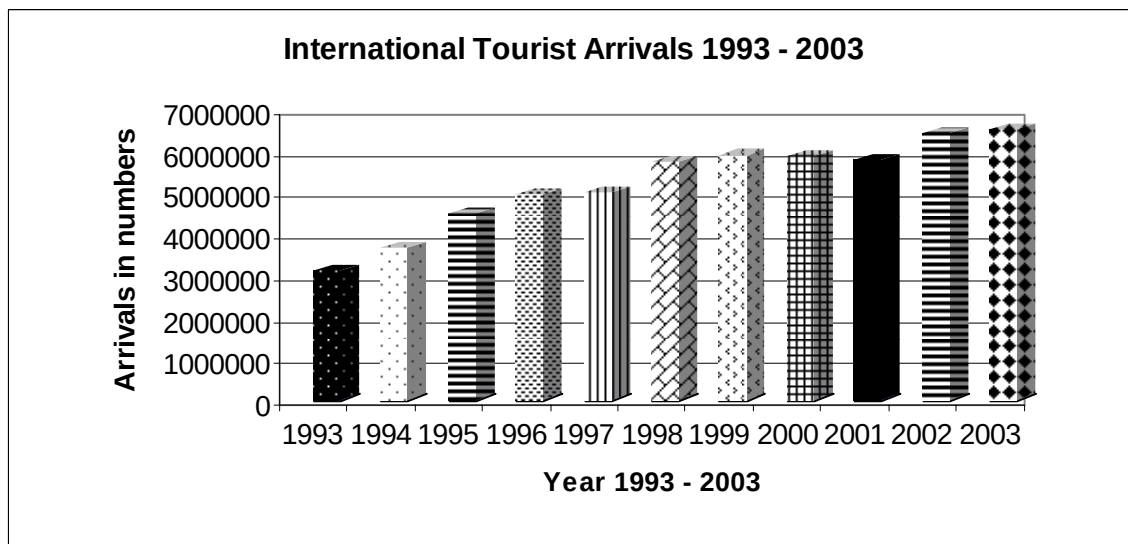


1. CHAPTER ONE – INTRODUCTION AND OVERVIEW

1.1. INTRODUCTION

The South African tourism industry grew extensively over the past ten years. The growth of international tourism over the ten-year period from 1993 to 2003 is shown in figure 1.1. During this period, the flow of foreign tourists to South Africa grew by over 50%, and thus doubling the total number of foreign tourists to South Africa. The significant growth in the tourism industry is attributed to the peaceful political transition of the early 1990s. In addition to the 'Mandela boom', South Africa's increased flow of international tourists was boosted by the incident of bombing of the World Trade Centre on September, 11th 2001, the war on terror and Iraq as well as increased insecurity related to terrorism in other parts of the world (Rogerson and Visser, 2004). The post-apartheid political settlement redefined the nature of the South African tourism industry, which has been exclusively dependent on the domestic market of mainly white consumers, and according to the Tourism White Paper, was "a missed opportunity" in terms of economic development (South Africa, 1996).

Figure 1:1: Foreign tourist arrivals to South Africa in numbers from 1993 to 2003



Source: Department of Environmental Affairs and Tourism (2004a)

The ownership of tourism enterprises has been, and still is, dominated by white entrepreneurs. Although the political transformation provided an opportunity to change

the racially defined industry in a way that would allow the previously disadvantaged to participate in it, very little has changed. Post-apartheid planning and legislation envisaged that political transformation would coincide with economic transformation. In this way it was hoped that black people would participate fully in the tourism industry both as tourists in their own country and as entrepreneurs within the industry (Mkhize, 1994; South Africa, 1996).

When the Tourism White Paper was published in 1996, South Africa was in its third year of democracy. The government had, at that time, adopted the Reconstruction and Development Programme document (RDP) as the policy guidelines for the development of the country. The Tourism White Paper sought to achieve the objectives of the RDP. Accordingly, the White Paper envisaged that tourism had the potential to address concerns deeply entrenched in the legacy of South Africa's unequal development. The World Travel and Tourism Council (WTTC) (1998) anticipated that tourism will contribute \$30 billion to the South African economy with 1.254 000 job opportunities (WTTC, 1998). Both the World Travel and Tourism Council and the South African government perceived tourism as a potential economic driver with capacity to create employment and contribute towards the growth of the South African economy. When the Department of Environmental Affairs and Tourism adopted the Tourism White Paper as a policy document in 1996, it anticipated achieving what the WTTC projected. However, 10 years after the advent of democratic rule, very little has changed with regards to ownership within the tourism industry by black people. The purpose of this, chapter, therefore is to present the overview of the research report by providing a brief background of the research. The chapter will discuss the objectives of the report in the following section. In section 1.3, the rationale for conducting the research is presented. The final section of this chapter will outline the structure of the research report and introduce the way in which the research report is presented.

1.2. OBJECTIVES AND AIM OF THE RESEARCH REPORT

This research report aims to explore the level at which previously disadvantaged people, in particular black people, have benefited from tourism through small enterprise development. Tour operators, as the case study, are to be surveyed in order to measure the level of mobility, integration and participation within the tourism industry in the last

ten years. The research report thus focus on the role that tourism plays in developing black-owned small enterprises and its contribution towards Black Economic Empowerment (BEE). The research draws from the aims of the Tourism White Paper and seeks to review the effects of tourism in transforming racial imbalances embedded in the South Africa economy, especially in the last ten years of democracy.

This theme shall be explored in two ways. First, through the lens of the Department of Environmental Affairs and Tourism (DEAT) that views tourism as a development strategy that can provide enterprise opportunities, create jobs and generate the much needed income in order to alleviate poverty and unemployment for previously disadvantaged people, in particular black people and women (South Africa, 1996). In the White Paper on the Development and Promotion of Tourism in South Africa (South Africa, 1996), it is outlined that tourism is capable of achieving the objectives of the Reconstruction and Development Programme (RDP) aimed at reducing low literacy rates, lack of housing, high unemployment rates, and so on. As such, it was befitting to use tourism as an economic driver to achieve the objectives of the RDP because “tourism can be an engine of growth, capable of dynamising and rejuvenating other sectors of the economy” (South Africa, 1996, 14). The perceived and *de facto* trickle-down effect associated with tourism growth resulting from increased flow of unrestricted foreign currency into the country, is seen as contributing directly towards economic growth and development, and at the same time contributing towards the elimination of inequality gaps prevalent in South Africa. As such, tourism is recognised as a potential economic driver for the 21st century, with the capacity to create new jobs and develop SMMEs, hence it is prioritised in post-apartheid planning (Rogerson, 2004a).

Second, because of the history of inequality in this country, it is equally befitting to review whether the stipulated aim has been achieved in the last ten years since the advent of democracy in South Africa. Although the post-apartheid government passed legislation to redress past imbalances, it is evident that inequalities are still deeply most entrenched in the economy than in politics. In this regard, it has become increasingly clear that whilst changes have occurred politically, economic control, especially in certain sectors, is still concentrated in the hands of a minority. It is therefore important to evaluate whether tourism has played a significant role in creating a class of black SMME owners that have some leverage in the industry. Of particular concern to this research is

whether black people have managed to benefit from tourism as envisioned in the White Paper (South Africa, 1996) by moving up the tourism ladder, to participate in it, not as cleaners, waiters, or cooks, but as owners of successful and growing small, medium and micro enterprises.

1.3. RATIONALE

The growing importance of tourism in global economies and indeed in South Africa has drawn considerable academic attention (Wahnschafft, 1982; Oppermann, 1993; Sinclair, 1998). In addition, the perception, by governments of developing countries in particular, that tourism is capable of providing income-generating opportunities and how the contrary has often always prevailed has attracted similar debate.

The concern lies primarily on the way in which tourism as an industry operates and the levels at which marginal communities participate in it. Underlying this research is whether similarities and lessons could be drawn from other developing countries and indeed from Sub-Saharan African (SSA) countries, where local communities have been unable to profit considerably from tourism development. Britton (1980; 1982; and 1983) provides an explanation for unequal development between western countries and countries in the developing world through tourism industry. He uses the concept of political economy to explain the development of tourism in the Pacific Islands, using Fiji as the case study, and sought to explain that tourism was shaped in a neo-colonial arrangement. He argues that as an industry largely dependent on western tourists travelling to the third world, tourism creates a scenario where the needs of tourists have to be catered for. This, therefore, requires that developing countries create suitable environment for the 'pleasure' of western tourists.

Government and planners in developing countries, however, see tourism development as an opportunity to earn the desired foreign currency, increase employment opportunities, attract development capital and enhance their economic independence (Britton, 1982). The problem is that, the expected results are not necessarily achieved because expertise and other resources needed to keep the tourism engine running are exported from the west at even greater costs than developing nations can afford. At the same time, the system works in favour of multinational companies that own hotels, tour operating companies, car hire, to name a few, of which the tourism industry is dependent

(Britton, 1982). Correspondingly, minimal achievements of the tourism industry in developing regional economies of third world countries in general, and uplifting the general living standards of local people in Sub-Saharan Africa in particular are disheartening. Rogerson (2004a) asserts that this phenomenon has largely been a consequence of domination of local tourism industries by large foreign-owned companies. By any measure, peripheral roles played by black South Africans in tourism development could be compared with roles played by local communities in other Sub-Saharan African countries. As such, applying Britton's (1982) logic to the South African context would require one to reposition some factors. To begin with, tourism in South Africa has been, by any margin, divided along racial lines. Thus, in South Africa, black people have played marginal roles in tourism development and this has hindered any chance for them to participate in the tourism industry, either as owners or managers. It is therefore significant to highlight the way in which the tourism industry has evolved in the last ten years of deracialising the South African economy so that black entrepreneurs can control tourism industry of this country. Conversely, it is also important to evaluate how tourism will nurture the potential of black entrepreneurs henceforth in relation to the changes as new opportunities that have occurred in the last ten years.

The research report therefore aims to contribute towards a small but significant body of knowledge and research within tourism development in South Africa, particularly in relation to small enterprise development. In a previous study; the focus was on women working in the informal tourism markets (Nemasetoni, 2001). What was highlighted was that women played marginal roles in tourism development because of limited available opportunities. Thus, entrepreneurial prospects available in tourism, limited their participation to informal markets because of underlying factors such as lack of finance, education, skills and absence of other income generating opportunities (Nemasetoni, 2001). The argument brought forward was that similarities between South Africa and other developing countries could be drawn, because local people participate in the industry, either in the informal sector as vendors of home-made wares or in menial jobs within the formal sector as cleaner, cooks, waiters and so on. In this study, a similar conceptual background is applied while focussing on the role black people are playing within the tourism industry in South Africa since the dismantling of apartheid.

1.4. STRUCTURE OF THE RESEARCH REPORT

The research report is divided into six chapters including this introduction, which seeks to presents the background information about the research. The introductory chapter also provides an overview of the research. The second chapter is the literature review chapter and provides an understanding of the theoretical grounding of this research. This chapter will seek to cover a number of concepts surrounding the development of tourism in the ten year period after Apartheid between 1994 and 2004. The chapter will seek to peruse the legislation supporting tourism development in South Africa and reasons behind the decision to use tourism as a development tool. This will be supported by lessons from other developing countries by interrogating relevant material particularly from Sub-Saharan Africa. This chapter will seek to marry three concepts that are central to this research report. The need for the South African tourism industry to utilise small enterprises in order to achieve racial equality in the tourism sector is the point of departure for this chapter. The concepts provide an avenue for understanding the aims of government in reducing the high unemployment rates, poverty alleviation and most importantly, reducing the widening inequality gaps.

The third chapter discusses the research methods applied for this research. The methodology seeks to describe how the research was approached both theoretically and practically.

The fourth chapter presents in detail the results of the research conducted with 40 tour operators from across Gauteng Province. The emphasis in chapter four is upon a quantitative analysis of the survey responses. Chapter five provides a parallel qualitative analysis of survey responses using the 'voices' of the respondents themselves. The purpose of the fifth chapter is to synthesise the outcomes of the research that was conducted with the respondents. In both the fourth and fifth chapters, the aim is to outline key issues obstructing integration of black enterprises into the tourism economic mainstream. In the final chapter, I will conclude by summarising key findings and providing recommendations for the development of sustainable tourism.

2. CHAPTER TWO – BLACK ECONOMIC EMPOWERMENT (BEE); SMALL, MEDIUM AND MICRO ENTERPRISES (SMME); AND TOURISM DEVELOPMENT

2.1. INTRODUCTION

The growth of tourism in South Africa since the democratic transition has been remarkable and has been matched by a rise of expectations concerning a wider spread of benefits. Mkhize (1994) envisioned tourism in post-apartheid South Africa as a development strategy that would harmonise damages caused by Apartheid. This is clearly the optimistic vision as expressed in the White Paper for the Development and Promotion of Tourism in South Africa (South Africa, 1996; Koch and Massyn, 2001). Tourism is seen as an industry, like no other, capable of providing opportunities even to the most marginal people to earn an income, create jobs for themselves and others and trigger the growth of other industries, in the process, while at the same time, contributing considerably to the economy of the country (South Africa, 1996). In addition, various discussion documents from the Department of Environmental Affairs and Tourism (DEAT, 1998; DEAT, 2000; Pillay, 2000) have identified the need to transform the tourism industry of South Africa, not only to increase its contribution towards the growth of the economy, but also to foster greater participation by the previously disadvantaged communities in order to change the *lily white* ownership of that industry. Because of its potential to earn the foreign exchange and the associated trickle-down effect, it was assumed that it would be pertinent to utilise tourism as a development strategy to eradicate racial disparities that exist between black and white people as well as between men and women.

Accordingly, as the first decade of democracy closed, it is important to review what has been achieved in terms of empowering black people within the tourism industry in the last ten years. Lessons from other Sub-Saharan African countries caution that sidelining local communities could prove disastrous. For example, the lack of participation by local people in Kenya has led to 'under-performance' of that country's tourism industry, despite an increase in number of overseas visitors (Sindiga, 2000). However, targets set by the GEAR (Growth, Employment and Redistribution) strategy demonstrate the desire to make tourism beneficial to both the economy and the people of South Africa at large by increasing income earnings and providing sustainable employment opportunities to

millions of unemployed people (DEAT, 2000). In relation to tourism, GEAR hoped to achieve such objectives by increasing income generating opportunities, stimulate investment and trade, encourage entrepreneurship and create considerable numbers of sustainable jobs, and contribute towards the balance of payment (DEAT, 1998). Be that as it may, it is a matter of concern to measure the level of benefits that previously disadvantaged communities have actually enjoyed from such a liberal tourism policy in the ten-year period between 1994 and 2004.

Tourism, as the most dynamic and promising non-gold export sector, has the potential to create jobs and provide the much needed income for previously disadvantaged entrepreneurs. However, for tourism to achieve this, it has to go through radical racial changes to allow black enterprises to be integrated into the mainstream of the economy by “changing the nature of ... tourism industry from one that is predominantly white-owned to one that is increasingly equitable by the majority of South Africans” (DEAT, 2000, 2). The purpose of this chapter is to focus on the contribution of tourism towards achieving the objectives set in both the 1996 White Paper as well as black economic empowerment (BEE) broad-based Strategy and Act (DTI, 2003; South Africa, 2003). The chapter will seek to achieve this by reviewing the debates that revolve around tourism development, black economic empowerment and small enterprise development in the post-apartheid epoch. The chapter will also draw on lessons from other developing countries, particularly in sub-Saharan Africa. This literature review chapter thus presents debates and issues emerging that concern tourism development in relation to small enterprise development and black economic advancement in the South African context.

2.2. THE ROLE OF TOURISM IN DEVELOPING POST-APARTHEID SOUTH AFRICA

When the Tourism White Paper was published in 1996 it clearly defined the role that tourism was to play, not only in the development of the country and its economy, but most importantly, in the reduction of racial disparities that exist among black and white people. Projections by the World Travel and Tourism Council was that the South African tourism industry had the potential to create employment for millions of people and inject billions of rands into the economy (for details see WTTC, 1998; Nxumalo, 2003). Indeed, the projected growth by the WTTC on the prospects of the South African tourism industry painted the future with bright colours. Both the World Travel and Tourism

Council and the South African government perceived tourism as a potential economic driver with the capacity to create employment and contribute towards the growth of the economy. The Tourism White Paper (1996) anticipated achieving what the WTTC projected. At the same time, the Tourism White Paper sought to achieve the objectives of the RDP (Reconstruction and Development Programme), among whose policy goals was to transform injustices created by apartheid. Although GEAR later replaced the RDP, the objectives of the post-apartheid government remained to redress racial imbalances, which are particularly pronounced in economic control. Post-apartheid legislation was developed to overcome such racially-defined income inequalities ingrained in the country's past racial economic system. The Tourism White Paper envisaged that tourism had the potential to address issues that were deeply entrenched in the legacy of the country's unequal development. The optimism associated with the potential of the tourism industry is described as such:

“Tourism has been identified as one of the key growth sectors for the South African economy. A 2001 study by the DEAT indicates that for every overseas tourist that visited South Africa in 2000, a value of about R66 400 was generated for the National Gross Domestic Product (GDP). Also, according to the same DEAT research, it is estimated that on average, one new employment opportunity is created for every eight additional overseas visitors to South Africa” (TBCSA, 2002, 5).

