only a single variable.

The BMDP programme was used to run the factor analysis on the statements. The programme was run for "2" and "3" factors respectively. The "3" factor analysis produced the most acceptable result and was run a second time after eliminating the variables.

However, the aim was to establish a factor structure which had a sufficient number of variables in each factor and which gave factors that were usable and definable. This resulted in 3 clearly definable factors.

From the various *eigenvalues* (in the "scree test") that are presented in Figure 7.1 (page 223), it supports clearly that "3 factors" could be used.

Figure 7.1: Scree plot of variables



The 11 factors that were eliminated from the 3-factor analysis are presented in Table 7.11.

Table 7.11: List of variables that were eliminated for three-factor analysis

NO	STATEMENT
6	The picture of tourism as created by the media in South Africa, is a true reflection of it
7	Developed countries generate tourism demand to South Africa
10	Tourism is negatively affected by urbanisation
13	The South African tourism industry provides jobs mainly for the less-skilled people
16	Local communities support new tourism development programmes
17	In South Africa, a tourist is perceived as someone who travels outside his/her own country
18	The South African public lacks environmental awareness
21	There are sufficient demand/supply for tourism products/services in South Africa
22	Seasonality affects tourism in South Africa negatively
26	Opportunities exist in South Africa to establish partnerships in tourism
33	The tourism industry in South Africa keeps abreast of tourism trends/growth

7.5.2 Factor analysis on problems, barriers and constraints to tourism entrepreneurs

Factor analysis was conducted on the 25 variables as shown in Table 7.12 (page 225) in order to group those variables that were highly correlated. In order to explore dependencies and/or structure in what was indicated to be the main problems, barriers and constraints to tourism entrepreneurs, an exploratory factor analysis was performed on the statements. The 5-point semantic scale was assumed to be a quantitative measure of the respondent's feeling on the items.

For each factor used, the calculation as presented in Table 7.12 uses only the variables that display a positive rotated factor loading on that factor, as well as a zero loading on all other factors. (Cronbach alpha is undefined if only 1 variable is used).

Table 7.12 is presented on page 225.

Table 7.12: Rotated factor analysis on problems, barriers and constraints to tourism entrepreneurs

NO	STATEMENT	FACTOR 1	FACTOR 2	FACTOR 3
1	The South African economy is favourable for tourism	0,181	0,267	0,064
2	The Government supports tourism enterprises	0,570	0,202	0,032
3	Tourism development in planned in South Africa	0,544	0,240	0,107
4	The Government regulates tourism in South Africa	0,523	-0,199	0,048
5	Natural resources are protected in tourism development	0,358	0,208	0,036
8	Customer service in the South African tourism industry is of a high standard	0,176	0,549	0,139
9	Local communities benefit from tourism in South Africa	0,033	0,376	0,032
11	Safety and security hamper tourism in South Africa	-0,061	-0,105	0,763
12	Perceptions about Southern Africa affect tourism in South Africa negatively	0,086	-0,091	0,868
14	Quality standards exist for tourism products and services	0,218	0,385	0,087
15	The Government develops infrastructure for tourism in South Africa	0,740	-0,036	-0,049
19	HIV/Aids affect the tourism industry's labour force negatively	0,065	0,158	0,251
20	Tourism entrepreneurs lack marketing funds	0,019	0,211	-0,045
23	South African tourism products/services are of a high standard	0,167	0,536	0,008
24	The South African tourism industry creates jobs	0,141	0,431	-0,091
25	Government structures exist for tourism in South Africa	0,640	0,087	-0,033
27	Government policies for tourism in South Africa are coherent	0,616	0,128	0,071
28	Too high prices are charged for tourism products/services in South Africa	-0,143	0,430	0,093
29	Large tourism enterprises dominate tourism in South Africa	-0,109	0,259	0,020
30	Government tourism structures are effective in South Africa	0,658	-0,031	0,009
31	South African tourism products/services cater for a wide variety	0,079	0,420	-0,114
32	Tourism is monitored by the South African Government	0,656	-0,037	-0,005
34	South Africans lack the expertise to develop tourism in South Africa	0,005	0,380	-0,041
35	Government policies exist for tourism in South Africa	0,544	-0,032	-0,004
36	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	-0,050	0,322	0,014

Table 7.13 presents the eigenvalues, while Table 7.14 to Table 7.16 presents the extraction of the principal components for each factor.

Table 7.13: Eigenvalues - explained variance in three-factor solution

FACTOR	EIGENVALUE	CUMULATIVE VARIANCE (%)	CRONBACH ALHHA
1	4,7499	19,00%	0,851
2	1,4809	24,92%	0,699
3	1,4925	30,89%	0,624

These three factors explained 30,89% of the variance within the variables. All three factors achieved reliability-test scores of above 0,6 on the Cronbach alpha.

Cooper, *et al* (2001:593) state that *eigenvalues* are the sum of the variances of the factor values. When divided by the number of variables, an *eigenvalue* yields an estimate of the amount of total variance explained by the factor.

From the factor analysis, the problems, barriers and constraints to tourism entrepreneurs can be categorised in the following three factors, namely:

- Factor 1: Government policies and support;
- Factor 2: Tourism industry products and services; and
- Factor 3: Perceptions about South Africa.

Factor 1 Government policies and support

Factor 1 (Table 7.14) has an eigenvalue of 4,7499 and explains 19% of the variance. Factor 1 consists of 10 variables which all describes *Government policies and support* for tourism entrepreneurs.

Table 7.14: Extraction of principal components - Factor 1

NO.	GOVERNMENT POLICIES AND SUPPORT	FACTOR LOADING
15	The Government develops infrastructure for tourism in South Africa	0,632
27	Government policies for tourism in South Africa are coherent	0,612
3	Tourism development is planned in South Africa	0,602
2	The Government supports tourism enterprises	0,595
25	Government structures exist for tourism in South Africa	0,590
30	Government tourism structures are effective in South Africa	0,570
32	Tourism is monitored by the South African Government	0,570
35	Government policies exist for tourism in South Africa	0,497
5	Natural resources are protected in tourism development	0,395
4	The Government regulates tourism in South Africa	0,382

Factor 2: Tourism industry products and services

Factor 2 (Table 7.15 - page 228) has an eigenvalue of 1,4809 and explains together with Factor 1 cumulatively 24,92% of the variance. It consists of 12 variables that are all concerned with the *tourism industry's products and services*.

Table 7.15 is presented on page 228.

Table 7.15: Extraction of principle components - Factor 2

NO.	TOURISM INDUSTRY PRODUCTS AND SERVICES	FACTOR LOADING
8	Customer service in the South African tourism industry is of a high standard	0,510
23	South African tourism products/services are of a high standard	0,461
14	Quality standards exist for tourism products and services	0,402
24	The South African tourism industry creates jobs	0,401
31	South African tourism products/services cater for a wide variety	0,348
9	Local communities benefit from tourism in South Africa	0,336
28	Too high prices are charged for tourism products/services in South Africa	0,336
34	South Africans lack the expertise to develop tourism in South Africa	0,295
36	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour	0,277
1	The South African economy is favourable for tourism	0,260
20	Tourism entrepreneurs lack marketing funds	0,165
29	Large tourism enterprises dominate tourism in South Africa	0,163

Factor 3: Perceptions about South Africa

Factor 3 (Table 7.16) has an eigenvalue of 1,4925 and 30,89% of the cumulative variance is explained by 3 factors.

Table 7.16: Extraction of principle components - Factor 3

NO.	PERCEPTIONS ABOUT SOUTH AFRICA	FACTOR LOADING
12	Perceptions about Southern Africa affect tourism in South Africa negatively	0,587
11	Safety and security hamper tourism in South Africa	0,505
19	HIV/Aids affect the tourism industry's labour force negatively	0,240

7.6 GENERAL COMMENTS OF ENTREPRENEURS

Dillon, *et al* (1993:310) argue that there are several drawbacks in using open-ended questions. *First*, they are not well suited for self-administered questionnaires, simply because most respondents will not write elaborate answers. *Second*, answers to open-ended questions may be more of an indication of the respondent's ability to articulate a response than a measure of the respondent's knowledge about or interest in the issue being investigated. *Third*, interviewer bias can be a serious problem with the use of open-ended questions. *Finally*, open-ended questions must be coded or categorised for analysis, which can be a tedious task laden with ambiguities.

