

**TOWARDS A DEVELOPMENT STRATEGY FOR SMALL
BUSINESSES IN THE TOURISM INDUSTRY
OF THE SOUTHERN CAPE**

By

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DECLARATION

I, hereby declare that the thesis for the degree at the University of Pretoria, hereby submitted by me, has not previously been submitted for a degree at this or any other university, and that it is my own work in design and execution and that all reference material contained therein has been duly acknowledged.

.....

Signature

.....

Date

ABSTRACT

TITLE OF THESIS : TOWARDS A DEVELOPMENT STRATEGY FOR
SMALL BUSINESSES IN THE TOURISM INDUSTRY
OF THE SOUTHERN CAPE

by

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DEPARTMENT : Tourism Management

FACULTY : Economic and Management Sciences

DEGREE : Philosophiae Doctor

This study had as its origin the questioning by the researcher of the statements made by local and national politicians that the increase in tourist numbers visiting the Southern Cape was resulting in the creation of many new business ventures and work opportunities. This result was, however, not visible.

In an attempt to find an answer to the above problem no pertinent information regarding the tourism industry, or evidence that local or regional government was actually involved in planning for the development of such an eventuality, could be found.

In 1996 the National Government identified tourism as a major industry sector which could contribute towards economic development. The industry was expected to make a substantial contribution to the alleviation of poverty and to black economic empowerment. The government issued a White Paper on the Development and Promotion of Tourism in South Africa (1996) in order to produce key policy foundations for the development of the tourism industry in South Africa.

Notwithstanding the fact that the central government had, since 1996, implemented various incentive schemes aimed at the tourism industry in general and towards small, medium and micro enterprises (SMME's) that operate in the tourism sector specifically, evidence of these incentive schemes reaching grass-root potential entrepreneurs has not been apparent. Furthermore, although purported to spread the economic benefits equitably among all members of the population, the local previously disadvantaged community did not seem to be benefiting from these policies at all.

The above perceptions have, in turn, led to a number of questions listed and noted in Chapter one, and culminated in the research problem that was identified as follows:

Can a strategy be formulated to stimulate SMME development and concurrent job creation among SMME's operating in the tourism sector of the Southern Cape and can such a strategy be depicted within a framework of a development model?

The aim of the study was, therefore, to find a practical solution to the developmental requirements of tourism-related SMME's in order to stimulate job creation.

The study was conducted in three sections: Section 1 consisted of an extensive literature survey in which it was determined that:

- Tourism-related SMME's could make a positive contribution to local economic development.
- Although operating under conditions of globalisation, SMME's still had a future if they followed international best practices.
- Certain practices were considered international best practices.
- In order for SMME's to be successful, it becomes necessary to plan for the growth.
- There is a definitive role to be played by Government in this planning exercise.
- Although much work has already been done in the field of SMME

development, very little has been done that addressed the tourism industry.

Section 2 comprised an empirical study designed to test the opinions of tourism-related SMME's operating in the Southern Cape region. Factors which were considered to be essential to stimulate the growth of job opportunities were identified and compared with the theoretical requirements established in the previous section.

Finally, Section 3 combined the findings of the previous two sections in an attempt to construct a framework depicting a model and strategy for the development of SMME's operating in the tourism sector of the Southern Cape.



SAMEVATTING

TITEL VAN PROEFSKRIF : OORWEGINGS BY 'N ONTWIKKELINGSTRATEGIE
VIR KLEINSAKE IN DIE TOERISMEBEDRYF VAN
DIE SUID-KAAP

deur

David Leon Rutherford

PROMOTOR : Professor G.D.H. Wilson

DEPARTEMENT : Toerismebestuur

FAKULTEIT : Ekonomiese en Bestuurswetenskappe

GRAAD : Philosophiae Doctor

Hierdie studie ondersoek die vraagstuk of 'n toename in toerisme-syfers in die Suid-Kaap 'n toename in besigheids- en werksgeleenthede meegebring het. Geen inligting oor die toerismebedryf was beskikbaar nie en geen bewyse is gevind dat die plaaslike of streeksregering betrokke was by die beplanning van so 'n strategie nie. Die nasionale regering het in 1996 die toerisme-bedryf geïdentifiseer as 'n bedryf wat beduidend kon bydra tot ekonomiese ontwikkeling. Daar is verwag dat die bedryf 'n merkbare bydrae kon maak tot die verligting van armoede en tot swart ekonomiese bemagtiging. Die regering het 'n Witskrif vrygestel oor die Ontwikkeling en Bevordering van Toerisme in Suid-Afrika (1996), met die doel om die grondslag te beskryf van 'n beleid aangaande die ontwikkeling van toerisme in Suid-Afrika. Ten spyte daarvan dat die regering sedert 1996 verskeie voordeel skemas in die toerisme bedryf geïmplimenteer het, en ten spyte daarvan dat heelwat skemas gerig was op klein, medium en mikro-ondernemings (KMMO's) in die toerisme-bedryf, is geen bewyse gevind dat hierdie skemas entrepreneurs op grondvlak bereik het nie. Alhoewel hierdie inisiatiewe ten doel gehad het om ekonomiese voordele meer eweredig te versprei onder alle lede van die bevolking,

blyk dit dat vooheen benadeelde gemeenskappe nie voordeel getrek het uit die beleid nie.