The general perception about tourism is that it has the potential to provide development opportunities for economies of both developed and developing countries (Cater, 1987; Dieke, 1991; Thompson, O'Hare and Evans, 1995). Recently in the developed world, tourism has been utilised to revive economies of declining centres in the post-industrial period in such cities as Manchester, Liverpool, Sheffield, Lille, and so on (Law, 1993). In the developing world, tourism is used as a development alternative to counter general economic malaise and to improve local economies in the absence of sound development options. In South Africa, tourism is seen as an industry that has the potential to contribute towards reconstruction and development of the country. Thus, “tourism is being considered as an appropriate development strategy by a burgeoning number of less developed countries” (Thompson, O'Hare and Evans, 1995, 571). Supporting this assertion, Dieke (1991) argues that many developing countries utilise tourism as a development tool because they recognise its significance in contributing towards their economies. The rationale for utilising tourism as a development strategy stems from the idea that it is capable of earning an income in a quick and reliable way and in addition it

would bring in the much-sought after foreign exchange, create employment opportunities and contribute towards general economic growth of the developing country. Furthermore, tourism is seen as an industry that is likely to contribute towards the growth of other industries such as agriculture, construction, handicraft, fisheries, and so on, through the multiplier effect (Akama, 1999). Cater (1987) argues that the choice to utilise tourism as a development tool results from genuine economic malaise such as “a narrow resource base and serious balance of payment difficulties” (Cater, 1987, 202). Where there is lack of other development options to grow national economies, tourism provides the alternative with the potential to earn the much-desired foreign exchange and associated benefits.

As such, when a country chooses to employ tourism as a development strategy, it does so, not because of wholesome economic *raison d'être*, but for other underlying reasons which may well be related to lack of alternative development options (Britton, 1982; Dieke, 2000). And indeed many, if not all, countries in the developing world, including South Africa, have tended to lean more on the latter side of this development option. However, developing countries have little control over tourism resources with which they seek to develop their countries and they find themselves entangled in a system with which they have minimal control (Britton, 1982). In this way, the fusion between politics and economics causes an unequal distribution of benefits within tourism, as in other industries. This unlikely fusion therefore forms the basis for what is termed political economy. Todaro (cited in Dieke, 2000) defines a political economic system as “the social and institutional processes through which certain groups of economic and political elites ... influence the allocation of scarce productive resources now and in the future, ... exclusively for their own benefit ... often at the expense of the larger population ...” (Dieke, 2000, 4). As such, the political economy of tourism involves the enrichment of wealthier actors like Multinational Corporation (MNCs) of the west and elites from the peripheral regions, at the expense of the poor that remain on the margins of development in the developing world in particular (Britton, 1980; 1982; 1983). Historically, and indeed in post-apartheid, South Africa, economic elites, which are mainly white entrepreneurs, have allocated tourism resources for their own benefit at the expense of the majority of the people. Accordingly, this process has limited the participation of black people in the tourism industry to marginal roles. Accordingly, this makes the South Africa situation uniquely positioned. Unlike in other developing

countries, where the tourism development has been controlled by foreign-based firms, in South Africa the context is a racial one, hence the need to transform it, so that it provides opportunities equally among all people (South Africa 1996).

Nonetheless, parallels can be drawn with other developing countries, especially those in Sub-Saharan Africa, to provide lessons for South African tourism development. In a study of tourism development in Kenya, Sindiga (2000) analyses the evolution of the Kenyan tourism industry from the colonial period through independence and tries to position its relevance in the 21st century. Kenya's dominance of tourists' receipts was not only confined to East Africa, but surpassed the entire Sub-Saharan African region, excluding South Africa (Sindiga, 2000). By contrast, the increase in the numbers of tourists did not necessarily equal an increase in income generated by Kenya. By comparison, the marked increase in tourism in South Africa over the last ten years since 1994 has attracted associated investments particularly in the casino and hotel industry (Koch and Massyn, 2001; Mahony and van Zyl, 2002). Nevertheless, what remains to be seen is an equally marked increase in the level of participation by black entrepreneurs within the tourism industry in South Africa. Ideally, the growth of the tourism industry should lead to direct benefits for the previously disadvantaged people or local communities. In many instances, however, the contrary prevails. As such, the South African tourism industry currently provides only marginal opportunities for the previously disadvantaged, mainly operating in the informal sector, particularly in relation to trading and hawking of curios and food stuffs, as well as car wash, taxi services and to some extent, dealing in narcotics (Koch and Massyn, 2001; Nemasetoni, 2001). By any measure, these activities are marginal and do not in any way lead to what was conceptualised in BEE documents and tourism legislation or any other post-apartheid legislation for that matter. Indeed, they represent survivalist activities, which on their own, indicate the level at which many black people participate in the tourism industry.

These are discouraging results and seem to follow the patterns of tourism development in other Sub-Saharan African countries that have failed to produce fruitful outcomes from the tourism industry. Evidently, the Kenyan government's continued encouragement of mass tourism did little to increase real income earnings that were on a steady decline. Incidentally, this decline was attributed to lack of involvement by local communities in tourism development as government fervour was particularly pronounced in tapping the

flow of unrestricted foreign currency as well as the preservation of biodiversity. However, "... these objectives ignore the role of local people and communities in tourism development. Biodiversity preservation cannot be sustained if the participation of local people is ignored" (Sindiga, 2000, 142). As a result, much of Kenyan tourism became predominantly foreign controlled and thus leaving mostly menial jobs for Kenyans. Correspondingly, in the Gambia, the government has, since the 1970s, wanted to 'indigenize' the tourism sector with the hope of placing the tourism ownership and management in the hands of the Gambians (Dieke, 1993), albeit without success. This outcome is symptomatic of the nature of tourism industry in Africa, south of the Sahara where the tourism development is unable to improve the lives of local people. With regards to Kenya, this led Sindiga (2000) to conclude that:

Kenya's tourism industry loses much revenue through pre-paid all-inclusive tours arranged overseas. Although contractual relations allow the overseas tour operators to pay more than 1 month after the tourists have left Kenya, a large proportion of the money never reaches the country. This means that many local tour operators merely act as agents to the overseas tour operators. Their role is relegated to meeting and transporting tourists from the airport to hotels and sometimes acting as tour guides (Sindiga, 2000, 147).

Although the Kenyan government promoted tourism because of the potential benefits, real income earnings did not meet expectations. The Kenyan case serves as an input to indicate the direction tourism development of any developing country is likely to take if it is controlled by outsiders. In the case of South Africa, the concern is therefore related to the level at which black role players in the tourism industry can play so that inequality is completely eradicated. The question therefore arises as to whether black entrepreneurs will ever control the tourism industry equally with their white counterparts or are they likely to remain as SMMEs.

Even though tourism is seen an industry with potential to address among others racial disparity of economic control, unemployment; it was also recognised that the South African tourism industry was deeply embedded in apartheid in many ways than one. Among these very issues is the fact that the tourism industry has, for long, been "... woefully protected from foreign competition ..." (South Africa, 1996, 12). Therefore, transforming the tourism industry would require not only making it internationally competitive, but would also integrate the participation of previously disadvantaged people i.e. black people and women. Indeed, the White Paper reflects on these two

areas of development i.e. job creation potential and income creation, which are seen as particularly important contributors for the reconstruction of the South African economy (South Africa, 1996).

The role of tourism in post-apartheid South Africa is developing within the same context of development as has been utilised in other developing countries. However, the issue of racial imbalance manifest in economic control thus forms the basis for policy formulation for tourism development. In order to change the demographics of ownership and control of economic activities in South Africa, it is appropriate to systematically eliminate damages caused by social engineering through apartheid (South Africa, 1995; 1995, TBCSA, 2002; 2003). Tourism development in South Africa is thus fused with the need to address racial imbalance with the aim of changing the representation of ownership within the tourism industry. There is general consensus that within tourism, these disparities are prevalent and need due changes (South Africa, 1996; TBCSA, 2002; 2003, Rogerson, 2004a; 2004b). Evidently, over the last ten years of attempting to change the South African tourism industry, little has been achieved in actual transformation of tourism business. The Department of Environmental Affairs and Tourism (DEAT) acknowledge that institutional transformation has been achieved, particularly in transforming South African Tourism (SAT), DEAT and other provincial tourism authorities from the old tourism boards. Equally, the Department acknowledges that actual transformation of the tourism industry on the ground remains as lily white as ever.

2.3. THE NEED FOR TRANSFORMATION

Accordingly, it is obvious that the last ten years has not yielded much with regards to black advancement, not only in tourism but the economy more generally. With the exception of a few individuals that have links with the ruling African National Congress (ANC), no real empowerment has taken place in the economy in general and in the tourism industry in particular (TBCSA, 2003). This is evident in two ways. First, is the fact that the country's economy is still concentrated in the hands of a minority whereas the majority are excluded from ownership of productive assets and possession of advanced skills necessary to undertake such ownership (South Africa, 2003). Second, the economy itself is said to be performing below its potential because of the low levels

of income generated or earned by the majority of the people (South Africa, 2003). Against this backdrop is the fact that whilst key macroeconomic indicators show that the South African economy is performing fairly well, it is nonetheless, unable to retain its employment capacity. As such, “effective job creation remains perhaps the most elusive objective for the government to date” (Mahony and van Zyl, 2002, 85).

A large proportion of the tourism industry is still owned and controlled by a white minority. It was clear from the onset that it would not be easy to transform the tourism industry. The Tourism White Paper identified key challenges that would hinder transformation of the industry. Accordingly, it was necessary for the government and other stakeholders to provide support to black entrepreneurs to increase their participation in the tourism industry. Through the proposed support mechanisms, tourism would provide opportunities required to overcome racial disparities and thus reduce income inequality gaps. The government sought, through the Department of Trade and Industry, to develop policies that would enable a favourable environment for the development of small, medium and micro enterprises (SMME) within tourism. A mélange of policies were developed for that purpose. However, when the Department of Environmental Affairs and Tourism (DEAT) commissioned a study in 2003 (DEAT, 2004c) on empowerment within the tourism industry, it was apparent that very little transformation had taken place within the industry in the last ten years.

In fact, already in 2002, the Tourism Business Council of South Africa (TBCSA) acknowledged that the tourism industry is not representative of the country's demographics and needed long-overdue transformation. In its first annual review on empowerment and transformation, TBCSA (2002) conceded that black ownership of existing and emerging enterprises was still on the margins of tourism development. As a result, TBCSA (2002) recommended that in order to address racial imbalance in the ownership of the tourism industry, efforts should be directed towards encouraging SMME development. The growth of SMMEs would be strengthened by public and the private sector affirmative procurement, which is seen as an important component of the broader empowerment strategy. This recommendation is much in line with the objectives of the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (South Africa, 1995). The White Paper considers the importance of the informal sector in providing jobs and enterprise opportunities in order

to alleviate poverty and widespread inequalities defined along racial lines (South Africa, 1995). It is therefore imperative to assess whether black enterprises are making headway into ownership of small enterprises in the tourism industry. In an assessment of the black-owned bed and breakfast throughout South Africa, Rogerson (2004b) concluded that there were various factors that hindered complete transformation of the tourism sector. In order to remove such encumbrances and foster greater returns for the previously disadvantaged enterprises, support should be given in areas such as marketing, access to finance, support programmes and skills development (Nemasetoni, 2001; Rogerson, 2004b).

Following the 2002 publication, the subsequent TBCSA annual review focused more on SMME development within the tourism industry (TBCSA, 2003). Similar to the previous publication, black people still played peripheral roles in small enterprises within tourism. For example, “outside of the major urban centres most small tourism enterprises are essentially survivalist, with little prospects for growth or long-term security of income” (TBCSA, 2003, 14). In addition, it was highlighted that entrepreneurs were still not being supported by banks, government departments, NGOs and other funding agencies. Established large companies were also unwilling to form procurement partnerships with black enterprises due to perceived lack of consistency or reliability (TBCSA, 2003). The question arises as to whether emerging black SMMEs can progress beyond the entry level point to become well-established enterprises capable of transacting with financial institutions or form partnerships in order to grow beyond the entry point. The concern is how will the large income stake generated through tourism benefit all participating stakeholders, in a way that disparities are reduced? Currently, this stake is estimated to be as high as 95% of white-owned enterprises (Rogerson, 2004b).

Indeed, of all the tourism companies that were listed on the Johannesburg Securities Exchange (JSE) in 2003, only 6% had BEE entities (DEAT, 2004b). That is, “the management and control of these companies is, on average, 81% white male, 15% black male, and only 2% black women” (DEAT, 2004c, www.environment.gov.za). It is for this reason that transformation within the tourism industry remains a challenge. As such, on July 13th 2004, the new Minister of Environmental Affairs and Tourism Marthinus van Schalkwyk travelled to Soweto with an entourage of fourteen individuals representing the tourism industry. These individuals would form a steering committee

that would monitor, through a scorecard (see table 2.1), the level of black economic empowerment (BEE) within the tourism industry (DEAT 2004b). Recognising that minimal transformation within tourism has occurred, the Minister reiterated the call to transform the tourism industry by stating “empowerment in tourism is about ensuring the long-term success of our industry. It is about making sure that the benefits of tourism flow to every community. ... To reduce poverty, create jobs and at the same time build an even stronger, more competitive tourism sector in South Africa” (DEAT, 2004a). The Minister’s words and visit could not have been timely. To begin with, 2004 is the year South Africa celebrated ten years of democracy. Accordingly, the ten year period is a milestone for measuring ‘breakthroughs’ or ‘breakdowns’ of set goals, particularly in relation to reducing income inequalities. As South Africa reaches its milestone, it is necessary to review these breakthroughs and breakdowns. Among the breakthroughs achieved for the South African tourism industry is the change in the organ that governs the tourism system.

The restructuring of the organogram of the Department of Environmental Affairs and Tourism (DEAT) as well as other key agencies like SATOUR to South African Tourism is viewed within that Department as one of the ways of achieving radical transformation within the tourism industry of South Africa. Transformation of other statutory bodies such as the SANParks (South African National Parks, National Botanical Institute and so on are hailed as landmarks of transformation (DEAT, 2003). In particular, the (SAT) is seen as providing the necessary channels through which the growth of the South African tourism would be driven (DEAT, 2003). Another area seen by the Department as having achieved success is the inclusion of tourism development and community empowerment in environmental conservation strategies (DEAT, 2003). However, whilst progress has been made in terms of institutional transformation; lack of concerted efforts by various role players has hindered effective transformation of the tourism industry thus far (Pillay, 2000). Nonetheless, the Tourism White Paper remains the benchmark for tourism development in South Africa since its publication in 1996 because of its stance of seeking to transform the representation of tourism ownership as well as reducing economic inequalities existing between black and white people (South Africa, 1996; Rogerson, 2004c; 2004e). Whereas there are areas where positive outcomes were produced in relation to transformation, it remains that broader transformation has not occurred in tourism development. The Department of Environmental Affairs and Tourism

(DEAT) acknowledges that there has not been even change in the industry. Lack of transformation in the industry is thus associated with the bequest that apartheid left behind. "Due to the apartheid legacy though, most of the private tourism products are still predominantly owned and operated by the white business community, with minimal tourism generated benefits accruing to the black section of society" (DEAT, 2003, 17).

As an important industry and contributor to the economy; tourism requires transformation as stated in the BEE Act (South Africa, 2003) and BEE Strategy (DTI, 2003). Tourism in apartheid South Africa was clearly defined according to the needs of the white people in terms of ownership and travel and leisure itself. Black people were reduced to menial jobs that allowed them to serve the 'needs of the white man' as the Stallard commission prescribed. Equally, post-apartheid tourism development has not done much to change this picture in the last ten years (TBCSA, 2002; 2003). As such, tourism needs to change so that black people would participate in it fully, to significantly reduce racial inequality and, at the same time, increase their income levels in order to reduce the unequal distribution of wealth. Drawing from both the Act and the Strategy, it is recognised that tourism requires sweeping and systematic changes to allow greater participation by black people. Accordingly, these changes should be translated into increased ownership of new and old enterprises, and small enterprise development, in order to foster greater community development. Mahony and van Zyl (2002) argue that thus far, the enthusiasm expressed by the government and private sector, has not yielded much change in the ownership patterns of enterprises in the tourism sector with regards to reducing the inequality gap that not only exists between black and white people but also between men and women. Instead, large companies have become more prosperous as investment opportunities opened up after apartheid and thus enriching white enterprises based mostly in metropolitan areas in particular (Mahony and van Zyl, 2002). "To date ... most of the new tourism investments have ... mainly occurred in the established urban centres of Gauteng and Cape Town, and is largely linked to the allocation of casino licenses" (Mahony and van Zyl, 2002, 85). Similar analysis by Rogerson (2004b) demonstrate analogous representation within the accommodation sector of the tourism industry, which is dominated by Sun International, Protea Hotels and Southern Sun. Rogerson (2004b) further demonstrates that within the accommodation sector, small and medium enterprises in the form of bed and breakfast establishments were also pre-

dominantly white-owned. As such, of the 5000 bed and breakfast enterprises operating in South Africa, only a fraction are owned by black entrepreneurs (TBCSA, 2003).