The last question of the research questionnaire (question 16 - Section C) was open-ended, asking respondents to indicate their general comments as to what hamper them as tourism entrepreneurs. The aim of this question was to gather as much information as possible and to give respondents no limits to their views.

Not all respondents indicated responses to question 16. However, some respondents gave multiple responses. Therefore, the frequencies in Table 7.17 (page 230) exceed 184 (the number of respondents in this study).

All the answers were evaluated and grouped into categories that had some correlation or common characteristics. Each category was labelled and a total of 15 different categories (problems, barriers and constraints) were derived from the open-ended question. Table 7.17 presents the grouped categories of the problems, barriers and constraints that they face.

Table 7.17: Problems, barriers and constraints that hamper tourism entrepreneurs

PROBLEMS, BARRIERS AND CONSTRAINTS	FREQUENCY (*n*)	PERCENTAGE (%)
Economy	15	4,69
Political	7	2,18
Government	65	20,31
Marketing (and media)	55	17,19
Tourism development	24	7,50
Airlines (and Airways)	15	4,69
Safety and security	46	14,38
Finance	32	10,00
Human resources	19	5,94
Education and training	11	3,44
Tour operators / Professional bodies / Associations	11	3,44
Business skills	2	0,62
HIV/Aids	3	0,94
Prices	13	4,06
Customer service	2	0,62
Total	**320**	**100,00**

According to Table 7.17 a total of 320 comments were raised from respondents. The comment with the highest response rate was Government-related with 20,31% and marketing (and media) in the second place with 17,19%. The comments with the lowest response rate were related to business skills and customer service. Both these comments accounted for 0,62%.

Responses received to this question are summarised in Appendix B.

7.7 CONCLUSION

During the course of this chapter relevant information was obtained and explained by means of descriptive statistics. Relevant data that were captured were provided in tabular format. The various research techniques and methods as discussed within the scope of Chapter 6 (Research Design and Methodology), were practically applied within Chapter 7.

The demographic information of respondents was presented as well as their business information.

An item analysis was conducted to evaluate the problems, barriers and constraints to tourism entrepreneurs. The item mean, variance, standard deviations and item scale correlation were indicated. The various responses to each statement were also presented.

The statements on the problems, barriers and constraints to tourism entrepreneurs were grouped into 9 critical constructs. The constructs were also presented by applying the Pearson correlation coefficient.

Reliability testing was done on the problems, barriers and constraints to tourism entrepreneurs. Through factor analysis, 3 major factors were identified. The "scree-test" which was conducted, clearly supported a 3-factor analysis for this particular study.

The general comments of tourism entrepreneurs were summarised and their major constraints were highlighted.

Attention will be paid in the next chapter to the conclusions and most important recommendations. The objectives and hypothesis of the study will be revisited. The information obtained will be applied within the boundaries and limitations of this particular study.

CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

In the previous chapter the research findings of the study were discussed. This chapter focuses on the conclusions and recommendations. The research objectives of the study are revisited. The limitations and further areas for research are also identified.

The induction and deduction processes are used in research for reasoning in sequential manner. *Induction* occurs when facts are observed and the question is asked, "*Why is this*?" A tentative explanation is then derived. *Deduction* is the process by which we test whether the tentative explanation is capable of explaining the fact and it is also the final step in the research process (Cooper, *et al* 2001:35).

During the *induction* process the literature was being explored to find out more about the barriers and constraints that exist and the extent of these barriers and constraints to tourism entrepreneurs. The conclusions derived from the literature and empirical study are as follows:

8.2 LITERATURE REVIEW

The literature review was covered from chapter 1 to chapter 5. The following is a short overview of the literature:

Governments are involved in tourism mainly for economic reasons. Tourism is seen as a major industry and a boost to the economy. In the economic developing world, tourism is especially attractive to Governments because of the opportunities in tourism. Governments are responsible for policy regarding tourism planning, development and growth. Clear structures should therefore be in place for tourism as various role players are involved in a complex tourism domain. The Government is ultimately responsible to ensure regulation and co-ordination of the tourism industry.

The economy has a direct influence on tourists as they are affected by the price of foreign currency. High interest and inflation rates squeeze the discretionary spending of tourists.

Entrepreneurship is important in the linkages that tourism forms as it create income and employment, while creating social mobility. Income and employment generation result from expenditure by foreign tourists along with increases in investment. However, the expenditure of domestic tourists should not be under-estimated.

It is important to determine travel patterns and opinions of international tourists towards South Africa as a tourist destination. In this way, marketing strategies are facilitated, while enabling the various (9) provinces to obtain information regarding their respective markets.

Tourism and its markets should be seen in a global context as international problems have an affect on tourism. Compared with global estimates and forecasts, South Africa is lagging behind, as there have not been great leaps in tourism growth. South Africa, like the rest of Africa, has various obstacles to overcome in order to develop a viable tourism industry.

Data deficiency in tourism leads to uncertainty regarding the job creation strength of the tourism industry in South Africa. The tourism industry is also defined in various ways and contributes to the complexity to establish the number of people employed in the South African tourism industry.

South Africa is associated with problems that occur on the African continent. Therefore, the Government is responsible to ensure a safe and stable tourism environment.

Many South Africans still lack a tourism culture. This could only be rectified if local communities experience some of the benefits that are generated from tourism. Social and environmental matters also impact heavily on tourism. These impacts could only be reduced and rectified by proper action, planning and development.

Many people in South Africa have no access to finance or find it difficult to obtain finance. Without finance, no tourism enterprise can grow, expand or prosper.

In a rapidly changing world, education and training are essential for tourism entrepreneurs. The overlapping of various sectors that exist in the tourism industry require it more than ever for entrepreneurs to function in multi-skilled ways.

The literature review assisted the researcher in particular to structure the survey instrument (questionnaire) and the questions and statements in respect of tourism entrepreneurs.

8.3 RESEARCH OBJECTIVES REVISITED

8.3.1 Primary objective revisited

The primary objective of the research was to determine the barriers and constraints that entrepreneurs are facing in the tourism industry in South Africa.

The primary objective of the research was achieved as barriers and constraints to tourism entrepreneurs were clearly identified in the literature study. Through factor analysis, the following 3 factors were identified as the 3 main factors regarding the barriers and constraints that tourism entrepreneurs face, namely:

Factor 1: Government *policies and support*;
Factor 2: Tourism *industry products and services*; and
Factor 3: Perceptions *about South Africa*.

For the purpose of reliability, a "scree test" was conducted to support the number of factors used in this study. The "scree test" clearly supported a "3-factor" analysis.

8.3.2 Secondary objectives revisited

The secondary objectives of the study were:

- To analyse the tourism industry in providing a better understanding of how it is functioning in the South African context.
- To analyse the role and structure of the Government in tourism.
- To analyse the role of other stakeholders in the tourism industry.
- To investigate the size of the tourism industry in South Africa.
- To investigate the employment opportunities that exist in the tourism industry.
- To analyse how the tourism sector links and is conducive to SMME development.

The secondary objectives of the study were met as follows:

The tourism industry was analysed by investigating the history of tourism and the involvement of Governments in tourism. The importance of tourism to Governments were also presented. Government policy was described and special initiatives by nations were referred to.

The structure of the tourism industry in South Africa was presented. The role of the Government in tourism was investigated and involved various Government departments, National and Provincial Tourism Organisations, Non-governmental Organisations, Statutory bodies, South African Tourism and tourism Authorities.

The role of other stakeholders in the tourism industry were discussed such as the public and the private sector, tourism producers, tourism intermediaries and associations for tourism. Role players that are involved in the quality and standards of tourism in South Africa were also presented.

The size of the South African tourism industry was investigated and tourism markets and forecasts were presented.