Die vermelde persepsies het gelei tot die formulering van 'n aantal vrae soos uiteengesit in hoofstuk een, en uiteindelik tot die formulering van die hoof navorsingsvraag:

Kan 'n strategie gevorm word wat die ontwikkeling van KMMO's stimuleer en werksgeleenthede skep in die Suid-Kaap, en kan so 'n strategie uitgebeeld word binne die raamwerk van 'n ontwikkelingsmodel?

Die doel van die studie was dus om praktiese oplossings te vind vir die ontwikkelingsuitdagings in KMMO's met die doel om werksgeleenthede te skep.

Die studie is uitgevoer in drie afdelings. Afdeling 1 bestaan uit 'n literatuurstudie waarin die volgende gevind is:

- Toerisme-verwante KMMO's kan 'n positiewe bydrae lewer tot die ontwikkeling van die plaaslike omgewing.
- Alhoewel KMMO's tans funksioneer onder globalisering-omstandighede, kan dit steeds 'n toekoms hê as dit internasionale beste praktykvoering navolg.
- Sekere aksies verteenwoordig internasionale beste praktykvoering.
- Dit is nodig om te beplan vir groei sodat KMMO's suksesvol kan wees.
- Die regering het 'n definitiewe rol in die beplanning van groei.
- Alhoewel substansiële werk reeds gedoen is ter ontwikkeling van KMMO's, is betreklik min spesifiek in die toerisme-bedryf gedoen.

Afdeling 2 bestaan uit 'n empiriese studie wat die menings toets van toerisme-verwante KMMO's in die Suid-Kaap. Faktore wat as essensieel beskou is om werksgeleenthede te stimuleer, is geïdentifiseer en vergelyk met die teoretiese vereistes soos uiteengesit in Afdeling 1.

Afdeling 3 kombineer die resultate van 1 en 2 met die doel om 'n raamwerk te skep wat die strategie weerspieël vir die ontwikkeling van KMMO's wat in die Suid-Kaap toerisme-bedryf funksioneer.

ACRONYMS

AIEST	International Association of Scientific Experts in Tourism
ASATA	Association of South African Travel Agents
ATLAS	Association for Tourism and Leisure Education
BEE	Black economic empowerment
CCC	Customs Cooperation Council
CSI	Corporate Social Investment
DBSA	Development Bank of South Africa
DEAT	Department of Environmental Affairs and Tourism
DMA	District Management Area
DMO	Destination Marketing Organisation
DTI	Department Trade and Industries
EDM	Eden District Municipality
ERDF	European Regional Development Fund
ESO	Entrepreneurship Support Organisation
EU	European Union
FEDHASA	Federated Hospitality Association of South Africa
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICT	Information and Communication Technologies
IDC	Industrial Development Corporation
IDP	Integrated Development Planning
IMO	International Maritime Organisation
IMF	International Monetary Fund
IQM	Integrated Quality Management
ITC	Trans-national Tourist Corporation
ITESP	Integrated Tourism Entrepreneurship Support Programme
LBSC	Local Business Service Centre
LDE	Less developed country
LED	Local Economic Development
LTO	Local Tourism Officer
NEPAD	New Partnership for South Africa
NGO	Non Government Organisation
NMMU	Nelson Mandela Metropolitan University

NTO	National Tourism Organisation
OECD	Organisation for Economic Cooperation and Development
PASOLP	Products Analysis Sequence for Outdoor Leisure Planning
PATA	Pacific Asia Travel Association
RDA	Regional Development Agency
RETOSA	Regional Tourism Organisation of Southern Africa
RTME	Rural Tourism Micro Enterprises
RTB	Regional Tourism Bureau
SADC	South African Development Community
SATSA	South African Tourist Service Association
SDF	Spatial Development Framework
SDI	Spatial Development Initiative
SME	Small to medium enterprise
SMME	Small, medium and micro enterprise
SMTE	Small, Medium Tourism Enterprise
TBCSA	Tourism Business Council of South Africa
TCC	Tourism Cluster Corporation
TCSP	Tourism Council of the South Pacific
TEP	Tourism Enterprise Programme
TSA	Tourism Satellite Accounting
T & T	Travel and Tourism
UN	United Nations
UNDP	United Nations Development Programme
VAT	Value added Tax
WCTB	Western Cape Tourism Board
WPLC	White Paper Local Government
WTO	World Tourism Organisation
WTTC	World Travel and Tourism Council

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