2.4. BLACK ECONOMIC EMPOWERMENT AND TOURISM DEVELOPMENT

In effect, the ten-year period from 1994 to 2004 was unsuccessful in providing opportunities for previously disadvantaged people to become competent entrepreneurs. From the objectives set in the Tourism White Paper, it was hoped that the tourism industry would provide opportunities for entrepreneurial development, which would advance the participation of black people in economic activity of the country. When South African tourism returned to the international scene, the industry was controlled by a white-minority. Nonetheless, it was hoped that with time black people will play important roles that would ensure that the gap between rich and poor; and between white and black entrepreneurs is greatly reduced. However, it has become increasingly evident that the gap is not narrowing as expected and as such, black people still play marginal roles in tourism development.

As a result, the Department of Trade and Industry (DTI) is attempting to address and redress these imbalances created by apartheid in the South African economy through Black Economic Empowerment (BEE), hence the passing of the Broad-Based Black Economic Empowerment Act (South Africa, 2003) and the accompanying Strategy for Broad-Based Black Economic Empowerment (DTI, 2003). The objectives of the Act seek to transform the economy, to enable black people to participate fully in the ownership and management of existing and emerging enterprises in order to substantially change racial composition that define inequality within the South African economy (South Africa, 2003). Black Economic Empowerment is thus defined as "... an integrated and coherent socio-economic process that directly contributes to the transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decrease in income inequalities" (South Africa, 2003, 12). Thus, the Act and the Strategy provide a framework within which BEE could be realised in all sectors of the economy including tourism. Accordingly, for BEE to be realised, there should be a transfer of some shares of ownership to black people, affirmative procurement, employment equity, skills training and development initiatives (TBCSA, 2002). The Act and Strategy on Broad-Based

Black Economic Empowerment thus provide a basis for aligning black empowerment with tourism development in order to avoid sidelining black people in contributing towards sound economic development of the country.

In order to effect changes to achieve racial impartiality in the economy, BEE hopes to achieve this by accelerating transformation of the South African economy (DTI, 2003; South Africa, 2003). BEE thus refers to integrating socio-economic processes to increase significantly the number of black people that own, manage and control the economy of the country (DTI, 2003). As a consequence, it is hoped that the South African economy will be transformed so that economic control is more representative of the country's racial composition. Transformation thus implies altering ownership and control of the country's economy from one that is, and has been dominated by mainly white entrepreneurs to a more representative economy. Empowering those previously excluded by legislation would achieve the anticipated harmonisation of economic control in line with post-apartheid planning. If left to take its own course, there is concern that empowerment would be difficult, if not impossible, to achieve, hence the need to accelerate the process through BEE legislation. In fact, there is concern that should the imbalances that define the economic demography of South Africa are not countered, they could cause social upheavals as has happened in other developing countries such as Brazil, Zimbabwe, Malaysia and so on (DEAT, 2002; Pillay, 2002). Accordingly, transforming the tourism industry would therefore provide previously disadvantaged people an opportunity to participate in the economic development of the country and to allow racial inequalities to decline considerably. Therefore, the need for racial harmonisation in the tourism industry is informed by the need to transform past imbalances and to ensure that black people make a sound contribution to the South African economy through an industry which at the moment is seen as being "just too white" (DTI, 2002; Pillay, 2002).

BEE conceptualisation stipulates that definite control of enterprises by black people would be deemed successful if there is an increase in ownership of new and existing enterprises by black people. Accordingly, this is enumerated thus; an enterprise is black-owned and managed if ownership is 50.1% to black people; black-empowered enterprise if 25.1% owned and managed; black-influenced enterprise if 5-25% is owned and managed; and black-engendered if enterprise has a 30% representation of black women

in ownership and management positions (BEECom, 2001; DTI, 2003). Seemingly, tourism development is far from achieving BEE targets, at least according to existing research findings (TBCSA, 2002; 2003; Rogerson, 2004a; 2004b). Repeatedly, it is demonstrated that black economic empowerment transactions are benefiting a small group of individuals.

Table 2:1: Draft tourism scorecard for black economic empowerment

<i>2014 targets</i>			
<i>Indicator</i>	Weighting	BEE measure	Key target
Ownership	20%	Direct shareholding include employee share ownership. Indirect ownership accounts for max. 8.75%	35%
Strategic management	14%	Black people and black women as % of the board and executive	50% black on board
Employment equity	14%	Black people as percentage of total staff	75%
Skills development	15%	% of total spend on training towards black employees	75%
Preferential procurement	18%	Spend on BEE compliant companies as a % total of procurement spend	50%
Enterprise development	10%	% sum spend of post tax profits and employee time contributed	1%
Social development	8%	% Corporate social investment spend of post tax profits and providing work experience	10% new recruits with no prior work experience

Source: Mail and Guardian, 28 – 3 February 2005, P. 20

To complement the DTI's efforts, the Department of Environmental Affairs and Tourism (DEAT) is introducing a scorecard system which will be used to measure the level of transformation within the tourism industry. By 2004, it was apparent that only minimal transformation had actually taken place in the tourism industry. During that period, the tourism industry only managed to accomplish less than 10% of empowerment entities by

companies listed on the stock exchange. On the other hand, the majority of such listed companies are on the whole (over 80%) controlled by white males. Accordingly, this indicates that tourism is not closer to achieving neither objectives of the Tourism White Paper nor those of the BEE Act. The new incumbent of the Tourism portfolio, Minister van Schalkwyk saw it appropriate to introduce a scorecard that would measure the level of BEE in tourism (table 2.1). It is hoped that within a period of five years, at least 21% of the tourism industry should be in the hands of black owners and the proportion is expected to increase to 35% after five years, that is, in 2014 (Mabanga, 2005). Accordingly, the scorecard will be used to measure the level of transformation in the "... accommodation, hospitality and related services as well as the travel distribution industries" (Mbanga, 2005, 20).

Thus far, several tourism empowerment deals have been concluded and the majority of these transactions were concluded by some of the industry's big players. Among these are the Avis' 60% investment into Sizwe car rental; the 51% venture between Southern Sun and Tsogo Sun; and Rennies travel investment into the SheNxisa Travel and Bukani Travel, to name just a few (TBCSA, 2003; Rogerson, 2004d). Be that as it may, it emerges that numerous empowerment deals have been concluded most specifically in the casino and hotel industry (Mahony and van Zyl, 2002; Rogerson, 2004d). Outside these sub-sectors of the tourism industry, very little transformation is occurring. In particular, groups that are least enjoying the benefits of empowerment are novice or emerging entrepreneurs due to the lack of proposed government support aimed at helping these emerging black SMMEs. This led Rogerson (2004d) to conclude that "... this group of initiatives ... has had ... limited success, as is disclosed ... that ... enormous difficulties ... still confront emerging black tourism entrepreneurs in urban and rural areas of South Africa" (Rogerson, 2004d, 331). In addition, the low levels of black participation in management and ownership of significant tourism ventures remain minimal. It is argued that there are deficiencies within the BEE strategy because it does not define, wholly, that all previously disadvantaged people should benefit from empowerment deals, hence there is lack of transformation (Rumney, 2005).

2.5. SMALL ENTERPRISE AND TOURISM DEVELOPMENT

The DTI (2002) stated that small enterprise development has always been sidelined while larger corporations were given preference, and thus underestimating the potential of small enterprises in contributing towards the development of this country's economy. New enterprises, whose owners do not have formal credit records, cannot be granted the funding they need to grow their enterprises. As a result, the South African economy has been historically focussed on corporate investments rather than on small enterprises, a domain of black-owned enterprises (South Africa, 1995; DTI, 2002). Accordingly, black entrepreneurs that should benefit from such schemes in order to contribute to the economy are excluded by the system because they are not creditworthy. Nevertheless, it is evident that supporting SMMEs is critical in nurturing the growth and development of black-owned enterprises, so that they could create employment and the much-needed income (South Africa, 1995; DTI, 2002). In that view, it is argued that SMMEs should be nurtured in order to create long-term jobs for the many unemployed people; greater equalisation of income, wealth and economic opportunities; stimulating economic growth; as well as strengthening the cohesion between small enterprises, are seen as strategic basis for supporting SMMEs (South Africa, 1995). Post-Apartheid legislation in South African supports the development of SMMEs for many reasons. However, policy reform encourages the growth of viable enterprises that have the potential to create employment for the many unemployed and to increase their competitive edge both nationally and internationally so as to maximise benefits and profits for the previously disadvantaged people in particular.

DEAT sought to provide support programmes aimed at encouraging the development of black enterprises within tourism. The support programmes included promotion of small businesses, training and capacity building and infrastructure development (DEAT, 2000; Pillay, 2000). Given this kind of support, it was envisaged that tourism development would be placed firmly in the hands of black entrepreneurs (DEAT, 2000). In an effort to encourage the participation of black-owned SMMEs in tourism, the government sought to provide financial assistance. Against this backdrop is the fact that accessing financial resources is a challenge among new entrepreneurs. It was also evident that, substantially, small entrepreneurs are unaware of funding sources and hence the need to provide them with assistance in this area. Several support programmes were instituted by either the DTI or DEAT and these include, the International Tourism and

Marketing Aid Scheme (ITMAS); Small Medium Enterprise Development Programme (SMEDP); to name a few, (for details see DEAT, 2003; Rogerson, 2004e). The Business Trust later provided funding to the tune of R60 million for the establishment of the Tourism Enterprise Programme (TEP) for a four-year period. The Tourism Enterprise Programme seeks to assist emerging enterprises in particular, enabling favourable market linkages with large established enterprises (DEAT, 2003). Although there are several areas where entrepreneurs can access funding, it emerges that black entrepreneurs are unable to access funding. In an appraisal of the state of financing for tourism SMMEs in South Africa, Rogerson (2004e) identified three core areas of limitation associated with the above problem. First, many funding agencies lacked monitoring system or measurable target goals. Second, there is no alignment between existing programmes and the broader transformation framework of the tourism industry. Final, tourism is still not seen as a potential growth sector, hence there is lack of suitable support mechanisms. In addition, Rogerson (2004e) argues that there are limitations related to the funding support available to newly-formed tourism enterprises. He argues that it is extremely difficult for this category of entrepreneurs to get access to funding. "For start-up enterprises, there is at present, no access to the valuable kinds of support offered by the TEP programmes especially in the form of support for business linkages" (Rogerson, 2004e). Despite that, the situation is even bleak for entrepreneurs outside Gauteng, KwaZulu-Natal and the Western Cape provinces. That is, Gauteng, KwaZulu-Natal and the Western Cape provinces have advanced funding facilities than other provinces in the country. This means that, outside the metropolitan areas, entrepreneurs entering the tourism industry find it difficult to gain access to funding. Accordingly, entrepreneurs working in the rural areas are sidelined from accessing funding benefits; hence there are low levels of productivity. For example, Bourgouin (2002) indicates that in the rural areas, SMMEs operating in rural areas, the majority of which are survivalist, often experience low-levels of productivity, inefficiency and outdated technology.

In a challenge to the Deputy Director-General (DDG) of the Department of Environmental Affairs and Tourism, Dr Patrick Matlou, Marx (2003) raises issues that seemingly hinder the growth of black-owned tourism SMMEs. In response to some of the questions raised, the DDG admitted that there are shortcomings associated with funding processes. He attributes this to lack of access to information by arguing that:

“There are many programmes we have in place to assist emerging entrepreneurs in the tourism are not utilised for a number of reasons – people remain unaware of our programmes, they find the process of applying for loans and grants too cumbersome, and all the information provided is in English, which remains a problem”

To counter this problem, the Department proposed to disseminate the necessary information in different languages in all the provinces (Marx, 2003).

The tourism industry in South Africa is continuing to grow in a path of separate development. It is obvious that tourism is not achieving integration as it was envisaged in the Tourism White Paper. This kind of development is indicative of the first and second economies, which continue to co-exist alongside each other. Accordingly, the first economy is seen as a ‘modern’ economy which is integrated into the global economy and contributing towards the ‘bulk’ of this country’s wealth. In contrast, the second economy is underdeveloped, isolated from the first and global economies and contributes very little to the economy of the country. In addition, a large proportion of people participating in the second economy are poor from both urban and rural areas (SARPN, 2003). Be that as it may, the importance of small scale enterprises in contributing towards the economy cannot be undermined. And indeed, their role is being utilised towards achieving increased earning, foreign exchange, investments, job opportunities; which on the long run is also achieving the goals of reducing socio-economic impacts experienced in the developing world (Rogerson, 2005). Seemingly, the white domination of the tourism industry and the participation by black entrepreneurs in the tourism industry resemble the role they play in the first and second economies respectively. The likelihood of the two ‘economies’ integrating currently seems inconceivable. In other developing countries, lack of integration of tourism has been linked to ineffective policies, particularly in terms of ‘indigenising’ tourism (Dieke, 1993; Thompson et al, 1995). Nevertheless, with the appropriate ingredients in place, it is surprising why the tourism industry in South Africa is not transforming as envisaged.

2.6. CONCLUSION

The purpose of this chapter was to provide background debates about tourism development in South Africa. The chapter sought to focus the debates on the development of tourism after apartheid and linked it with BEE as well as SMME

conceptions. It is against this background of the research of tourism and especially South African initiatives towards ownership transformation that the focus now shifts to lessons relating to the empirical study of small-scale tour operators.

3. CHAPTER THREE - RESEARCH METHODOLOGY

3.1. INTRODUCTION

The purpose of this research report is to evaluate the level of black economic empowerment in tourism over the ten-year period from 1994 to 2004. The approach to the research was twofold. First, the purpose was to conduct a desk-top research on tourism development in South Africa during the given period. Second, to establish, through a survey of tour operators, whether the objectives of tourism development are being achieved. In this chapter therefore, I shall discuss the research method used to undertake this study. The first part of the chapter outlines the purpose of the desk-top study and the second illustrates how the research with tour operators was undertaken.

3.2. CHALLENGES AND LIMITATIONS

One key problem found at the outset of the research was the level of any official information on tour operators.

The challenge was that neither the Department of Environmental Affairs and Tourism (DEAT) nor the Gauteng Tourism Association (GTA) had a comprehensive list of all black tour operating companies. Another concern was that some of the companies that were listed in the GTA directory no longer existed. It appears that some companies had registered their names with the Authority but never proceeded beyond the registration process.

Another problem was the inability to conduct a comparative study to weigh the level of operation between large white-owned companies and emerging black tour operators. This assessment could have been useful in terms of providing a yardstick for measuring the level of a “successful” tour operator as well as the gap that exist between black and white tour companies.

The intention was to interview 40 black tour operators based mainly in Gauteng. The survey was designed to parallel an earlier research conducted on the problems experienced by black operators in the bed and breakfast sector of tourism development. A similar questionnaire to the bed and breakfast study was used here (see appendix 1).

Undertaking the research was beneficial in as much as it was a challenge. Perhaps the most trying challenge was to set appointments with respondents as some were often too busy to honour appointments. In an isolated incident, a participant refused to continue with an interview because she felt some of the questions that were being asked were imposing and intimidating. The interview was abandoned. In another case, a respondent indicated that questions, such as age and level of education should not be asked because of similar reasons and he refused to answer them. In fact, he was not willing to continue with the interview unless those questions were not asked. In most cases, respondents either wanted to sell their products to the researcher or hoped to benefit in some way from it. Some respondents understood the purpose of the study and gave invaluable responses.

The major setback for the researcher is that there are a number of established black-owned tour companies that have been working for some time. It was impossible to make appointments with these operators despite the fact that their participation in the study could have provided a beneficial input to the research.

3.3. *PURPOSE OF REVIEWING THE LITERATURE*

The theoretical grounding of the research report was taken from a literature survey of policy documents. The purpose of the literature review which was discussed in the previous chapter sought to establish the following.

- The development of tourism in South Africa after apartheid;
- To review the Tourism White Paper's objective to use tourism as a development tool;
- To review the black economic empowerment strategy in relation to tourism;
- To draw lessons from other developing nations, particularly those in Sub-Saharan Africa which could be used for South Africa; and
- To assess the level of SMMEs in achieving BEE objectives.

The reading materials were gathered from the library and government publications of various sector departments, in particular from the Departments of Environmental Affairs and Tourism (DEAT) and Trade and Industry (DTI). Legislation and policy publications from the two sector departments informed the research report on objectives of the

government, particularly in terms of unlocking the potential of tourism in order to benefit previously marginalised communities and change the demographics of inequality in South Africa. In addition, government white papers, 'National Strategy for the Development and Promotion of Small Business White Paper' (South Africa, 1995), 'White Paper on the Development and Promotion of Tourism in South Africa' (South Africa, 1996), the Broad-Based Black Economic Empowerment Act' (South Africa, 2003), 'A Strategy for Broad-Based Black Economic Empowerment' (DTI, 2003), were analysed to inform the research report on the evolution of tourism policy in post-apartheid South Africa. The background of tourism legislation is complemented by literature on the tourism industry not only from South Africa, but from other developing nations, particularly in Sub-Saharan Africa.