Employment opportunities in the tourism industry were investigated. The various definitions of tourism, and travel and tourism statistics were analysed as it impact on the employment opportunities that exist in the tourism industry.

The link that exists between entrepreneurship and tourism were discussed from an international and national perspective. An overview was also given on entrepreneurial activity in South Africa. Small, medium and micro enterprises were discussed while opportunity driven entrepreneurship was investigated.

From the above it is clear that the primary and secondary objectives of the study as outlined within the scope of Chapter 1 were met, where possible.

8.3.3 Hypothesis revisited

- The null hypothesis (H_o) was: Tourism entrepreneurs in South Africa are faced with certain constraints.

- The alternative hypothesis (H_a) was: Tourism entrepreneurs in South Africa do not have any constraints.

The alternative hypothesis (H_a) was rejected in this particular study. The null hypothesis (H_o) was accepted as it became clear that tourism entrepreneurs in South Africa are faced with certain constraints.

From the literature study, 36 problems, barriers and constraints to tourism entrepreneurs were identified. The problems, barriers and constraints were classified into 9 critical constructs. This enabled the researcher to develop the hypothesis as it searched for the problem being addressed. The hypothesis guided the construction of the questionnaire. It determined the information needed and specified the relationships that were investigated.

The null hypothesis (H_o) was tested by a random sample from the population. The sampling distribution supported the probability that such a sample could be drawn. The null hypothesis (H_o) could not be rejected as a high reliability was obtained.

The null hypothesis (H_o) was tested through various statistics. Some of the questions (statements in Section B of the questionnaire) were also changed to reflect in a positive form. The mean in the item analysis represented the sample data and there were clear interval levels of measurement. The deviation between the obtained values of the sample mean and its expected values were determined. The relationship between variables was described and reliability occurred. It implicated a means by which the null hypothesis (H_o) could be evaluated.

It can be assumed that the null hypothesis (H_o) used for this particular study was adequate for its purpose because it was properly testable.

8.4 CONCLUSIONS

The following conclusions relating to the overall objectives of the study are derived from the empirical research conducted in Chapters 6 and 7.

8.4.1 Demographic information

Although this information does not directly contribute to any of the objectives of the study, it is interesting to note that the entrepreneurs were equally representing male and female, mainly white and mainly between the age 40 to 49.

Respondents were required to be the owner of the business. It gave the researcher an advantage above the average business response rate in the sense that the majority of owners are usually present at their business locations while the opposite happens at larger firms.

8.4.2 Business information

The majority of SMME's researched are between 2 and 5 years in operation. The most popular form of business is close corporations. Entrepreneurs operate mainly in urban areas, while private homes are the most popular business location. Accommodation accounted for the highest percentage product or service offered.

The majority of firms have an annual turnover of between R150 000 and R1,0 million per annum. Most firms have less than 5 full-time employees and less than 5 part-time employees.

The most important factor for their business success is "care for customers" with the least important factor "public and private transport". One would assume that "care for customers" is important as the tourism industry is perceived to be a "service" industry.

Entrepreneurs rated themselves the highest with "commitment" as a business skill, while the lowest business skill was "marketing skills". If one would consider the marketing related comments from entrepreneurs (Appendix B), it is no surprise that tourism entrepreneurs feel they lack "marketing skills".

The following section presents a framework for future tourism entrepreneurs, namely suggested recommendations.

8.5 RECOMMENDATIONS

The purpose of this section is to make a contribution to the literature by referring to specific actions and recommendations to successfully exploit the problems, barriers and constraints faced by tourism entrepreneurs.

8.5.1 Recommendations regarding the Government

The Government acknowledges the importance of tourism entrepreneurs to the South African economy. However, the Government needs to raise public awareness of entrepreneur's economic role through information dissemination, awareness campaigns and education. The Government cannot by itself make firms grow and employ staff, but it can work towards making the environment more conducive for entrepreneurship by implementing a favourable institutional and regulatory environment.

Investment in tourism speeds up development, raise standards in the industry and bring in new ideas, contacts and markets. Therefore, the Government should attract investment, both domestic and foreign that will stimulate the economy.

The Government could consider tax policies that have a minimal effect on travel and tourism. Taxes should be simple to pay and to administer. The Government should also encourage funding to support travel and tourism development projects.

Some entrepreneurs felt that Government bureaucracy exists. Bureaucracy impacts negatively on tourism and should be avoided. Border formalities and visa requirements should be revised and too much "red tape" needs to be cut to a minimum.

Policy:

The setting of rules by which tourism policy is carried out, is a major function of the Government. However, some policies might constrain certain groups of the population (e.g. entrepreneurs who feel that they are discriminated against). The Government should therefore act consistent, coherent, cohesive and decide what is best in the nation's national interest.

Infrastructure:

The Government should focus on infrastructure priorities to be tourism related, such as public transportation, road infrastructure and liberalisation of airspace. Poor international flight frequency and cross-border access difficulties should also be looked at.

The Government should create the legal frameworks within which the transport industry operates. Infrastructure should be concentrated infrastructure where its impact could be managed.

Transport operators (providers) need to play a more sustainable role to reduce and control their contribution to international pollution and waste.

8.5.2 Recommendations on standards, co-ordination and regulation

Standards:

The evaluation of standards could innate special qualities of an enterprise. An example is that environmental practices could be built in as part of the criteria for the classification and grading. Standards also need to be continuously monitored.

Owners of establishments should be better informed about the standards and requirements that are used as criteria. Feedback will have to be given to owners soon after evaluation. It could be investigated to offer special certificates, awards or incentives for superior compliance.

Regulation and co-ordination:

Registration procedures and requirements that apply to tourism entrepreneurs should be revised to be more effective. For example, some tour guides complained that they had to register every now and then to operate as a guide. Clear structures should be provided in this regard as tour guides were requested in the past to register with the DEAT. This function was then moved to the provincial tourism Authorities. There is a need for improved co-ordination and regulation as the DEAT seems to be responsible for the registration (and record-keeping) of travel agents, while provincial tourism Authorities handle tour guides, tour operators, accommodation providers, etc.

A common complaint of tourism entrepreneurs is that there are too many "fly-by-night" tourism providers who damage the industry in South Africa. For this reason, accreditation of all travel and tourism providers could be an option.

Proper databases should be kept for all tourism enterprises as the researcher experienced that no proper (or complete) databases exist for tourism entrepreneurs by either the DEAT, provincial tourism Authorities or SAT. It seems if the DEAT keeps record only of black tourism entrepreneurs. On the other hand, some professional bodies and associations keep record, but only of affiliated members.

Tourism data and statistics:

Better co-ordination is needed regarding tourism statistics such as between Statistics South Africa, the DEAT, SAT, professional bodies, associations and tourism industry specialists. Local and cross-border African tourism statistics are neglected, as little information is available for these groups. Incorrect and outdated tourism statistics tend to mislead the general public and therefore lead to arguments that the press exaggerates the possibilities and opportunities that exist in tourism.

One set of standards on tourism statistics could be agreed upon for use by the media. It should also be clearly stated which measurement is used such as according to travel and tourism consumption, travel and tourism demand, travel and tourism industry or travel and tourism economy. Alternatively, guidelines should be provided when to use which set of results or estimates.

Definition of the tourism industry:

As some entrepreneurs felt that they are not part of the tourism industry, the need exists to define exactly what products and services fall in the definition of "the tourism industry". For example, some accommodation providers argued that they cater only for business travellers.

Close to the definition of the tourism industry is the perception amongst locals of when is someone perceived to be a tourist. Guidance should be provided in this regard as some local people (and entrepreneurs) feel that they are only a tourist if they travel overseas. Therefore, it implicates that some South Africans don't perceive themselves as tourists when they travel and tour their own country!

As the complex tourism industry presents conceptual difficulties, newcomers to the field need to be aware of these problems.

8.5.3 Recommendations on tourism development

Tourism planning:

The tourism industry is very competitive and changes all the time. The Government (and entrepreneurs) needs to be aware of this. The Government should be flexible and responsive when planning for tourism, while sub-national tourism plans should complement the national tourism plans.