3.4. EVALUATION OF TOUR OPERATORS

Using a structured questionnaire (see appendix 1), forty (40) operators from across Gauteng were surveyed through direct interviews with individual respondents. Because tour operators from across Gauteng were selected for participation in the study, it was impossible to meet all of them in their respective areas. It was feasible for the researcher to resort to telephonic interviews for other individuals outside of Johannesburg in the case of respondents from municipal areas such as Tshwane, Mogale City, Midvaal and Ekurhuleni.

As discussed in section 3.2 above, there was a lack of comprehensive list of black-owned SMME in the form of tour operators. It was thus difficult to collate a comprehensive list tour operators from information gathered from GTA because the SMME directories had minimal names of tour operators. Other sources were considered for provision of names. It was also not clear which companies were black owned and which were not. The researcher called the operators to check if the companies are indeed black-owned. It was particularly unclear who black tour operators were from the (Southern African Tourism Services Association) SATSA list, hence the need for that verification. Because of the limited numbers of available black tour operators, the selection of the sample was therefore based on availability and *de facto* operation of the tour operators.

Accordingly, the sample for the research was drawn from five sources namely:

- Southern African Tourism Services Association (SATSA) website;
- The West Rand SMME directory;
- The Gauteng Tourism Authority SMME directory;
- Gauteng Tourism Showcase Trade Directory and
- The Johannesburg Tourism Company service provider list.

The sample is drawn mainly from Gauteng for practical reasons and for consideration of time, location and the scope of the research report. With a set of questions from a structured questionnaire, the majority of interviews were conducted face-to-face. Individual telephonic interviews proved to be useful for respondents who were not based in Johannesburg.

The questionnaire sought to establish the following areas of concern:

- A profile of tour operators;
- Background information on tour operator enterprises;
- Background information on skills and resources of the personnel running the enterprises;
- Challenges and constraints faced by tour operators;
- Support structures available to tour operators. These include finance, skills training and development, as well as information on business development;
- The background details of clientele. This covers where tourists originate from (country of origin), how tour operators find them, and their preferred destinations;
- To test whether the operators have marketing strategies to attract their clientele and whether these strategies are effective enough to determine tourist destinations;
- The level of participation in tourism initiatives like exhibitions or membership of tourism associations or organisations.

Whereas this research used the survey questionnaire as a tool to collect data, responses that emerged from the findings are not in any way homogenous. Indeed, the purpose of the questionnaire was not only to produce the set of responses, but also to extract challenges and constraints from the perspective of tour operators themselves. The outcomes, therefore, reflect the level at which black people participate in the tourism

industry in general and within the transport sub-sector in particular. The data collected is presented by category of information in Chapters Four and Five.

Chapter Four presents quantified outcomes of the research without necessarily confining the research on statistical conception. The purpose is to illustrate the overall depiction of black tour operators and the challenges of the tourism industry. The results were prepared in a summary sheet produced using the Excel spreadsheet with filtering system. Using this approach it was easy to determine for example, how many tour operators had a university degree. This information was then calculated into percentages to present the data in a clarified manner. The analysis of data for Chapter Four focused on quantifiable attribute which could form variables.

By contrast, chapter Five synthesises the outcomes of the research by presenting the qualitative outcomes of the research, particularly in relation to challenges and constraints associated with the tourism industry. The synthesis chapter sought to present perspectives of tour operators themselves through direct quotations. In this way, it would be established the extent to which tourism is achieving the objectives of BEE.

4. CHAPTER FOUR – PRESENTING THE SOUTH AFRICAN TRANSPORT SUB-SECTOR: TOUR-OPERATOR RESEARCH FINDINGS

4.1. INTRODUCTION

The overall objective of this research report is to evaluate the progression of black-owned tourism companies in the echelons of the tourism industry. In addition, the research seeks to appraise whether previously disadvantaged people in particular black people are making a competitive break through into the tourism industry. Drawing from post-apartheid planning and legislation, it was anticipated that the tourism industry would be able to achieve harmonisation of the economy such that the industry would be equitably owned by all people. Nevertheless, research findings conducted in other sectors of the tourism industry indicate that reaching the post-apartheid objective of enriching black people through tourism is far from the required parameters (TBCSA, 2002; TBCSA, 2003). Seemingly, the tourism industry remains as lily white as ever with about 95% of the industry being under the ownership of the white minority (TBCSA, 2002). Making the tourism industry equitable among all people has remained a challenge.

In this chapter, I shall present the findings of the research conducted with 40 black tour operators from across Gauteng province. The research seeks to assess the standing of black tour operators in achieving the objectives of black economic empowerment. The research considers the extent to which black tour operators are making headway into the tourism industry as successful small enterprises able to achieve the objectives of the Tourism White Paper in general and BEE in particular. By engaging specific concerns, the research seeks to highlight factors determining challenges that are faced by black entrepreneurs within the tourism industry. Thus, emerging from the findings it is shown that many black tour operators are operating at only a very minimal level and still in a marginal position in the industry. Noticeably and collectively, black tour operators face similar problems such as access to finance, markets or/ and skills to undertake aggressive marketing campaigns that would lead to increase in numbers of clients. Again the marketing campaigns also depend on the availability of funds, which, in turn, limits the ability of black entrepreneurs from accessing profitable markets.

The purpose of this chapter is twofold. First, the chapter discusses the requirements and procedures for registering tour operators in South Africa. Second, the chapter will present the findings of the research survey conducted with forty black tour operators from across Gauteng. The research findings presented in this chapter are in quantified form to illustrate an overall representation of black tour operators.

For the purpose of this research, the tour operators who participated in the research shall be referred to as 'respondents'. The intention of the chapter is to highlight challenges that tour operators confront within the industry. Issues that emerge from this section lead to an identification of avenues through which tour operators could be assisted. This chapter will therefore introduce the nature of the South African transport sub-sector of the tourism industry in the form of tour operators. Whereas the research seeks to highlight challenges and constraints faces by black tour operators, it does not intend to conclude that this is a representation of black tour operators across South Africa. Emerging from the material presented below, it is demonstrated that there are diverse characters that define black tour operators in South Africa. Though diverse in character, the majority of these tour operators face the same challenges which seemingly revolve around access to resources and markets.

4.2. NATURE OF THE TRANSPORT SUB-SECTOR

According to the South African Tourism Services Association (SATSA) there are different kinds of sub-sectors within the transport sector of the tourism industry. These include airline, air charter, camper hire, rail, taxi, transfer company, vehicle hire, water charter, and tour operator. Tour operators are defined as those that transport group/s of people to a destination for a period determined by the itinerary. Accordingly, "a tour operator or tour broker makes arrangements for tourists" (SATSA application form – see appendix). The process of arranging for tourists involves quoting for the work, agreement to the costs, bookings and service provision according to an agreement. Tour operators may obtain their clients from other tour operators, tour brokers, hotels and so on. It should be borne in mind that tour brokers do not operate their own vehicles but subcontract to other operators (SATSA application form, p.2). Although this may be the case, some of the respondents fall within this category but consider themselves to be tour operators. Figure 4.12 provides an indication of the proportion of participants who

indicated that they do not own vehicles for their enterprises. Drawing from the survey, approximately 37% of all respondents stated that they do not have their own vehicles. Instead, most of them stated that they hire vehicles from other sources. Lack of finance has forced some respondents to resort to this type of operation. This is indicative of the challenges that some tour operators are facing within the tourism industry, particularly in relation to resources required to run the tour enterprises.

Within the transport sector of the tourism industry, there are domineering sub-sectors and each contributes different roles. Parallels could be drawn with what Rogerson (2004b) reports in relation to the dominance of the South African accommodation sector by Protea, Sun International and Southern Sun (Rogerson, 2004b). The same could be said that the transport sector is dominated by the vehicle hire sub-sector of which Avis; Hertz; Imperial; and so on, are the biggest stakeholders. In view of that, it should be recognised that within the tourism industry, the transport sector remains the most challenging (TBCSA, 2002). Against this background, is the fact that the participation by black tour guides has remained very low. In an effort to change the nature of the tour operator sub-sector, DEAT intended to introduce a quota system to counter the low participation of black tour operators. The concern from the Department was that “transformation in the tour guide sector has been “very slow” in the past seven years. It’s the one area that seems to have fallen through the cracks” (Naidoo, 2003). Accordingly, the Department resorted to the quota system following complaints from disgruntled tour operators (Ndlovu, 2003).

The TBCSA (2002) argues that achieving transformation within the transport sector of the tourism industry would not be easy. Conversely, outlining the nature and scale of the tour operator sub-sector in South Africa is a challenge. It is unclear from lists provided by SATSA and GTA how many tour operators exist in Gauteng province alone. Whereas SATSA provided a comprehensive list of its registered members, it is also unclear how many of these are black tour operators. At the same time, it is unclear what the proportion of black tour operators is in relation to their white counterparts that are registered with SATSA. The Gauteng Tourism Authority (GTA) indicates that although they have compiled a list of black-owned tour operators, there was concern that some of the companies registered with them may no longer be in existence. Also, it was further established that some companies that may be operating are not in the GTA database.

(Interview with Klaas Skosana, GTA). That is, because the Gauteng Tourism Authority does not necessarily regulate the transport sub-sector of tourism, it is impossible for them to know every operator. At the same time, the Authority has in its database, those tour operators that have applied for assistance from them. Nonetheless, since the GTA started storing data, some entrepreneurs may have gone out of operation. In fact, according to some respondents, some tour operators register their companies before starting them hoping to get funding from GTA, TEP, DEAT or other funding organisations.

4.3. REGULATIONS OF THE TOUR OPERATING INDUSTRY

Enquiries to the Department of Environmental Affairs and Tourism (DEAT), Tourism Enterprise Programme (TEP) and the Gauteng Tourism Authority (GTA) indicate that there is no formal requirement to become a tour operator. Moreover, there are no regulations that guide registration of tour operators. Although SATSA is not an authority on registering new applicants, both the Gauteng Tourism Authority (GTA) and the national Department of Tourism and Environmental Affairs (DEAT) state that they do not have sets of procedures for application. Instead, both the Authority and the Department refer potential applicants to the SATSA guidelines and procedures. That is, regulations that are in place for registration for tour operators are drawn from SATSA. SATSA is not a government organisation but an association of businesses providing services in the tourism industry. They serve as a spokesperson that lobbies for support from government and other roles players, particularly in matters affecting tourism. The Association guarantees its member international recognition and credibility (SATSA, 2004). SATSA charges R2850 for its national/ regional/ associate membership annually. A non refundable application fee of R627 - 00 is also charged.

The SATSA guidelines (as set by the Operation Licence Board) for new tour operator applicants specify requirements that should be considered. The four major requirements for tour operators include:

- An Operating Licence obtainable from the Operating Licence Board (OLB).
- Professional Driving Permit issued by the Traffic Department, Department of Transport.

- Operator must either be or use a qualified Tourist Guide from an accredited institution.
- Must have passenger liability insurance cover (SATSA recommends a minimum of R5 million for vehicle carrying 5 – 7 passengers) should be in place. (SATSA, 2003).

The Operating Licensing Board is responsible for providing licenses to potential tour operators. Most of these guidelines make it difficult if not impossible for entrepreneurs without considerable assets to proceed with starting the enterprise. Among the challenges of associated with the sub-sector of the tourism industry, is the complexity of the registration process, which according to some respondents is difficult.

"I had difficulties in obtaining a licence and I almost gave up starting my company"

The following sections provide indications about black tour operators. The sections illustrate the finding of the survey according to what respondents reported.

4.4. PROFILE OF TOUR OPERATORS

The following section will present the findings of the research survey conducted with 40 tour operators from across Gauteng province. One of the purposes of this research is to identify the profile of tour operators working in the transport sub-sector. The section will therefore seek to outline factors that define these role players working within the transport sub-sector of the tourism industry. It is hoped that through the presentation of these factors, challenges, constraints and opportunities will emerge which will begin to clarify whether black tour operators have the capacity and ability to participate in the tourism industry. The section seeks to draw on the following:

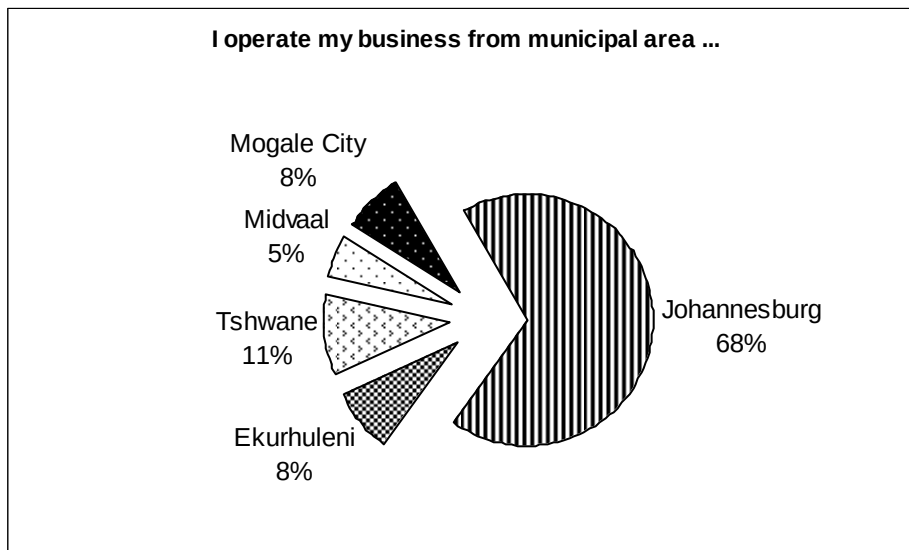
- Background information of tour operators
- Background information on skills and resources of tour operators

4.4.1. Municipal areas where business is operated

Figure 4.1 presents areas where tour operators work from. It illustrates municipal areas within Gauteng province which respondents indicated they work from. The majority of respondents indicated that they are from the Greater Johannesburg Metropolitan area (68%).

The Midvaal Local Municipality had the least proportion of respondents (5%). The proportional representation of tour operators by municipal area does in a way reflect actual numbers. That is, there are more tour operators in the Johannesburg area than in any other municipal area within Gauteng.

Figure 4:1Figure: Provenance of respondents by municipal area



The results demonstrate some municipal areas have more tour operators than others. For example, most respondents indicated that they are from Soweto than those who stated they were from Sandton for obvious reasons. The historical make-up of locations in South Africa determines that more black tour operators will come from such 'previously disadvantaged' areas; hence Soweto had a greater proportion of respondents.

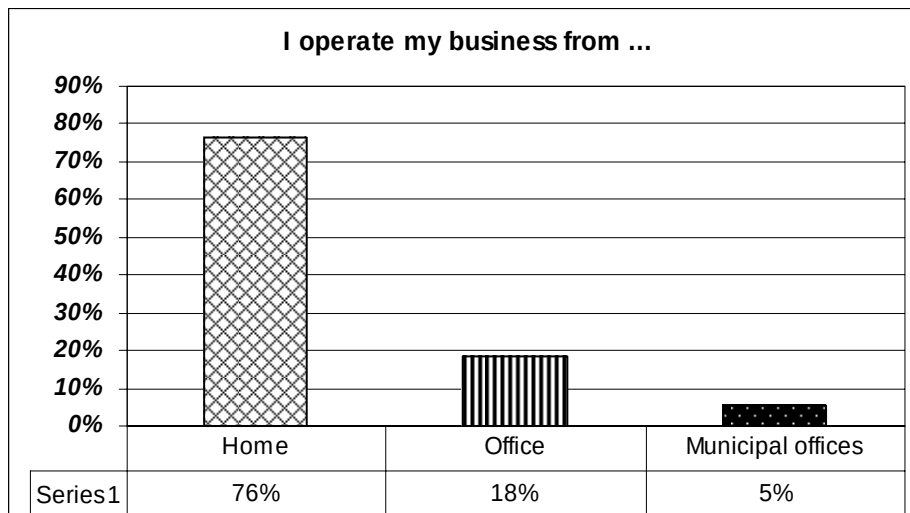
4.4.2. Place where business is operated from

Figure 4.2 below provides an overview of places where tour operating enterprises are conducted from.

Approximately 76% of all respondents indicated that they operate their businesses from their homes. About 18% of respondents stated that they work in offices outside their homes. Interestingly, only 5% of respondents reported that their offices were based

within municipal premises. These results indicate that most respondents prefer to work from their home because it is likely that it is cost effective to do so.

Figure 4:2: Place where business is operated from

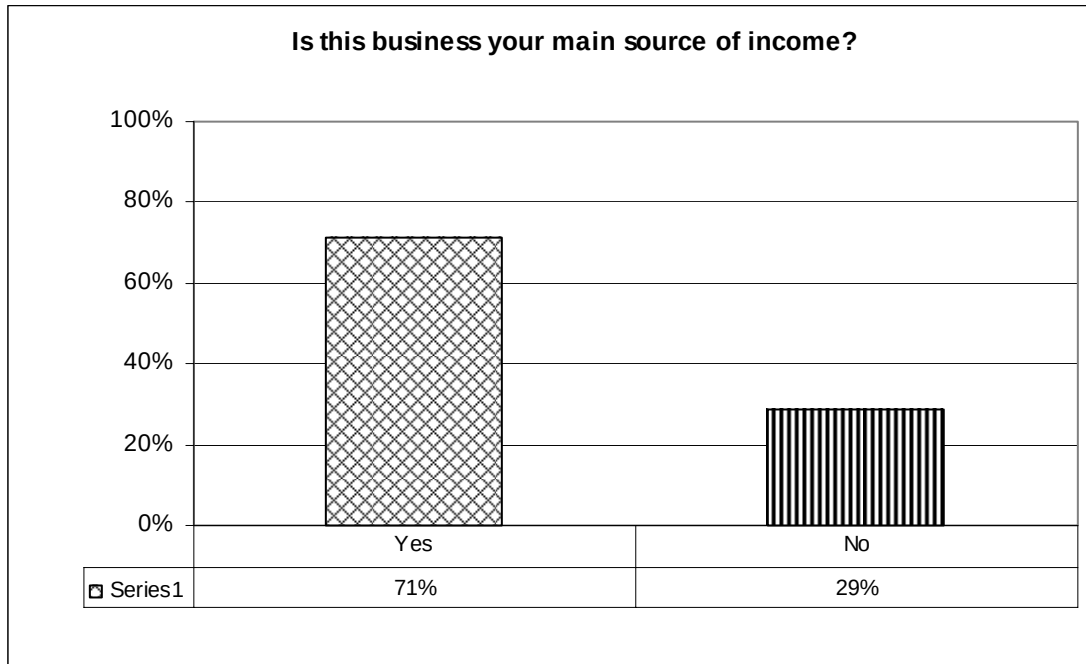


In fact, some respondents demonstrate that working from home reduces cost than renting office space. A respondent stated that she and her partner were forced to move to her house from an office they were renting because they were not making money as they anticipated. She states “At that time we had offices in Braamfontein that were exhausting more of our finances. When we started, we were advised to have offices in order to attract funding.”

4.4.3. Source of income

Figure 4.3 presents reports by respondents about whether the tourism enterprises are their main sources of income. The average of 71% of all respondents agreed with the statement that the business is their main source of income. Comparatively, 29% of all respondents stated that they had other sources of income.

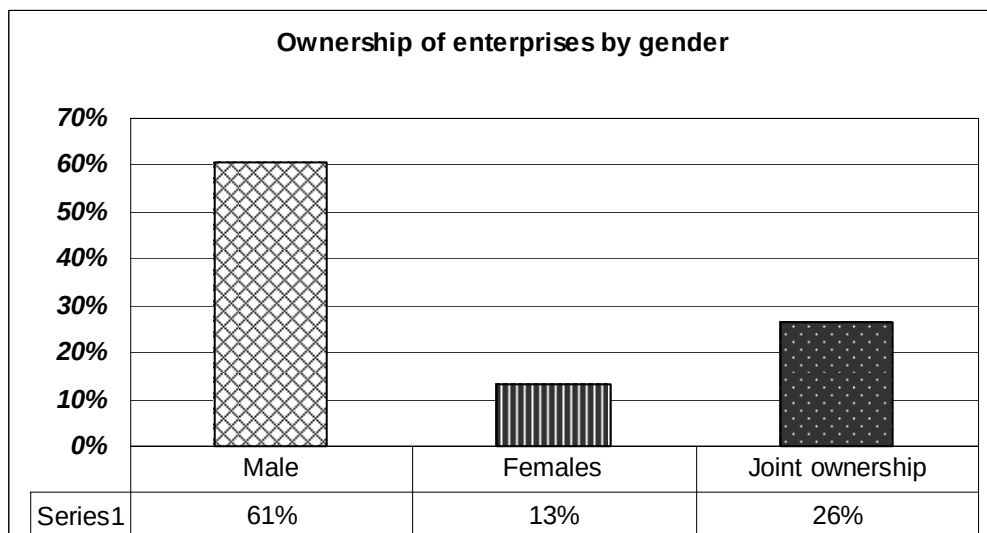
Figure 4:3: Source of income



4.4.4. Gender of tour operators

The following section presents the ownership of tourism enterprises by gender.

Figure 4:4: Ownership of enterprise by gender



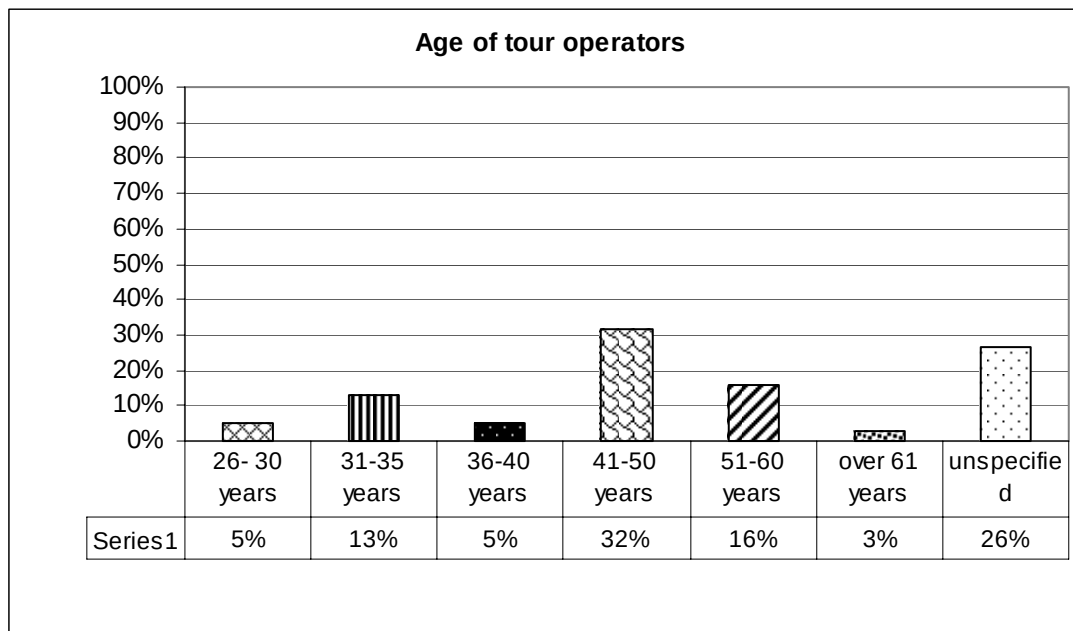
On average, a greater proportion of all surveyed tour operators are males (61%). In contrast, only 13% of all female respondents solely owned tour operating enterprises. On the other hand, the results demonstrate that of all surveyed tour operating companies, 26% of them are jointly owned by both males and females.

The results also reflect that the majority of these joint ownerships of tour enterprises are owned by husband and wife teams. Nonetheless, it is apparent that the level of participation by females within the tourism industry remains minimal.

4.4.5. Age of tour operators

Figure 4.5 below provides an overview of respondents' age.

Figure 4:5: Age of tour operators

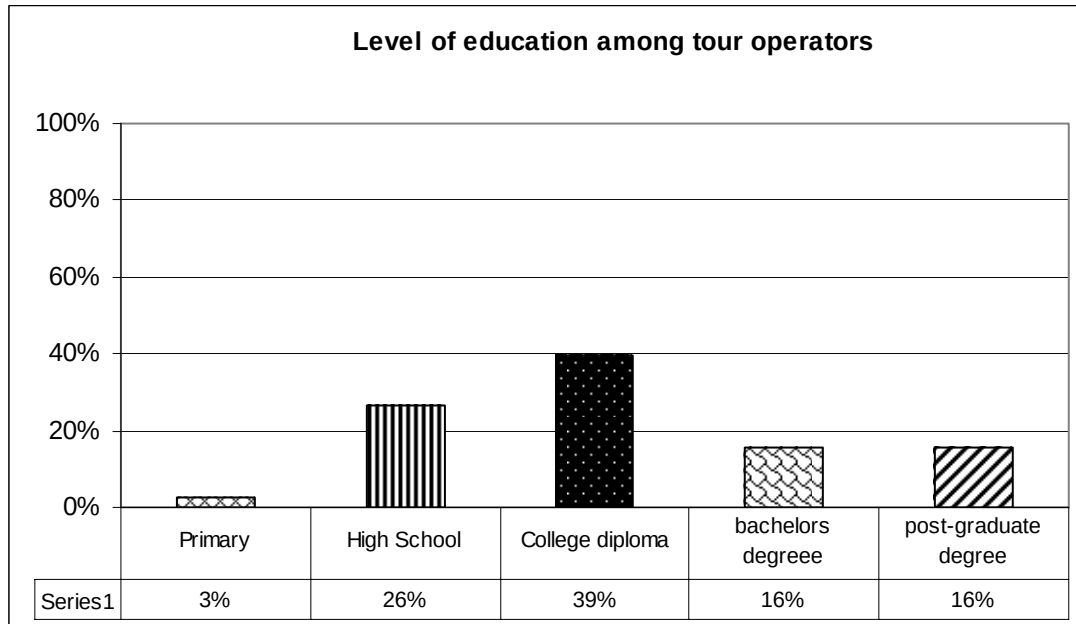


The majority of respondents (32%) stated that they are between the ages of 41 and 50 years. About 26% of all respondents did not state their age and this is likely to produce anomalous results. However, it could be concluded that on average, there are more people over the age of 35 who own tourism enterprises. This could be attributed to the fact that most respondents had jobs prior to starting their businesses. Seemingly, younger people are less likely to start their own tour enterprises because of lack of funds.

4.4.6. Level of education

Figure 4.6 presents respondents' the findings of level of education.

Figure 4:6: Level of education among tour operators



On average, the results of the survey demonstrate that a significant proportion of respondents are well-educated. Over 71% of all respondents had completed post-matric qualifications. About 16% of all respondents had Bachelor's degree and another 16% had completed their post-graduate studies. This indicates that there is a high level of education among respondents. Thus, respondents are most likely to understand and conceptualise on tourism development.

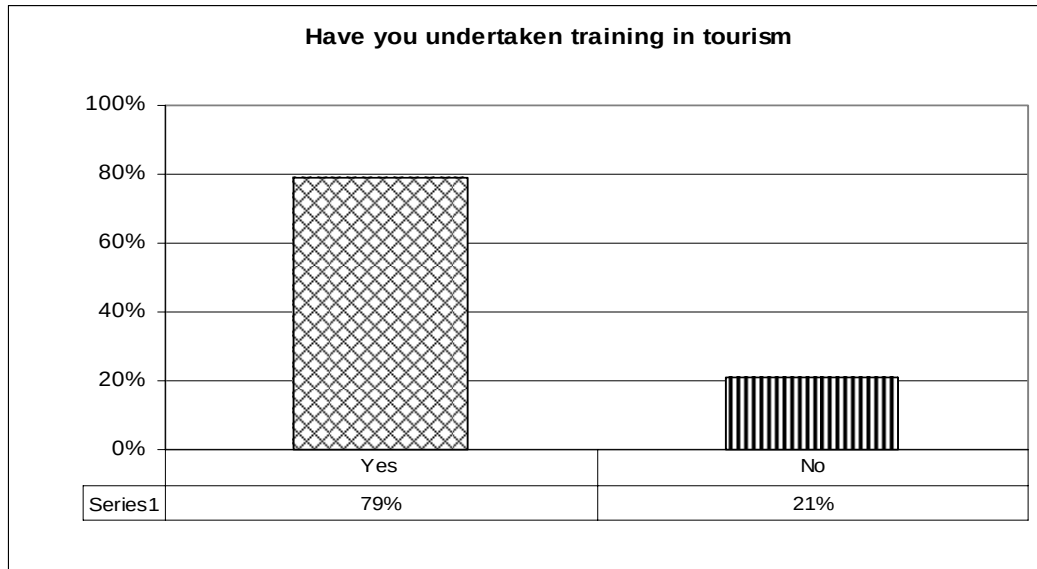
4.4.7. Training in tourism

The following section presents an overview of respondents' self reporting about undertaking training in tourism particularly in relation to tour guiding.

The majority of respondents (79%) indicated that they have undertaken training in tourism as tour guides (see figure 4.7). A considerable proportion of participants (21%) stated that they did not undertake studies or training in tourism. One of the requirements for becoming a tourist guide is to have qualification through an institution accredited by DEAT and FGASA (Field Guides Association of Southern Africa) (SATSA, 2004). In fact,

the SATSA regulations state that “... it is illegal to guide a tour without necessary qualification” (SATSA, 2004, 3).

Figure 4:7: Training in tourism



SATSA lists a number of companies that have been accredited by the Department of Environmental Affairs and Tourism (DEAT) as well as Field Guides Association of Southern Africa (FGASA). These institutions include: Drumbeat, Gold Reef Guides, Energy Guides, Sakabula Safaris and Tours, and FGASA. Table 4.1 presents results of respondents' reports about undergoing training in these institutions.

Table 4:1: Number of participants trained in tour-Guide institutions

Accredited tour-guide institution	Number of respondents
Drumbeat	2
Gold Reef Guides	14
Energy Guides	1
Sakabula Safaris and Tours	0
FGASA	0
Other	13

The number of respondents presented below represents the number of respondents who indicated that they have undergone training.

4.4.8. Maintenance of business records

Figure 4:8: Maintenance of business records

On average, 50% of all respondents stated that they were responsible for their own bookkeeping. About 32% of all respondents indicated that they utilise the services of a bookkeeper. Only 8% of all respondents reported that their administrators were

responsible for bookkeeping. It is unclear whether respondents opted to handle their own bookkeeping because they do not have adequate funds for paying the services of accountants. Another reason could be related to the bookkeeping skills that tour operators may have which allow them to keep their own records. Where they lack the necessary skills, it is unclear how they manage to undertake this task of bookkeeping.

4.5. PROFILE AND NATURE OF TOUR ENTERPRISES

The following section focuses on the nature of tour enterprises that are owned by respondents. The section seeks to reflect four areas that define the nature of tour operating enterprises and resources available to tour operators. Respondents were requested to reflect their concurrence with the following statements:

- How long has your business been operational;
- How many people own this enterprise;
- How many employees do you have; and
- How many vehicles do you own?

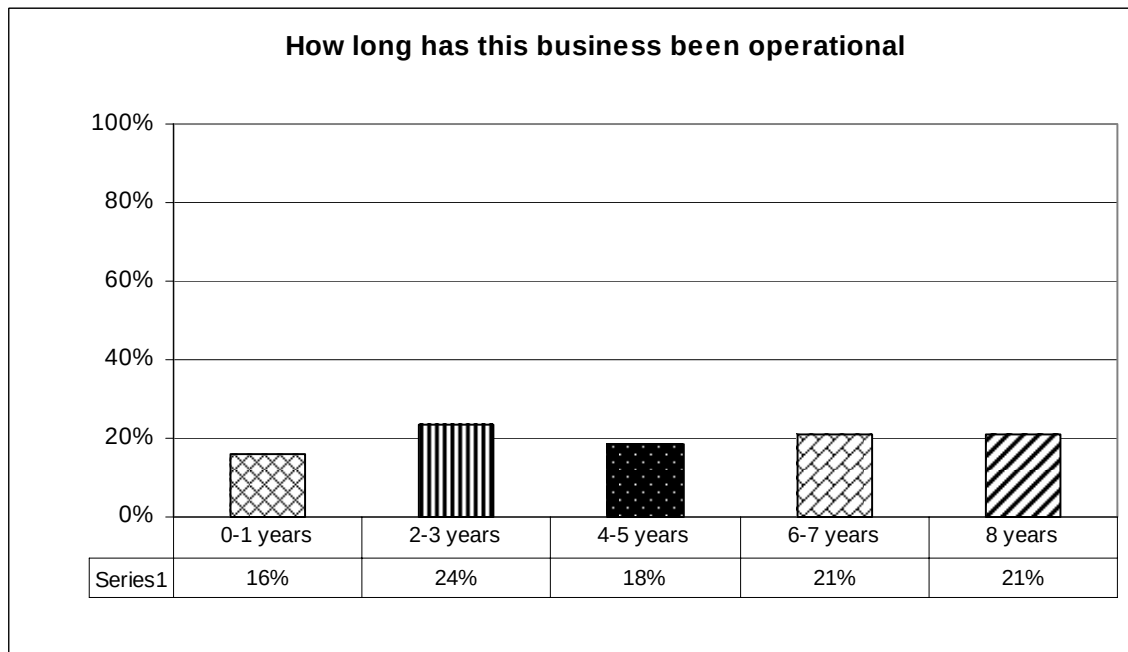
Figures (4.9 to 4.12) present the outcomes of the interviews reflecting the above statements.

4.5.1. Period of operation

Figure 4.9 below provides an overview of reports by respondents' age of the enterprises.