Tourism should be organised and developed according to a strategy constructed on sound foundations. Domestic tourism development could be an effective means to redistribute income between different areas and populations.

Tourism development should be continuously monitored in order to detect deviations that may occur. Deviations should be analysed in order to assess how it will affect development plans and its objectives. Report-back and recommendations should also be given on how the development could be modified.

The environment:

Natural resources need to be protected and include inter alia areas of beauty, historic sites and buildings. Practical measures could be introduced to demonstrate the negative impact of issues on tourism such as littering and pollution. Awareness should be created of the socio-cultural and environmental impacts of uncontrolled tourism.

Large tourism enterprises:

Some entrepreneurs felt that large enterprises dominate tourism in South Africa. It should be investigated if their dominance could be reduced. Policies could be introduced to require or force large operators to adopt practices such as operator accreditation systems. Tourism Authorities could provide a context in which tour operators' operations can be viable such as to have exclusive access to suitable sites and attractions. Non-competition agreements could be implemented where operators are guaranteed exclusive use of a site/attraction for a specific number of years only.

Concessions and competitive tendering for tourism attractions and sites could be considered. One of the criteria for assessment of tenders could be the extent to which the business voluntarily meets the criteria for sustainable tourism and the extent of its sustainable practices. It would give smaller businesses that are more likely to be genuine sustainable tourism businesses, a better opportunity to win the tender. (However, the researcher is unsure if this might be "politically" correct).

Local communities:

Some entrepreneurs felt that local people don't realise the benefits and opportunities that tourism bring to an area or development. Therefore, South Africa still needs to develop a "tourism culture". The fullest possible participation of local communities should be obtained in tourism planning and development. Regular dialogue with local communities needs to take place to ensure that their aspirations and ideas are taken into consideration.

Networks and partnerships:

Networking and partnerships are important for tourism entrepreneurs as it allow the sharing of positive and negative experiences. The exchange of information allows entrepreneurs to educate and support each other. It helps to develop confidence and provide encouragement in tourism entrepreneurs themselves and allow entrepreneurs to get advise, moral support and contacts for information. It also provides constructive ways of dealing with barriers and constraints and ensure more access to "role models", while creating business opportunities.

8.5.4 Recommendations on tourism demand

A variety of tailor-made tourism products and services need to be on offer and new niche areas could be identified. Tourists might have the desire for new experiences and a growing concern for things like health, fitness and environmental issues. There is also a growing trend for tourists to visit places associated with aspects of popular culture. Tourism entrepreneurs could consider national and cultural differences in relation to their products and services.

Time pressure is crucial, particularly to business travellers and working women. It will lead to more often, short-break holidays. Travel and tourism product/ service providers will have to offer a "stress-free", "no hassle" service.

Seasonality:

Seasonal and part-time jobs in the tourism industry lend itself to a lack of career development and a lack of staff motivation. The benefits of a cheap and plentiful labour market in the tourism industry can no longer be accepted. It could lead that a destination like South Africa fails to compete with high-quality tourism destinations.

Prices could be lowered during off-seasons with the aim to maintain staff. Strategies could be extended during these times to attract interest by means of special activities or events.

Seasonality affect airline capacity, especially with regard to Europe with its difference between low and high seasons. It could be aimed to increase the volume of airlines (and seats) during off-peak periods to manage seasonal fluctuations.

8.5.5 Recommendations on product/service quality and price

The products and services that tourism entrepreneurs offer need to be unique and distinct. Therefore, it is necessary to study the tourism market and its competition. Products and services should be seen especially from an international perspective while striving to improve it all the time.

Prices in the tourism industry are extremely price sensitive and internationally competitive. Tourism products and services should be priced competitively. However, differences in currency should never be allowed to be over-exploited.

Currently, local tourists might be more budget-conscious because of increased interest and inflation rates. An important factor to consider is the general perception of price in relation to quality and value for money.

8.5.6 Recommendations regarding marketing

National:

Inter-provincial joint venture marketing initiatives need to be promoted. Joint marketing efforts could be established between various Government departments such as the DEAT, DTI, Arts and Culture and Foreign Affairs.

A general perception of the tourism industry is that "Tourism Month" (September) is not getting enough exposure. National marketing strategies need to be revised. The travel and tourism industry should also be more involved in marketing activities such as during "Tourism Month".

Personal marketing is very important for tourism entrepreneurs because tourism products and services involve a high degree of face-to-face selling. Tourism entrepreneurs need to add "tangible" benefits to their products and services. It could be achieved through the use of promotional activities such as videos or CD-ROMS that produce an image of the product/service. The possibilities of multimedia promotion and advertising could be investigated. Alternatively, marketing and promotion could be done through membership of a collective organisation (body), or through joint marketing efforts.

Word-of-mouth influence should never be under-estimated, as this is a common means through which customers hear of the tourism industry.

International:

South Africa has to distinct itself from the rest of Africa. Ex-patriot South Africans who live abroad needs to be targeted to influence and promote tourism to the country.

International exposure to successful tourism entrepreneurs serves as a positive motivator. However, clear guidelines should exist on the criteria which is used as some entrepreneurs felt that they are discriminated against.

Niche markets that could be investigated to increase tourist numbers to South Africa include opportunities such as beach tourism, medical tourism (surgery), leisure activities, gambling and shopping.

South African Tourism:

SAT should aim to act as a "shop window" where potential visitors (local and international) obtain information and brochures about the country. Some entrepreneurs felt that they don't get any support from SAT as SAT places too much emphasis on international tourism. Entrepreneurs don't get promotional material from SAT, while many local people don't even know the attractions in their own towns or cities. Therefore, the role and functions of SAT should be clearly defined.

SAT also needs to revise their national and international marketing strategies and target groups.

Image and perceptions:

Unfortunately, perception is reality. Political instability of a region affects tourism flow and patterns. Events that are associated with political instability reinforce negative images. Therefore the perception about Africa (and South Africa) to be "dangerous and to be avoided" must be rectified.

The image that locals present about the country is important especially with regard to the international market. Therefore, an assessment of image should be key to design an effective marketing strategy.

Perceptions need to be changed especially with regard to certain provinces such as Gauteng that is believed to be a "crime jungle".

A proper and efficient media communication strategy is also essential to ensure that misleading and contradictory information is not disseminated.

8.5.7 Recommendations regarding finance

The current situation indicates that entrepreneurs may not be able to develop, expand or survive due to a lack of financial resources available to them. A large number of respondents experienced financial constraints. This impression may impact negatively on aspiring and emerging entrepreneurs in the future and potentially viable businesses may not be created because of this. The Government needs to encourage financial institutions, credit facilitators and lending institutions to make capital available to entrepreneurs.

In situations where entrepreneurs cannot fund the operation from their own resources or obtain bank finances, it could be necessary to invite other shareholders to participate in the business. It could be individuals with experience in the industry or which operate already in the industry. However, it might not be easy to locate them or to convince them of the merits of an investment.

The use of home-stays could be a method of accommodating tourists as it does not need additional capital. An alternative could be to purchase assets that tend to be ones and that can be readily sold or moved to another area if the venture is unsuccessful, i.e. vehicles or equipment.

8.5.8 Recommendations regarding social impacts

Safety and security:

The Government needs to provide the basic law and order which is required, for without stability there cannot be a viable tourism industry. Safety and security provision must be build into national, provincial and local tourism strategies and practices. Special emphasis needs to be placed on travel and tourism in the overall policing strategies.

Like in any location in South Africa safety and security can be a problem for SMME's. Even though the results of the study did not show exactly how crime or violence affected tourism entrepreneurs directly, tourism entrepreneurs and/or their clients could be a target. It is therefore essential for SMME's to safeguard themselves, their property and their clients with the necessary security measures.

HIV/Aids:

HIV/Aids is a major concern of travellers when they plan their itineraries. As travellers are increasingly confronted with potential risk of HIV/Aids, the tourism industry needs to assess its impact. The Government needs to obtain sufficient funds to protect their own citizens as well as foreign travellers.