In total, 42% of all respondents stated that their enterprises were over five years old. Some respondents reported that their enterprises are less than a year old. Evidently, a larger proportion of tour operating enterprises were founded in the late 1990s. However, none of all the respondents surveyed stated that their enterprises were at least ten-years old. This indicates that participation by black people in the transport sub-sector of the tourism industry is relatively new. Interestingly, 24% of all surveyed respondents started their businesses 2-3 years ago. The forming of these businesses during that period coincided with the hosting in Johannesburg of the World Summit on Sustainable Development (WSSD) in 2002.

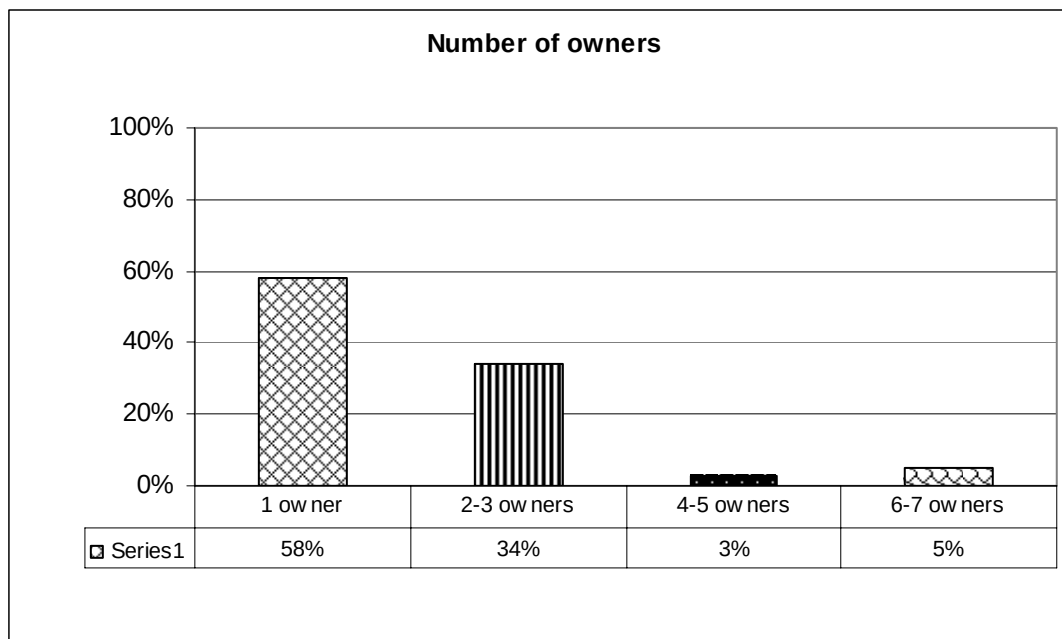
Figure 4:9: Duration of operation of tour operations



4.5.2. Ownership of tour enterprises

Figure 4.10 presents the form of ownership as reported by the respondents.

Figure 4:10: Number of people who own each enterprise



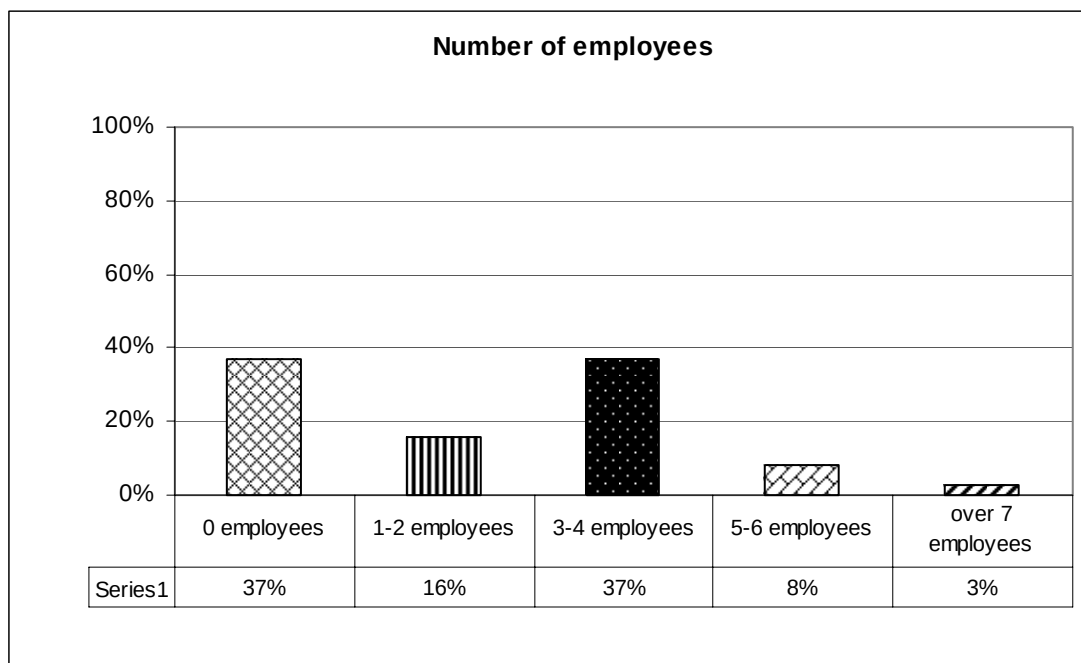
Approximately 58% of all respondents reported that they are sole owners of the tourism enterprises. The second highest level of ownership was recorded among a partnership of between two to three people. In this case, the majority of partnerships are between husband and wife teams. There are minimal forms of partnerships by bigger groups of over four partners. The implication of individual ownership of tour enterprises may limit the growth of these enterprises in a way that would make them less competitive.

4.5.3. Numbers of employees

The following section presents outcomes of respondents' reports about the number of employees they have.

In relation to the statement "how many employees do you have", most respondents (37%) stated that they do not have anyone in their employment (figure 4.11). The same proportion of respondents indicated that they have between three to four employees. A smaller proportion of respondents (3%) indicated that they have employees of seven people and over. The outcomes indicate that these establishments are relatively small enterprises that depend on a very low human resources capacity. The total numbers of people employed by tour operators are about 99.

Figure 4:11: Number of employees per tour operating enterprise

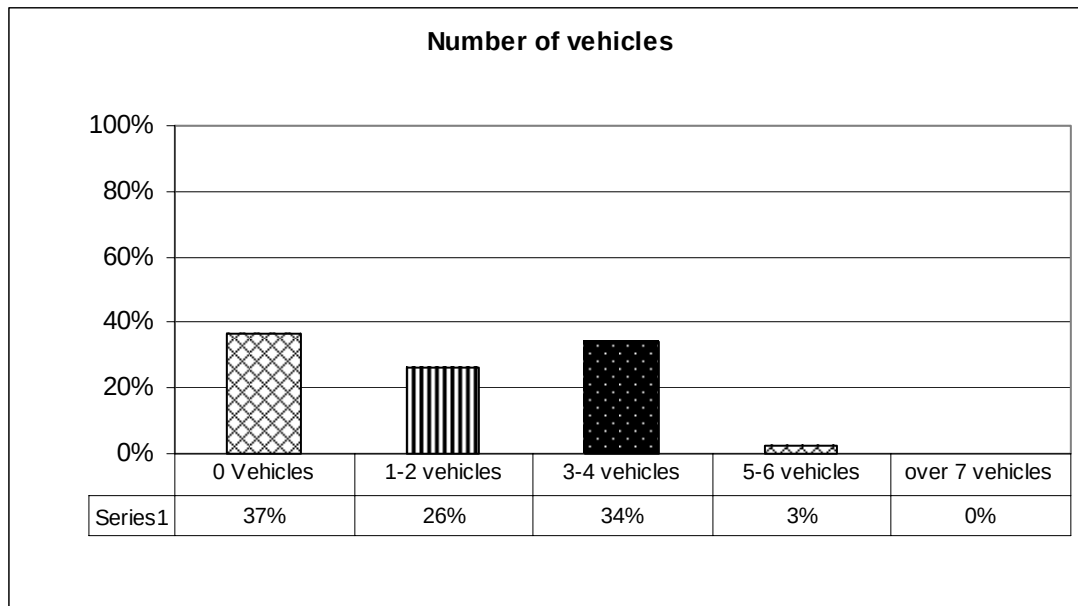


4.5.4. Number of vehicles

The following section presents reports by respondents about ownership of vehicles used for transporting tourists to destinations.

The highest level of response was recorded among respondent who reported that they do not have vehicles (37%) (Figure 4.12). At the same time, it was apparent that of all respondents in the survey, there was none of them who indicated that they owned 7 or more vehicles. In fact, some participants reported that they owned one and two vehicles (26%). Most respondents (34%) stated that they owned three to four vehicles. Evidently, the outcomes demonstrate that capacity of tour operators is limited to a small fleet of vehicles.

Figure 4:12: Number of vehicles owned by tour operators



4.6. **KNOWLEDGE AND UTILISATION OF AVAILABLE RESOURCES**

The following section provides an overview of participants' responses on whether or not they are benefiting from available resources. The section seeks to draw on the availability of support structures to respondents particularly in relation to financial support. Respondents were requested to reflect their agreement or disagreement with the following statements:

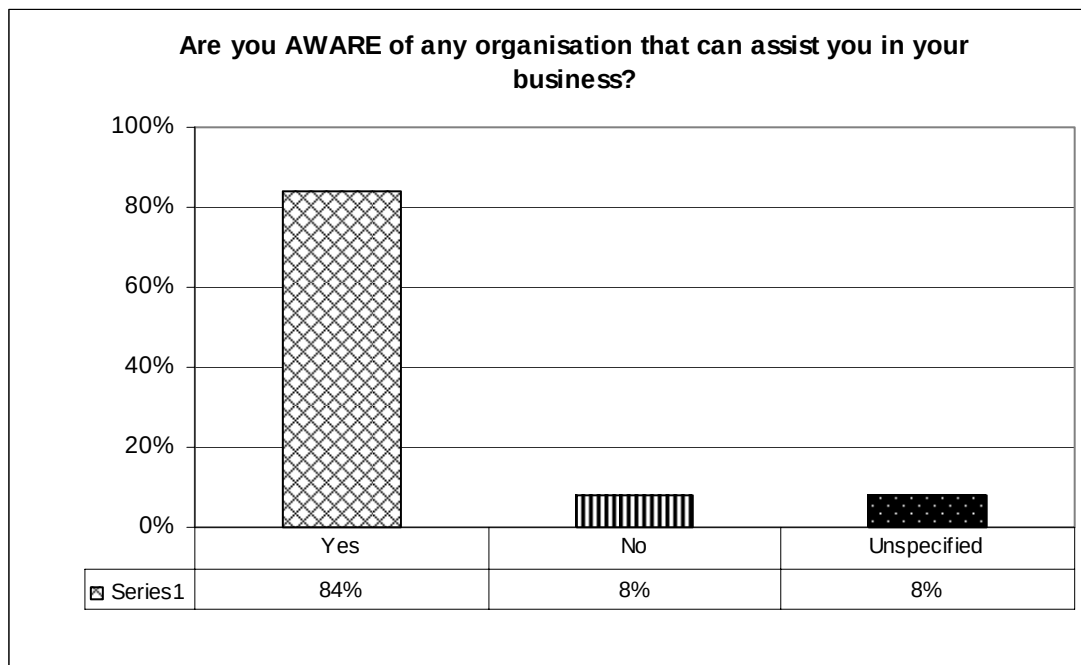
- Are you aware of any organisation that can assist you in your business;
- Have you applied to any organisation that can assist you in your business; and
- Have you received assistance from any organisation?

Approximately 84% stated that they are aware of organisation that could assist them in their business. Seventy one percent of all respondents stated that they have applied to some organisations for assistance. However, contrary to the above results, a lower proportion of respondents reported that they have received assistance from any organisation (53%).

4.6.1. Awareness about organisations providing assistance

Figure 4.13 provides an illustration of respondents' agreement or disagreement with the statement 'are you aware of any organisation that can assist you in your business'?

Figure 4:13: Awareness of organisations providing assistance



The majority of respondents (84%) reported that they are aware of organisation that can assist them in their businesses. About 8% of respondents reported that they are unaware of any such organisation that could assist them in their business. Another 8% did not specify their position. The majority of respondents who indicated that they were aware of organisations that can assist them cited among others Khula, Ntsika, DEAT,

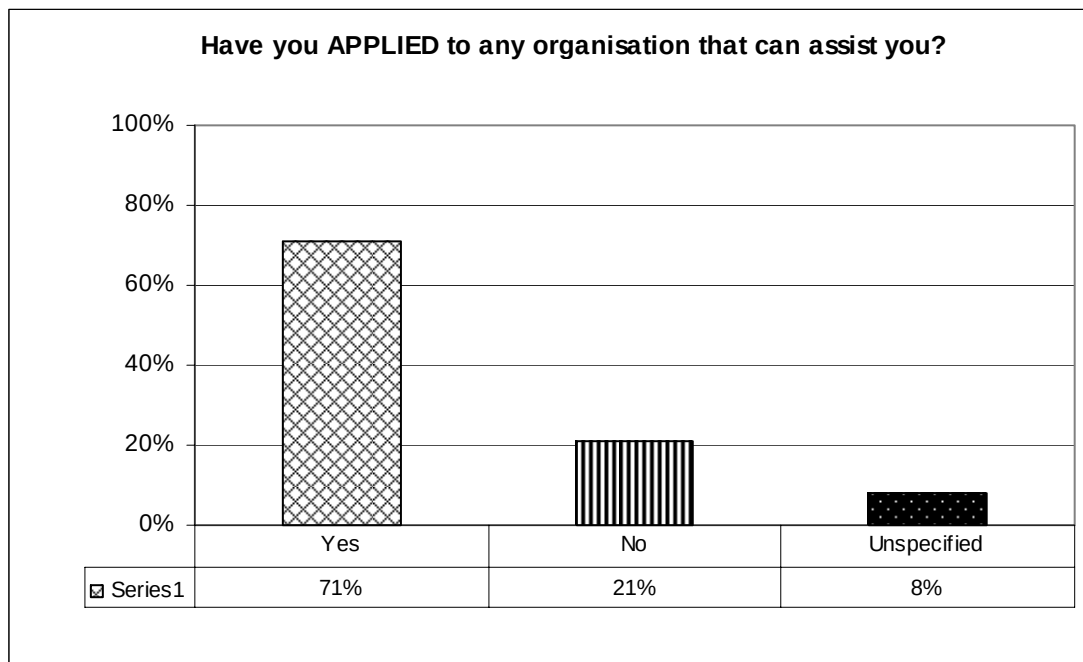
TEP, GTA etc. as organisations that could benefit them. Be that as it may, the majority also indicated that some of these organisations were not helpful and do not provide any form of funding. The names of Khula and Ntsika fell under the categories of such organisations that were not helpful.

4.6.2. Application to organisations for assistance

The next section provides an analysis of reports by respondents about whether or not they have applied to different organisations for assistance in their enterprises.

On average, 71% of all respondents indicated that they have applied for assistance to various organisations. About 21% of all respondents stated that they did not apply for assistance. The 21% of respondents who indicated that they have not applied for assistance to any organisation state that it is lack of knowledge that prevented them from doing so. Some participants indicate that they are discontent with application procedures and preferred to utilise their own contribution or loans from other sources particularly from family members.

Figure 4:14: Application to organisation for assistance

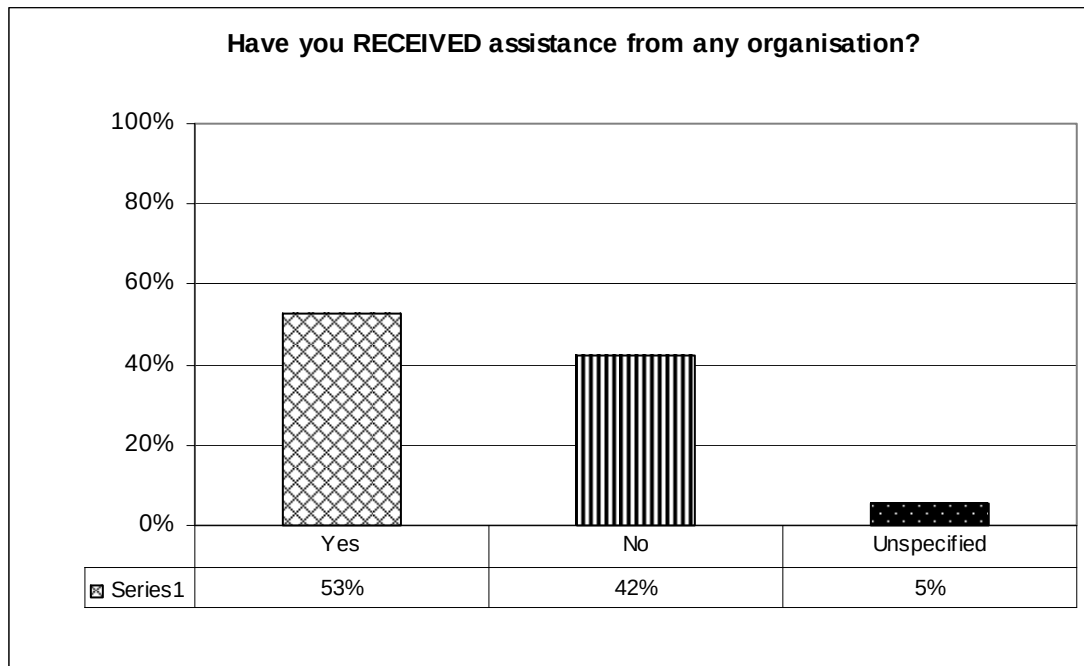


4.6.3. Receipt of assistance from organisations

This section focuses on the responses by respondents about whether or not they have received assistance from any organisation (figure 4.15).

About 53% of respondents reported that they have received assistance from various organisations. A significant proportion of respondents indicated that they have not received assistance from any organisation. As will be demonstrated in the following chapter, the majority of respondents reported that they received assistance in the form of marketing material and travel rebates to domestic and international exhibitions.

Figure 4:15: Receipt of assistance from organisations



4.7. NETWORKS AND MARKETING STRUCTURES

The following section presents reports by respondents about whether they have joined network and other support structures to enhance their marketing abilities (figure 4.18). Respondents were requested to reflect their agreement or disagreement with the following statements"

- Are you affiliated with any tourism organisation;
- Have you ever attended any tourism exhibition, workshop etc.; and

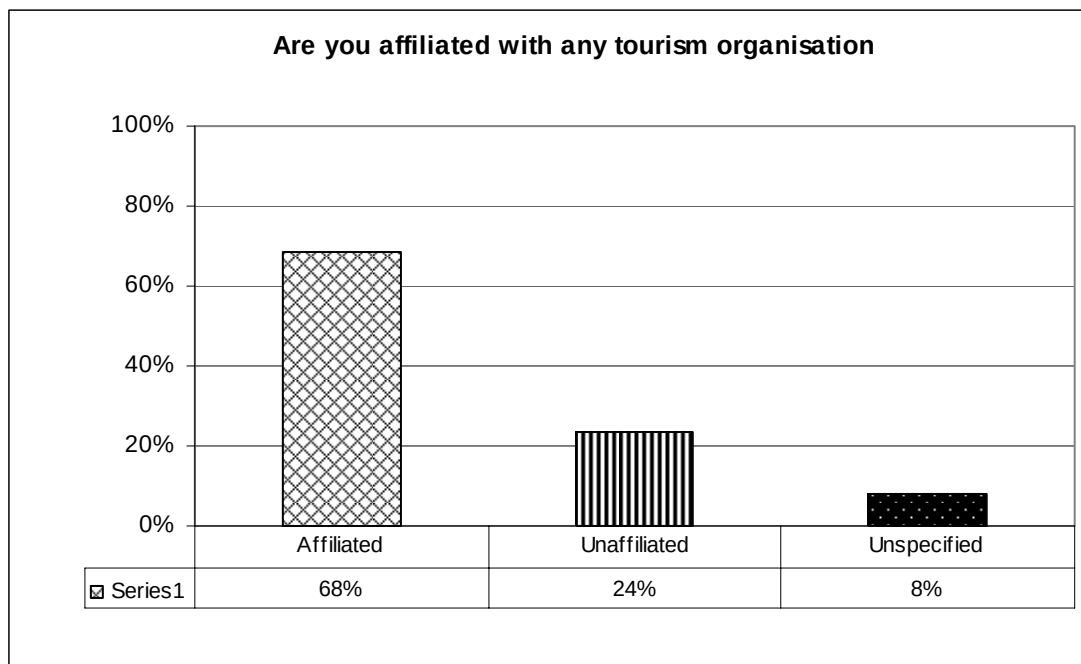
- How do you market your enterprise?

On average, the response produced positive results. For example, 68% of all respondents indicated that they are affiliated with various tourism organisations. Similarly, 76% of all respondents stated that they have attended tourism exhibitions. The results indicated that there is a high level of networking among respondents with various organisations involved in tourism. In terms of reaching clients, respondents demonstrated that there are various ways to do so. The following analysis provides an overview of respondents' reports on these issues.

4.7.1. Affiliation with tourism organisations

Figure 4.16 provides an overview of respondents' responses about whether they are affiliated with tourism organisations.

Figure 4:16: Affiliation with tourism organisations



The majority of participants reported that they are affiliated with different tourism association (68%). About 24% of all respondents stated that they are unaffiliated with any tourism association. A smaller proportion of participants did not specify whether or not they were affiliated with tourism associations. The majority of respondents indicated

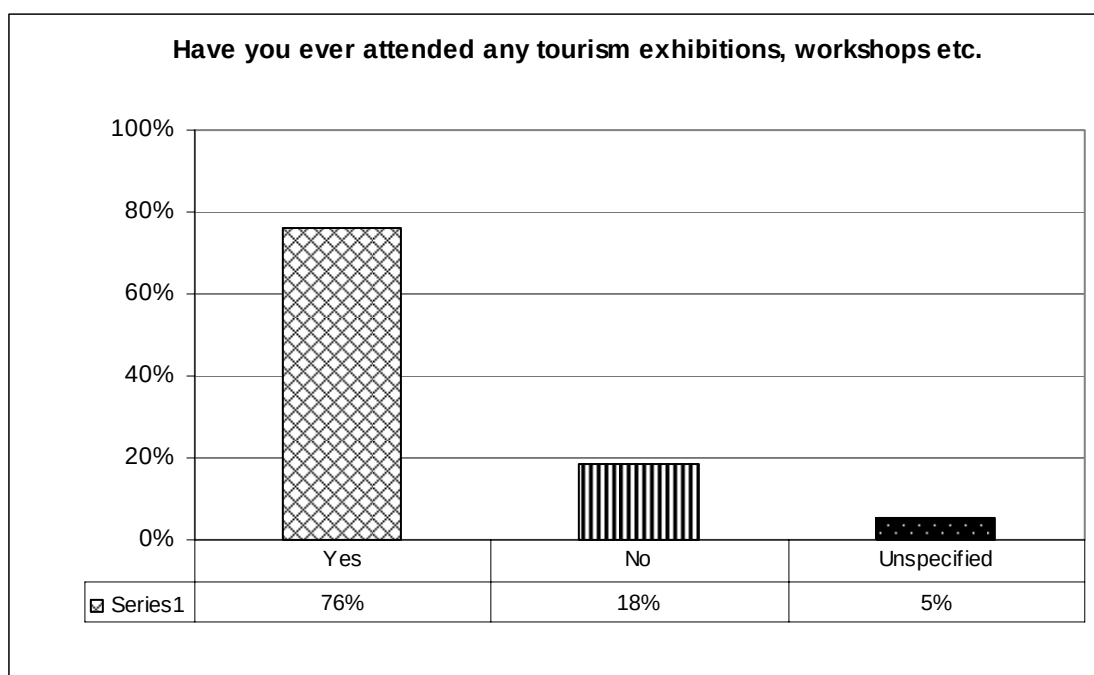
that they are affiliated with SATSA (14 people). Another organisation that was identified by most respondents was the Soweto Tourism Development Association (9 people). The remaining respondents indicated that they were affiliated with either GTA and or TEP, despite the fact that these are not tourism associations. Smaller proportions of respondents identified several associations as organisations they were affiliated with.

4.7.2. Tourism exhibitions

Overall, 76% of all respondents indicated that have attended tourism exhibitions. About 18% reported that they have not attended any exhibition (figure 4.17).

Only 5% of respondents did not indicate their position. For tour operators, attendance in major exhibitions could be translated into direct access to the market. Indeed, few tour operators depend entirely on exhibitions for gaining access to the market and to get clients. Exhibitions thus remain an important avenue for contacting viable clients. And indeed the Indaba Tourism Exhibition in Durban is singled-out as the most visited domestic tourism exposition. Approximately 50% of respondents indicated that they have attended the Indaba. A smaller proportion of respondents indicated that they attended the Gauteng Tourism Showcase organised by the GTA. About seven respondents indicated that they have attended international exhibitions in London, Germany, Italy; to name a few.

Figure 4:17: Attendance of tourism exhibitions

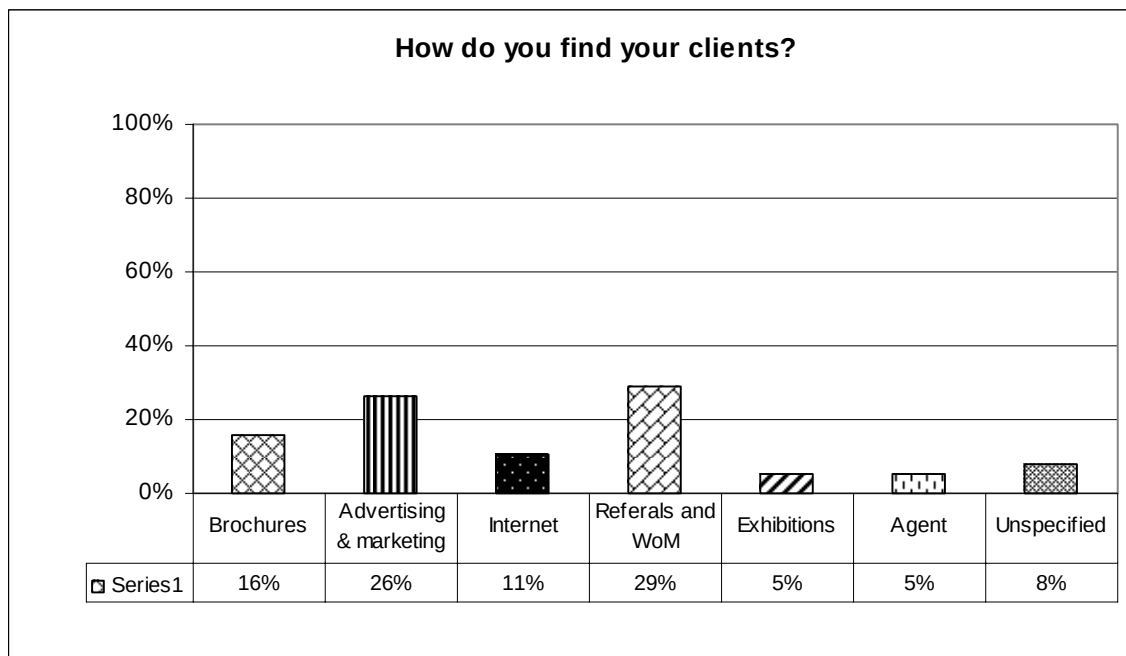


4.7.3. Gaining access to the market

Figure 4.18 provides an overview of respondents' on how they gain access to viable tourism markets.

From the above figure, it is clear that there are various ways with which respondents access their clientele. Evidently, the most common way of accessing clients seem to be through referral and word of mouth (29%). Most respondents demonstrate that they also utilise direct marketing and advertising to access their clients. Few respondents (5%) stated that they use either an agent or exhibitions for accessing their clientele.

Figure 4:18: Access to market



4.8. PERFORMANCE OF TOURISM ENTERPRISES

The following section presents the perspectives of tour operators on the performance of their enterprises. Respondents were requested to reflect their agreement or disagreement against the following statements:

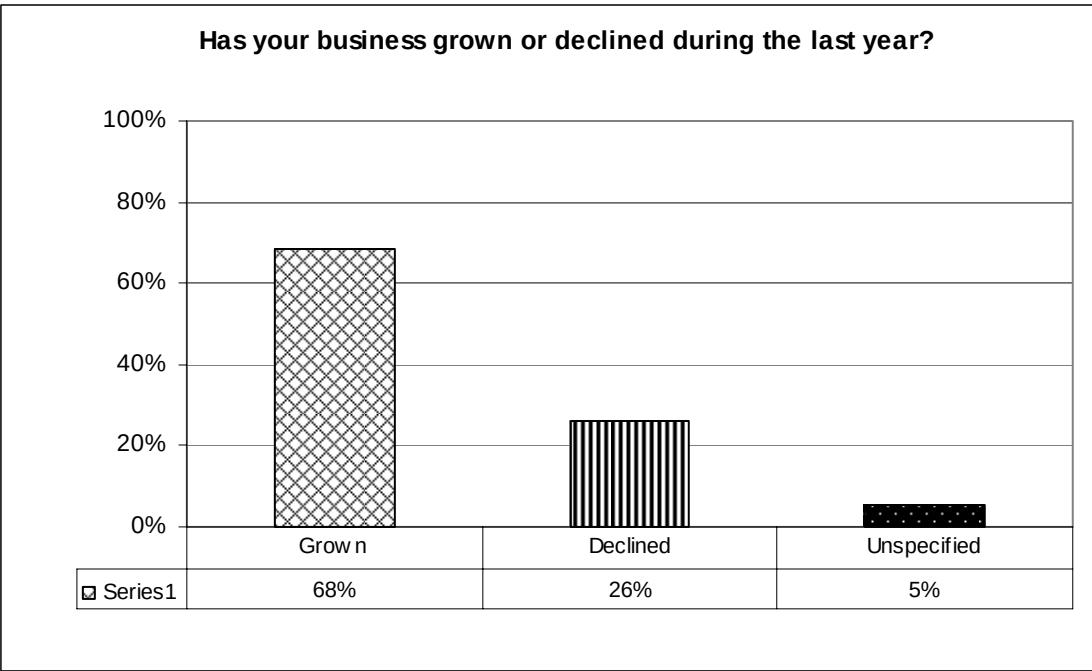
- During the past year, has your business grown or declined?; and
- How many tours do you have per week?

4.8.1. Growth of business

Figure 4.19 below illustrates tour operators’ performance in terms of growth of their enterprises in the past year.

Overall, 68% of all respondents reported that their enterprises have grown over the last year in terms of numbers of clients and income. In contrast, 26% of respondents stated that their enterprises have declined during the same period.

Figure 4:19: Growth of business

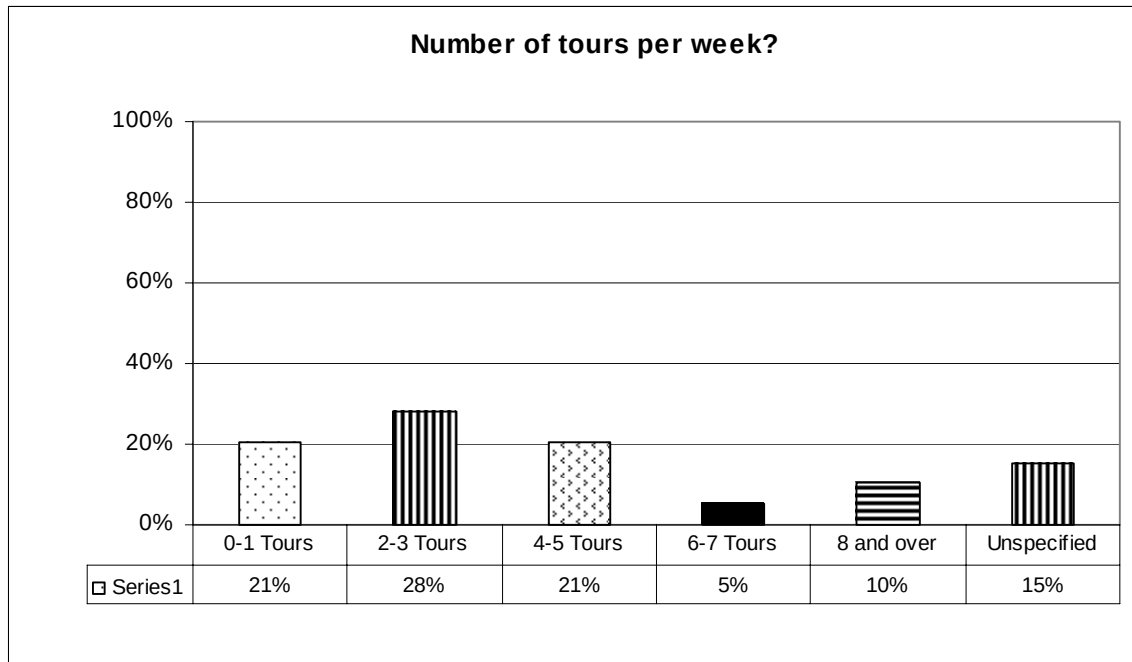


4.8.2. Number of tours per week

Figure 4.20 presents overall results about the average number of tours respondents have per week.

There is a wide variation of the performance of tour operators in terms of numbers of tours they have a week. About 15% of all respondents conduct over 5 tours a week. The majority of respondents also cited the impact of seasonality as contributing towards the low levels of tours.