It is important to promote a healthy tourism industry. The tourism industry needs to provide clear guidelines, policies and strategies how to manage HIV/Aids in the workplace. Employees must be educated about HIV/Aids. Workplace prevention programmes could be developed and employees should be encouraged to participate in HIV/Aids prevention and care activities.

8.5.9 Recommendations on education and training

It is important for tourism entrepreneurs to have an understanding of how the natural and human environment works in tourism. Tourism managers are expected to be masters of the business world more so than ever. Tourism entrepreneurs need to know how to use technology as tourists already venture onto the Internet to purchase products such as airline tickets. Technological skills are becoming quickly obsolete, and tourism entrepreneurs will be forced to learn new skills constantly.

Tourism entrepreneurs need to think in an inter-disciplinary manner. They should realise that the tourism industry is getting more competitive, dynamic and complex and is subject to global forces. Therefore, they need to know and understand how to add value in a complex, dynamic business environment.

An entrepreneurial culture needs to be fostered through relevant education and management training. Tourism entrepreneurs should understand inter alia tourism operations, finance, marketing and leadership. Constant information should be accessible to entrepreneurs if the need arises to upgrade their skills.

The quality of skilled manpower in the tourism industry needs to be improved. Therefore, education and learning associated with careers in tourism will have to change. Student's knowledge is not always transferred and/or combined with other parts (units) of knowledge when it comes to putting it to work in a real-world setting. Training programmes could be introduced to travel and tourism educators. It is essential for tourism education and training providers to be multifunctional managers themselves.

8.5.10 Recommendations on customer service

A major challenge in tourism evolves from the diverse nature of customers. Customer care programmes should be designed to improve the quality of service to tourists and it should be continuously monitored. Staff needs to communicate well, feel confident and should act professional when handling tourists in different situations. "Customer-contact" employees are required to know and recognise an increasingly diverse range of languages, customs, symbols, non-verbal messages, etc. in order to provide higher levels of service.

The value systems of various cultures differ. Differences exist in tourist expectations in relation to quality standards such as food hygiene, safety, public transport, etc. This is especially important when dealing with international tourists.

Some entrepreneurs experienced customer service related barriers in their dealing with tourism departments, tourism Authorities and airlines. It is therefore essential that the skills of front-desk staff should be on international standard as it is assumed that these people might also deal with international tourists. The "empowerment" of employees could be implemented to encourage staff to take more responsibility for satisfying tourists' needs.

8.6 FINAL COMMENTS

The research objective was to determine whether there were specific constraints that tourism entrepreneurs face. Although there were a multitude of barriers and constraints faced by them, through factor analysis in this study it became apparent that these constraints could in essence be grouped into 3 major categories as indicated in 8.3.1 (Chapter 8).

The researcher attempts to contribute to the science of business management by giving the above framework and recommendations as guidelines to current as well as prospective entrepreneurs.

8.7 LIMITATIONS OF THE STUDY

This study is only a starting point for investigating constraints that tourism entrepreneurs face. It is thus not suggested that the concepts, findings, conclusions and recommendations as discussed in the study are definitive. It is therefore acknowledged that further research is required to address this subject sufficiently. Given the exploratory nature of the research, the reader should be aware of the following limitations of the study, namely:

- The sample frame that was used in the study was concentrating on the Gauteng and Mpumalanga provinces. It is thus important to be aware that any references made in this study regarding any part of the universe should not be read to be representing the population, but rather seen in context of the sample frame that was used.

- Nearly 93 percent of the respondents in the study where white entrepreneurs. It was therefore difficult to make a proper comparison and generalisations between the various ethnic groups.

- The sample consisted of 184 respondents, which was relatively low if one considers the numbers of questionnaires that were sent out. This could be to specific reasons relating to the study. Reasons could be inter alia that some entrepreneurs work under tremendous pressure, don't find the time to complete questionnaires or dislike some of the questions.

- As the study was conducted amongst local SMME's operating under South African local authorities' rules and regulations, the results pertain to the South African situation and should be interpreted as such.

8.8 FURTHER RESEARCH

Collecting data on tourism entrepreneurs has a very clear importance and further research in respect of tourism entrepreneurs is still required. Hopefully, the study has contributed results and research approaches that could stimulate further research on this important issue. It should be kept in mind that this research study could be incomplete and may have deficiencies.

The following opportunities for further research were identified during the course of this research, namely:

- A comparative study between male and female tourism entrepreneurs and the constraints that they face.

- A thorough study of tourism entrepreneurs concentrating more on other ethnic groups (excluding whites).

- A comparative study with regard to the age of tourism entrepreneurs, the age of the business, the form of the business (e.g. sole proprietorship, partnership, etc.) and its annual turnover (sales).

- The majority (28,26%) of the respondents in this study had been in business between 2 and 5 years. If "successful" tourism entrepreneurs experienced barriers in some way, the barriers or constraints experienced by those no longer in business or just starting the business could reveal some invaluable information. Perhaps this could also be an area of research, although finding the necessary sample might be difficult.

- A comparative study including other provinces of South Africa or between provinces. One could also investigate any similarities and/or differences between the South African market and an international market(s).

- A comparative study between urban and rural tourism enterprises and the problems, barriers and constraints that they face.

- A comparative study between the choice of a specific location, such as to operate the tourism business in a shopping centre, a formal shop or from a private home.

- A comparative study between the main products and services that are rendered by tourism entrepreneurs. An example could be to compare the constraints that the accommodation provider experiences with those of a tour operator.

- A thorough study on the combination of tourism products and/or services that are offered by the same entrepreneur. For example an entrepreneur who is a tour guide and also an accommodation provider.

- It seems there is no clear definition in South Africa of what "the tourism industry" exactly entails. A study could be undertaken to establish how entrepreneurs interpret the definition of "the tourism industry". As explained, some tourism providers feel that they are not part of "the tourism industry". The researcher experienced this problem especially with regard to conference providers, accommodation providers as well as providers of adventure and recreational facilities (e.g. scuba diving, bungi jumping, white-water rafting).

Related to this is the perception regarding when is one perceived to be a tourist. A perception that exists is that someone is classified as a tourist only when the person travels overseas. Therefore, a large majority of locals don't recognise and/or perceive a vacation in their own country as a holiday - and therefore not being a tourist.

- Research could also be undertaken on factors that determine the success of a tourism enterprise, such as managerial and/or marketing skills.

- The effect and implication(s) of some of the major problems, barriers and constraints on tourism entrepreneurs, such as safety and security.

- Research could also be undertaken on behalf of the Government as a large number of barriers and constraints to tourism entrepreneurs seemed to be Government-related. The existence, effectiveness and coherence of tourism policies, control, support and regulations could be investigated.

- A study on formal and informal networks and partnerships with a special focus on the support they provide to the tourism entrepreneur is another area for further research.

- In fact, a large number of the statements in section B of the questionnaire lend itself to valuable further research opportunities in the South African tourism industry.

8.9 CONCLUSION

The results of this study have both positive and negative elements. The tenacity and drive of tourism entrepreneurs in Gauteng and Mpumalanga display a group of people who are willing to confront the barriers and constraints head-on and succeed as entrepreneurs. Furthermore, the potential of tourism entrepreneurs to contribute to the process of economic growth has largely been accepted by the South African Government. This is evident from the changes in current legislation in support of entrepreneurs.

However, the experiences and perceptions of the majority of the respondents in this study indicate that while certain legislation guarantees equality towards entrepreneurs in tourism in principle, it does not ensure effective mechanisms for its implementation or for achieving it.

A paradigm shift and a combined effort by all those involved in the tourism industry in South Africa are required to eradicate the existing barriers and constraints that entrepreneurs face. Hopefully the identification of some of the constraints in this study and the recommendations suggested will go some way towards alleviating the plight of tourism entrepreneurs.

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APPENDIX A

UNIVERSITY OF PRETORIA

DEPARTMENT OF BUSINESS MANAGEMENT

TOURISM ENTREPRENEURS

Dear Respondent

The following questionnaire is part of an extensive doctorate research study on tourism entrepreneurs in the Gauteng Province. It will be highly appreciated if you, **the owner of the business** would complete and answer the questions as thoroughly as possible.

All information will be treated as **STRICTLY CONFIDENTIAL** and will only be used for academic purposes. Please feel free to contact the researcher if you need any information concerning the questionnaire.

Researcher: Thea Visser
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Inquiries: Prof. G.H. Nieman
Department of Business Management
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Tel. (012) 420 3400

Instructions for completion:

1. Please answer the questions as objectively and honestly as possible.
2. Place a tick (X) in the spaces provided which reflects your answer the most accurately after each question.
3. Where asked for comments or to express own opinion, keep answers short and to the point.
4. Please answer all questions as this will provide more information to the researcher so that an accurate analysis and interpretation of data can be made.
5. You are kindly requested to complete the questionnaire and return it by **fax or e-mail** not later than Thursday, 25 July 2002.

SECTION A

GENERAL INFORMATION

For office use only

v1 | | | | 1-3

Please tick (X) the one best answer.

DEMOGRAPHIC INFORMATION

1. Your gender

01	Male	
02	Female	

v2 | | 4

2. Your ethnic group

01	Black	
02	White	
03	Indian	
04	Coloured	
05	Other (please specify) ……………………………………	

v3 | | 5

3. What is your age? ……………………………………………

v4 | | | 6-7

BUSINESS INFORMATION

4. When did you start the business?

Month	Year

v5 | | | 8-9

v6 | | | | | 10-13

5. What form of business do you have?

01	Sole proprietorship	
02	Partnership	
03	Close Corporation	
04	Company	
05	Business Trust	
06	Other (please specify) ……………………………………	

v7 | | 14

6. Where do you operate your business?

01	Urban area	
02	Rural area	

v8 | | 15

7. Where is your business located?

For office use

01	Shopping centre		v9	16
02	Formal shop			
03	Private home			
04	Pavement stand			
05	Other (please specify) ………………………………………			

8. Which of the following products/services does your firm render?

01	Accommodation		v10	17
02	Food and beverage		v11	18
03	Transport		v12	19
04	Tour operator		v13	20
05	Travel agent		v14	21
06	Tour guide		v15	22
07	Conservation/Wildlife		v16	23
08	Shops/Retail		v17	24
09	Conferences/Events/Meetings		v18	25
10	Art/Craft		v19	26-27
11	Adventure/Recreation/Entertainment		v20	28-29
12	Other (please specify) ………………………………………		v21	30-31

9. What is your main primary product/service? v22 32-33

………………………………………………………………………………

10. Please indicate your annual turnover (sales).

01	Not exceeding R150 000 per annum		v23	34
02	Between R150 000 and R1,0 million per annum			
03	Between R1,0 million and R5,0 million per annum			
04	More than R5,0 million per annum			

11. What is the number of full-time employees in your firm? (Give only the number of Gauteng-based employees, excluding yourself)

01	Less than <5		v24	35
02	Between 5 - 10			
03	Between 11 - 20			
04	Between 21 - 30			
05	Between 31 - 40			
06	Between 41 - 50			
07	More than >50			

12. What is the number of part-time employees in your firm?
(Give only the number of Gauteng-based employees)

For office use only
v25 [ ] 36

01	None	
02	Less than <5	
03	Between 5 - 10	
04	Between 11 - 20	
05	Between 21 - 30	
06	Between 31 - 40	
07	Between 41 - 50	

13. Indicate how important the following factors are for your business success.

	Item	1 Very unimportant	2 Fairly unimportant	3 Don't know	4 Fairly important	5 Very important	For office use only		
1.	Location						v26		37
2.	Product/ Service						v27		38
3.	Care for customers						v28		39
4.	Low prices						v29		40
5.	Public and private transport						v30		41
6.	Sufficient parking						v31		42
7.	Capital						v32		43
8.	Education and training						v33		44

14. How would you rate yourself on the following items?

	Item	1 Not very good	2 Average	3 Good	4 Very good	5 Excellent	For office use only		
1.	Take advantage of an opportunity						v34		45
2.	Product knowledge						v35		46
3.	Management skills						v36		47
4.	Commitment						v37		48
5.	Entrepreneurial skills						v38		49
6.	Enthusiasm						v39		50
7.	Marketing skills						v40		51
8.	Creativity and innovation						v41		52

SECTION B

15. Please evaluate each statement and mark with a tick (X).

	Statement	1 Disagree strongly	2 Disagree	3 Don't know	4 Agree	5 Agree strongly	For office use only		
1.	The South African economy is favourable for tourism						v42		53
2.	The Government supports tourism enterprises						v43		54
3.	Tourism development is planned in South Africa						v44		55
4.	The Government regulates tourism in South Africa						v45		56
5.	Natural resources are protected in tourism development						v46		57
6.	The picture of tourism as created by the media in South Africa, is a true reflection of it						v47		58
7.	Developed countries generate tourism demand to South Africa						v48		59
8.	Customer service in the South African tourism industry is of a high standard						v49		60
9.	Local communities benefit from tourism in South Africa						v50		61
10.	Tourism is negatively affected by urbanisation						v51		62
11.	Safety and security hamper tourism in South Africa						v52		63
12.	Perceptions about Southern Africa affect tourism in South Africa negatively						v53		64
13.	The South African tourism industry provides jobs mainly for the less-skilled people						v54		65
14.	Quality standards exist for tourism products and services						v55		66
15.	The Government develops infrastructure for tourism in South Africa						v56		67
16.	Local communities support new tourism development programmes						v57		68
17.	In South Africa, a tourist is perceived as someone who travels outside his/her own country						v58		69

	Statement	1 Disagree strongly	2 Disagree	3 Don't know	4 Agree	5 Agree strongly	For office use only		
18.	The South African public lacks environmental awareness						v59		70
19.	HIV/Aids affect the tourism industry's labour force negatively						v60		71
20.	Tourism entrepreneurs lack marketing funds						v61		72
21.	There are sufficient demand/supply for tourism products/ services in South Africa						v62		73
22.	Seasonality affects tourism in South Africa negatively						v63		74
23.	South African tourism products/services are of a high standard						v64		75
24.	The South African tourism industry creates jobs						v65		76
25.	Government structures exist for tourism in South Africa						v66		77
26.	Opportunities exist in South Africa to establish partnerships in tourism						v67		78
27.	Government policies for tourism in South Africa are coherent						v68		79
28.	Too high prices are charged for tourism products/services in South Africa						v69		80
29.	Large tourism enterprises dominate tourism in South Africa						v70		81
30.	Government tourism structures are effective in South Africa						v71		82
31.	South African tourism products/services cater for a wide variety						v72		83
32.	Tourism is monitored by the South African Government						v73		84
33.	The tourism industry in South Africa keeps abreast of tourism trends/growth						v74		85
34.	South Africans lack the expertise to develop tourism in South Africa						v75		86
35.	Government policies exist for tourism in South Africa						v76		87
36.	Skilled positions in the South African tourism industry are occupied by expatriate (foreign) labour						v77		88

SECTION C

For office use only				
v78				89-90
v79				91-92
v80				93-94
v81				95-96
v82				97-98

16. Please give your general comments on anything that hampers you as a tourism entrepreneur.

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Thank you very much for your co-operation and participation

APPENDIX B

PROBLEMS, BARRIERS AND CONSTRAINTS ENCOUNTERED BY TOURISM ENTREPRENEURS

ECONOMY

Unfavourable exchange rates.
High interest and inflation rates.
Fluctuation in petrol prices as it affects quotations for tours.
The low Rand keeps the rates low which is good for internal travel, but not good when it comes to catering for overseas tourists who have more money and think that we are dirt-cheap. We can have only one set of price for both local and international tourists.
The general South African cannot afford to take holidays in their own country.
Locals are taking fewer and shorter holidays as our cost of living has soured.

POLITICAL

Political problems in the region (Zimbabwe) and international problems such as on America, 11 September 2001.
A South African Government that supports (by doing nothing) a country like Zimbabwe.
Tourists see Africa not as separate countries. What our neighbours do, affect us.

GOVERNMENT

Industry transformation:
Government regulations tend to be restrictive and aimed at promoting disadvantaged groups.
Existing small, white operators are discriminated against. (We also have the potential to provide jobs).
The Government focuses too much on affirmative action instead of delivering a marketable product.
Skin colour counts in some parts of the country - especially in big tourism firms.
Government policy of support for black empowerment firms wherever possible has the effect of:
(a) Being more costly to all involved; and
(b) Lowered standards for tourist guests.

Structures:
A growing perception of corruption, mismanagement and apathy in our Government structures.
The lack of positive action and implementation by Government tourism structures.
There are no proper tourism structures in place. I had to register 4 times in the last 5 years as a Tour Guide.

Tourism Authorities:

There are too many Authorities involved in tourism. (Plethora of statements by various Authorities produces confusion bordering on despair).

Local Tourism Authorities are not open to allow controlled signage.

The Government's controlling bodies inability to even return a phone call. Let alone to deal with an enquiry or to carry out their responsibilities. This is pathetic! An example is the Gauteng Tourism Authority Tourist Guide Registration Department.

Tourism Authorities are uncooperative to advise new tour operators about new developments and training possibilities in their regions.

Regulation:

Government lacks the ability to enforce local regulations.

Government regulations don't cater for creatively inclined businesses.

There is no governing body to help stabilising prices for all in the tourism industry.

Infiltration of foreigners across our borders is a huge problem.

Bad Government regulations regarding the re-grading of old, qualified Tour Guides. Tour Guides are tested by people less qualified than them.

Lack of regulation of "fly-by-night" enterprises.

Government regulation is too strict regarding tour operators and will never be followed by any operator.

Lack of Government regulation regarding the number of bed and breakfast and guesthouse establishments.

Policy and legislation:

Government policy gives the international market a negative perception.

There is a lack of "open skies" policy.

Government's restrictive legislation as large travel and tourism enterprises dominate the market.

Labour law policy that favours the employee.

Some towns do not have by-laws and you never know what is coming next to you.

It takes too long to complete Environmental Impact Assessments (18 to 24 months).

It is absurd to qualify for rezoning with a Local Municipality after an Environmental Impact Assessment was conducted. The Culllinan Council is totally useless!

Municipal rezoning is taking too long (6 years).

Too many levies, registration fees and licenses apply.

Grading:

The accreditation of establishments is a shame as too many stars are allocated for the standard/service they offer.

Too many grading possibilities exist for tourism.

There should be quality and service standards for all spheres of tourism in South Africa.

Monitoring and control:
Grading of establishments should be properly monitored such as by means of inspections.
Lack of Government control in relation to the establishment of new tourism businesses.
The Government lacks quality control of tourism business enterprises.
No proper control is done of Tour Guides in South Africa.

Transport:
Tourist transport by road must be deregulated in the same way that foreign transport is deregulated.
The extremely inefficient bureaucracy of the Department of Transport in Gauteng is a huge problem.
"Red tape" to register a bus as it took me 5 months.
"Black taxis" are not inspected, controlled or licensed and affect the self-drive tourist market.
The issuing of road transport permits is farcical and results in taxi operators trying to "guide" tourists.
Government paperwork and related charges such as for transport permits and cross-border permits are expensive and impossible to get at short notice.

Communication:
Lack of communication between tourism service providers and Government organisations.
Government officials don't think of the consequences before they open their mouths.
The Government is paying a lip service to high profile public relations firms in South Africa.
There is a lack of co-operation between the DEAT and tourism entrepreneurs.
Communication channels with tourism role players are unclear - if existing at all!

Tourism statistics and data:
The picture that Government paints of tourism is based on idealism and not fact!
The Government publishes misleading tourism statistics.
Government lacks data on tourism trends and needs.

Support:
Failure of the Government to promote small businesses within the tourism industry.
The Government does not perceive tourism as a business. This industry cannot be used for "social engineering". (We do not cater for the whole spectrum, but for the higher income groups).
The Government supports mainly the bigger, well-known tour operators.
Government support programmes are extremely rigid and does not evaluate on the basis of merit and experience.

Finance:
Funds allocated for tourism are not made available for tourism products and services.
Too much administration is involved to secure financial support.
The Government does a lot of talking, little action follows and money is wasted. The Government should remember that the entrepreneur places its own capital at risk.
A lack of Government funding.

Incentives:
Government lacks an incentive policy.
No incentives are offered to the tourism entrepreneur.
The Government's bureaucratic "red tape" and its inefficient systems delay the much-needed payment of incentives for tourism-related capital investment.

Grants and subsidies:
Government grants and loans are available but nobody knows about it.
Existing enterprises who invested a lot of their own capital already into tourism are penalised, and don't come into consideration for grants unless they expand.
Government subsidies are pathetic.

Taxes:
Government taxes are too high.
There is no motive to do well as I already pay 14 percent VAT, but I can claim only 4 percent. It is really making me sick!
Excessive indirect Government taxes and levies such as toll roads and airport taxes. The Government is passing the buck by privatisation.

Tenders:
Tender requirements demand too much of small businesses. Therefore, well-established firms win the tenders.

MARKETING (AND MEDIA)

Tourism information (publicity) offices:
There are not enough information offices in the various regions and they are not visible enough.
Information offices frequently don't exist or don't operate at times when tourists travel. Tourists don't keep to office hours, especially the hours that Government offices keep!
There is a lack of local "professional" information offices.
There is a lack of local publicity departments in our local municipalities.
The local municipality does not promote the Vanderbijlpark and Vereeniging areas at all.
Local Councils sit back and relax when "private" entrepreneurs do the job of information distribution effectively.

Tourism Authorities:
The Government apportions funds for tourism marketing and growth in South Africa through Gauteng Tourism Authority. Yet, they are ineffective in spending this money wisely, as R32 million was unspent in 2001.

South African Tourism (SAT):
SAT lacks standard structures.
SAT needs to support the local tourism industry and especially the smaller businesses.
SAT concentrates on the big tour operators for support.
SAT does not have enough representatives in the field to explain to tourism entrepreneurs how they can benefit from them.
SAT doesn't supply travel agents with promotional material on various towns and provinces.
Not enough collective marketing is done by SAT for the entire Southern African region.
SAT lacks a structured action plan instead of all and sundry jump on the bandwagon to travel overseas to "so-called" promote South Africa.
SAT doesn't spend sufficient time and money to advertise the country abroad. For example, in England you will see advertisements on television on almost every popular tourist destination except for South Africa.
Marketing images are created by a "white" mind and therefore reflect what "white" minds want to see.

Tourism trade shows:
It is too expensive to attend the Tourism Indaba as a non-exhibitor. For example, R4 500 to attend for 4 days in 2002 or nearly R1 500 per day if one is not prepared to attend the open day.
South Africa hosts Tourism Indabas and conferences with tax money without making any serious progress to create jobs in tourism.

Competition:
Unfair competition with large tour operators and businesses.
Difficulties to get access to markets as large wholesale businesses dominate the market.
South Africa is seen as a long-haul destination and it is therefore difficult to compete with other long-haul destinations such as Australia.

Marketing skills:
Lack of marketing ideas in an ever-changing world.
A lack of the "know-how" to establish contacts in the tourism industry.

Support:
A lack of support for international advertising, marketing and promotion.
As a tourism entrepreneur, I don't know where to go for assistance regarding marketing standards.
As I am white, I don't get the same marketing opportunities as entrepreneurs from other ethnic groups.

Funds and expenses:
A lack of marketing funds.
High expenses to market tourism products and services locally and abroad.
To advertise in magazines is unaffordable. For example, R800 to R1 000 for one advertisement. To advertise in the "Bed and Breakfast Portfolio" costs R11 400 per annum.

Media:
The negative view that is portrayed of South Africa, such as lions and elephants on the dirt landing strip in the rural town of Johannesburg!
The media (both locally and internationally) use South Africa for shock reports.
The image of the growth of the tourism market is artificial. The advertised growth as per the media and Government reports is not as high as the real growth in the accessible market.

Perceptions:
The negative perceptions by the media such as one violent crime, HIV/Aids, malaria and poverty. It leads many tourists to be doubtful and less enthusiastic about visiting South Africa.
The international perception of South Africa supporting Zimbabwe.
The international perception of South Africa and Zimbabwe being one country.
Tourists don't see Africa as separate countries. Therefore, what our neighbours do affect us.
We are situated in Vereeniging and therefore not perceive as a tourist area.
"I am not a tourism entrepreneur as I am purely in the conference business".
"I am not a tourism entrepreneur as my focus is on business people only" (bed and breakfast establishments).

TOURISM DEVELOPMENT

Development:
Fragmented tourism development e.g. the National and Provincial Governments with their "separate" agendas.
Uncontrolled development of informal settlements in major tourist areas.
Street vendors make it impossible for registered shop owners to survive.
Not enough facilities are available for people with disabilities.
A lack of information about the facilities that exist to accommodate disabled people.
Begging from tourists is a major problem. Therefore, tourists would rather avoid some attractions or places of interest.

Local communities:
Local communities do not understand the importance and value of tourists.
Lack of support from local communities.
Involvement of previous disadvantaged individuals is virtually impossible due to a lack of how to get them on board.
A lack of motivation amongst previous disadvantaged individuals.

Environmental matters:
Pollution - especially litter, air, water and noise pollution.
Urban squatting is a huge problem.
Squatter camps destroy tourism and the value of properties.

Infrastructure for development:
Lack of reliable and easily accessible transport is a major problem.
Lack of adequate and efficient public transport.
Local transport (buses, taxis) are not suitable for foreigners who are used to "hop" a bus or train.
The lack of reliable transport options for tourists.
Lack of user-friendly road signs.
The cost of toll roads is a major problem.
Badly maintained roads.
Poor emergency services, water and electricity.
Power interruptions.

Partnerships:
Lack of interested parties to establish partnerships with.

AIRLINES (AND AIRWAYS)

South African Airways (SAA):
SAA favours specific overseas tour operators for inbound travel.
SAA favours only the large tour operators with low fares. Small operators cannot compete with them.
SAA has an "embargo" and a few major inbound operators the monopoly. For example, we allow Chinese ground operators to operate within South Africa and don't even support our own operators.

Seat/flight availability:
Lack of airline seats especially to Europe and the UK.
The overbooking of seats is a serious problem.
Scarcity of flights especially to hiking destinations throughout the world.
Attacks of 11 September 2001 (USA) have caused airline companies to curtail/terminate vital flight connections e.g. Singapore to Kathmandu in Nepal.

Airfares:
Airfares are too high, especially during peak seasons.
There are no clear structures regarding airfares. For example, there are 32 different fares available in economy class to Zurich!
Airfares and airport taxes should be quoted as one tariff. At the moment, Government taxes are quoted separately.
Fixed deposits on group flights are a major problem. Deposits should be paid 8 months ahead and these deposits are often non-refundable.

Commission structures:
Commission structures for travel agents are too low.

Customer relations:
SAA's marketing people are unbelievably arrogant.
Airline staff is unhelpful and unsympathetic. They are sometimes blatantly rude!
Lack of co-operation from airline staff with regard to flight scheduling and fares.

Airports:
Unfriendly welcome at "key" airports.
Unfriendly airport drop-off and pick-up facilities for small tour operators.
The existence of "touters" at Johannesburg International airport.

SAFETY AND SECURITY

Crime:
Regional and international perception of a high crime rate in South Africa.
Nobody will buy our products or services unless they are assured of a friendly and relaxed atmosphere - not a crime jungle!
A culture which condones theft as part of the redistribution of wealth.
Violence and hijackings create major problems for tourists.
Mindless shootings scare potential tourists.

Action against crime:
The apparent inability to control/eliminate widespread violent crime is a major deterrent to tourists.
A lack of permissible signage to assist tourists in the case of crime.
There seems to be no coherent or visible action against crime.

Insurance and costs:
High insurance premiums because of the crime rate in South Africa.
High costs to secure business locations.

FINANCE

Capital is too expensive. For example, the accommodation side of the industry is highly capital intensive with a relatively low return on investment.
Lacks of funds to start, expand or upgrade the business.
Difficulties in obtaining finance.
Lack of information regarding funding assistance.
No financial assistance either from Government or financial institutions.
The bad track record that "tourism" has with the major banks.
Too much "red tape" in financial institutions when applying for funds.
Poor regulations regarding traveller's cheques.
High bank charges for cards and transfers.
Lack of funds to market my product/service local and abroad.

HUMAN RESOURCES
A lack of experienced staff. A lack of motivated and enthusiastic staff. Lazy and unwilling staff. It seems that locals don't want to work. (They would not go that extra mile). "Work ethos" of our labour force is not on standard if comparing it with Europe. Difficulties in finding good staff with relevant education and training. Difficulties in getting training programmes for staff up and running because of too much "red tape" and zero support. Union and Labour Acts. Some providers deliver a service 24 hours, 7 days a week including Public Holidays. Restrictions are a major problem on the number of working hours and minimum wages. High labour demands. Language barriers. Time consuming CCMA meetings. Trade union interference in matters that do not concern them.
EDUCATION AND TRAINING
Lack of education and training for SMME's. Lack of skilled labour WITH the correct perception and personality on business "workings". A lack of thorough management skills. A lack of marketing skills. A lack of financial planning and bookkeeping skills. Unqualified and unskilled tour operators. A lack of training to handle travellers from a variety of nationalities. Too many students complete tourism diplomas and degrees without having the opportunity (or prospect) to do practical - let alone finding jobs! A lack of practical (hands-on) skills of tourism graduates.
TOUR OPERATORS, PROFESSIONAL BODIES AND ASSOCIATIONS
Tour operators: Not all tour operators are members of professional bodies / associations. Therefore, no regulation or standards could be maintained. Big tour operators dominate the tourism market in South Africa. Big tour operators mislead the public. For example, they advertise airfares as follows: "Air ticket to London from R2 500". Big local tour operators do not sub-contract small operators. Tour operators and travel agents don't support new ventures. Big tour operators from abroad don't want to deal with small, upcoming entrepreneurs. Small businesses cannot compete with major tour operators. Hotels don't support small tour operators or demand a high commission on the small business that they give.

Professional bodies and associations:
Membership to professional bodies is too expensive.
There is no real advantage for small businesses to belong to professional bodies and/or associations.
Associations such as SATSA and SAACI don't negotiate rigorously for their members.

BUSINESS SKILLS

A lack of sound product knowledge.
A lack of exposure to the tourism industry.
New emerging enterprises are not given a chance to enter the market for a fear of standards not being met.

HIV/AIDS

HIV/Aids as a fear for local and overseas tourists.
Government's role in the handling of HIV/Aids.

PRICES

Prices of products/services:
Unskilled tour operators are under-cutting the price of tourism products and services.
Tourism entrepreneurs who exploit foreign tourists! For example, an attitude that dollar and Euro-based tourism can pay exorbitant prices.
The overpricing of products/services, especially during occasions such as the World Summit on Sustainable Tourism (WSSD) and other large events.
Products and services that are quoted differently for local and international tourists.
Newcomers who want to get into the market fast and therefore undercut prices.
Tourism firms and shuttle services that take advantage of tourists by charging ridiculous prices.
Greedy accommodation providers, e.g. game lodges.
Accommodation establishments who do not quote (or put in) the correct rate structures.
Hotel establishments that offer large tour operators the most cost-effective rate.
Television licences for each television in guest' rooms.
High prices that are charged as entrance fees to certain tourist locations.
The South African public that is more concerned about the cost than the product/service offered. For example, locals are always looking for the cheapest price available without considering the excellency or experience.
In no other industry so much work is done without receiving payment! For example, on many occasions an enormous amount of work is undertaken on behalf of a client who cancel his/her trip at the end without paying a cent.

CUSTOMER SERVICE

South Africa that is noted for its lack of a service ethic.
Tourism establishments don't render quality service to ensure repeat customer visits.
A lack of experience of customer expectations.
Unskilled service at Front Office at National Parks, especially on the phone. It seems they only know one answer and that is "full".