Figure 4:20: Number of tours per week



4.9. IMPACTS OF CRIME ON TOURISM

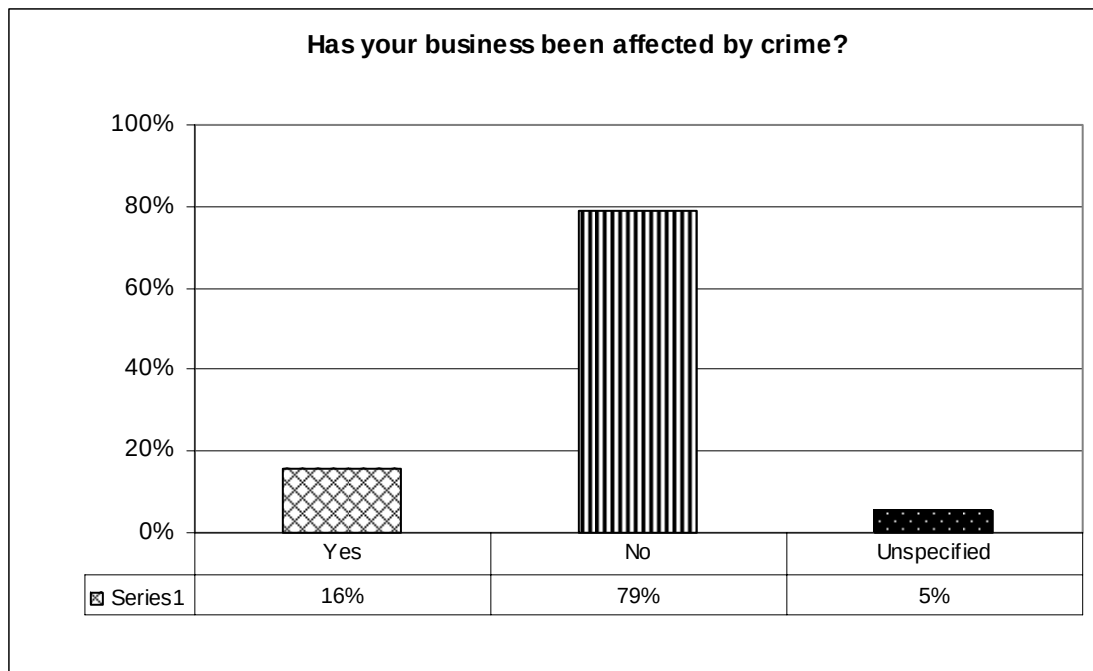
The following section presents participants' reports about whether or not they are affected by crime. Respondents were invited to reflect their agreement or disagreement with the following statement:

- Has your business been affected by crime

Respondents were invited to reflect their agreement or disagreement by stating 'yes' or 'no' to the question.

Overall, only 16% of all respondents indicated that they have been affected by crime (figure 4.21). The overwhelming majority of respondents (79%) reported that they have not been affected by crime. It could be deduced from these results that there is minimal criminal activities affecting the tour operating sub-sector.

Figure 4:21: Impact of crime on tourism



4.10. CHALLENGES AND CONSTRAINTS

This section presents reports by respondents in relation to challenges and constraints that they face in operating their enterprises. Respondents were requested to indicate areas that have been a challenge in establishing and running their enterprises. Among the challenges that respondents reported to be facing are finance and marketing. To reflect these challenges, respondents were requested to indicate the following:

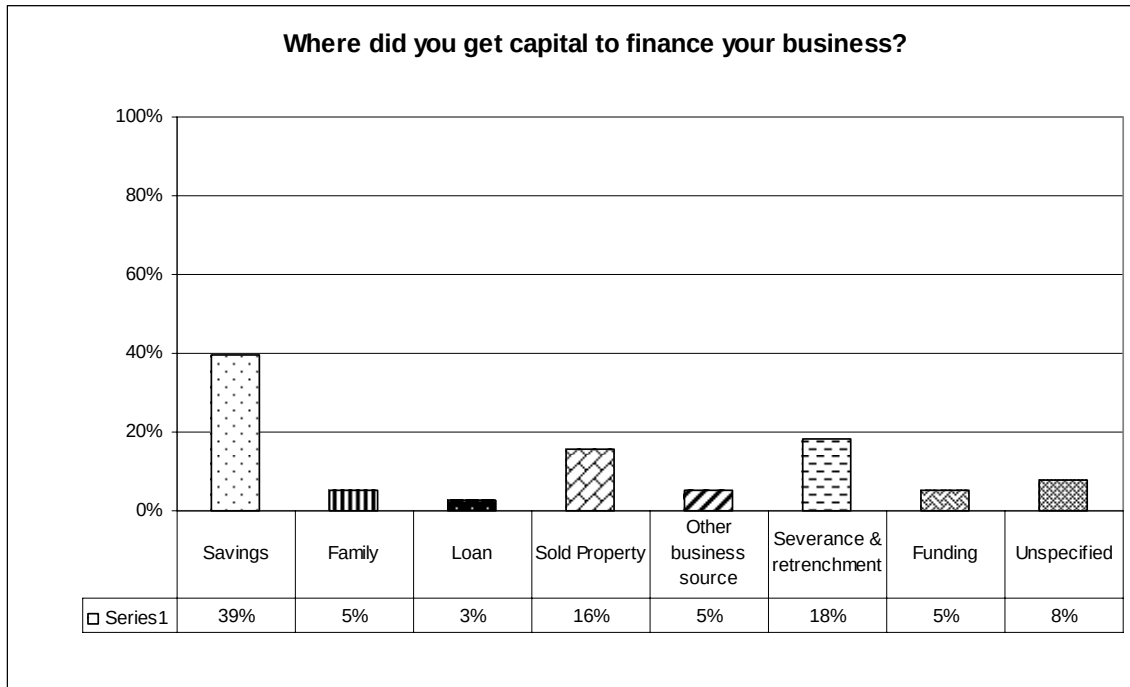
- Where did you obtain capital to finance your enterprises;
- What kind of obstacles did you face in the beginning; and
- What kind of obstacles do you face currently?

The following figures present the results from the above questions.

4.10.1. Source of finance

Figure 4.22 below provides an illustration of participants reporting on sources of funds which they used to finance their enterprises.

Figure 4:22: Source of capital to finance business



Approximately 39% of all respondents reported that they used their savings to finance their enterprises. Most respondents (16%) stated that they sold some of their properties to finance their businesses. About 18% of all respondents indicated that they used either their severance or retrenchment packages as venture capital. Smaller proportions of respondents use other sources such as family, (5%); other business, (5%); and loan (3%). Interestingly, about 5% of respondents reported that their businesses were funded by external agencies.

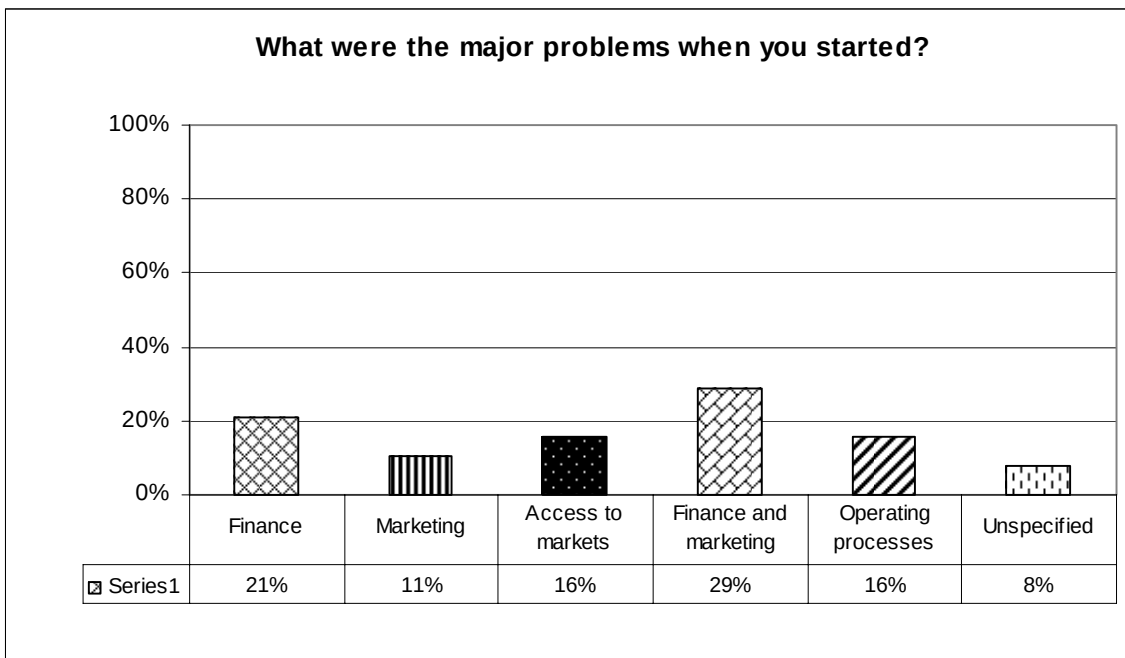
4.10.2. Initial challenges faced by tour operators

In relation to the statement 'what were the major problems when you started', there was a variation in responses from respondents. The overall picture reflects that the majority of respondents indicate that when they started their problems are related to accessing finances and markets (figure 4.23).

The combined factors of finance and marketing emerge as the major problem for most respondents. Some respondents related their problems to accessing finance (21%). To

others the actual marketing of their enterprises and accessing viable market to reach clients appears to be a major constraint.

Figure 4:23: Challenges faced by tour operators in the beginning

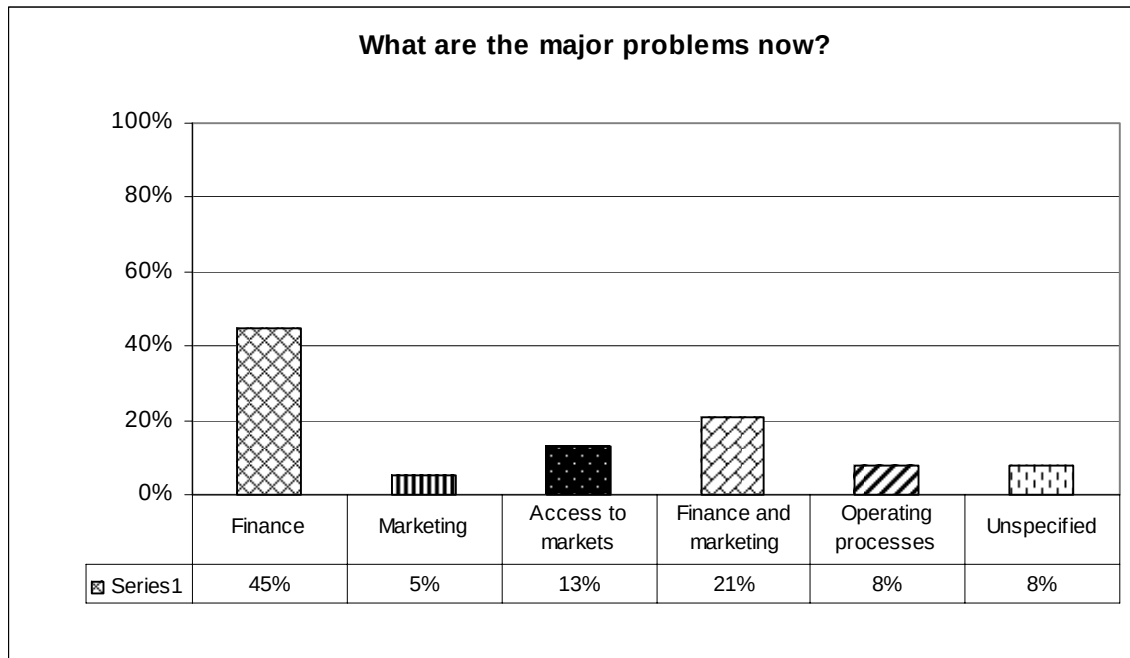


4.10.3. Challenges that tour operators currently face

Figure 4.24 presents respondents' reflection of factors they consider to be challenges that they currently face.

Although the proportions are altered, respondents still reflect the same challenges as at the time of start-up of their enterprises. Interestingly, 45% of all respondents stated that finances alone were their major constraint. The overall picture reflects a similar picture as on figure 4.23. The majority of respondents still indicate finances, access to markets and marketing as their major challenges.

Figure 4:24: Challenges currently faced by tour operators



4.11. CONCLUSION

The purpose of this chapter was to present the tabulated responses of the research survey. Although the primary purpose of the research as a whole was not to produce quantitative material, the aim was to draw an overall picture of black tour operators as well as black owned tour companies. Whereas 40 surveyed respondents do not represent the general depiction of black tour operators in South Africa, the above material seeks to position challenges and constraints that most black tour operators face in this country. It was also important to provide an understanding of the profile of black tour operators and conditions under which they operate without delving into greater details of issues preventing them from becoming competitive tour operators. In the following chapter, the focus will be on presenting the qualitative research findings and providing an analysis of the findings.

5. CHAPTER FIVE – ISSUES EMERGING FROM THE TOUR OPERATOR SURVEY

5.1. INTRODUCTION

Over the last ten years, since the democratisation of South Africa, the country has sought to move towards transforming the economic control from a white minority with the intention of placing it firmly in the hands of black people. Tourism was seen as an industry that would address some of the country's development challenges, in particular as employment creation, poverty reduction, deracialising the South African economy, and so on. The goals set in the Tourism White Paper were embedded in achieving these factors.

Until the end of apartheid, black people participated at the margins of the tourism industry by providing service to the industry as labourers. The beginning of democracy in 1994 ushered in a wave of transformation in every sector of the South African economy. As a complex industry made up of mostly privately owned firms, it was clear that it would not be easy to transform tourism. New entrepreneurs entering the tourism industry would have to compete with already established enterprises. Again, it was apparent that black entrepreneurs entering the industry would have to do so through empowerment consortiums working with big players in the industry that already control sectors such as hotels and so on. Indeed, significant empowerment deal have taken place that include transferring of ownership of the Don group of hotels to black ownership, the Avis car hire empowerment deal with a 60% investment into the Sizwe car rental, Southern Sun merger with Tsogo Sun, (TBCSA, 2003; Rogerson, 2004d) to name but a few. Nonetheless, the role played by previously disadvantaged, black people in particular, remains in the margins.

The purpose of this chapter is to present the synthesis of the research findings by illustrating perspectives of respondents about the tourism industry. Using qualitative material collated from the questionnaires, the chapter seeks to isolate the challenges experienced by most emerging black entrepreneurs. The chapter outlines some background factors on the development of enterprises and presents preliminary challenges that tour operators face. Other issues relate to training, actual receipt of

assistance from different organisations; and an analysis of the challenges currently faced by tour operators. The last section of discussion describes the market under which respondents operate and the role they play. The purpose of the chapter is to complement the quantitative analysis in Chapter Four with a qualitative analysis of the interview with tour operators.

5.2. MOTIVATION FOR STARTING BUSINESS

Lack of resources has limited the full participation by black people in the industry to marginal roles. Nevertheless, the need to earn an income has driven other entrepreneurs to take a chance in the industry, albeit with minimal or scarce resources. Indeed many entrepreneurs have been motivated by different reasons to start the business. Various factors have been identified as reasons for starting the tour operator enterprises. For some, the motivation for starting the enterprises include employment opportunities and prospective wealth generation; whereas other respondents report that they were either exposed to the trade or had a passion for travelling. A lesser number of respondents stated that they entered the tourism trade by coincidence. Deducing from these outcomes, it is apparent that the majority of these respondents have not only been driven by profit considerations but also a need to earn a viable income. The following sections present differing respondents' reflection about their motivations for starting their trades.

5.2.1. Opportunity for employment

On the whole, it emerges that the majority of the 40 respondents state that they saw potential in the tourism industry either to earn an income for themselves or to create employment for themselves and others. Some respondents stated that they saw tourism as providing opportunities for self employment. Within this category of respondents, the impetus for starting the enterprises has been driven by need for independence from other employers.

"I wanted to leave work and become self employed"

"I saw it as a job opportunity for myself"

In other instances, the majority of respondents argue that tourism presented an opportunity through which jobs could be created for many unemployed people. These

respondents perceive themselves as providing employment opportunities and helping in the eradication of high incidences of unemployment.

“After the mines shut down in the Vaal areas, many people did not have job and we thought we could create employment for some people if we started a company”

“We saw that unemployment was rife. Most of us were unemployed. We had an option of finding jobs or starting something for ourselves and others”

“I was interested in tourism and I thought it will create employment for the youth”

In view of that, it is unclear how respondents anticipate achieving these objectives with minimal resources. As shown in the previous chapter, only a small proportion of respondents employ five or more people. Deriving from the findings it is noticeable that tour operators have low levels of employees. In fact, a significant proportion of respondents (37%) stated that they do not have people working for them at all.

Table 5.1: Summary of variation of employees working for tour operators

Type of work	Number of tour operators with employees
Freelance guides	13
Full time guide	7
Full-time administrator	5
Part-time administrator	4
Driver	8
Marketing	3

Within this category of employment, it emerges that there are different kinds of jobs that employees are engaged in. About 6 variations were identified and these are listed in table 5.1. Evidently, the majority of respondents prefer to utilise the services of freelance guides for two reasons. First, some operators do not have their own vehicles and as such do not keep employees. Second, some respondents prefer to use freelance guides if and when there is a need, depending on the work load. If they get more clients, they then hire additional freelance guides. This is seen as being cost effective by the majority of these respondents who indicate that they cannot afford to keep permanent employees for lack of funds.

Some respondents have resorted to using their own family members. One respondent admitted that she often gives jobs to her children when she gets contracts. However, this is not prevalent among respondents and a small minority indicated that they use the services of some of their family members. Some have commented that it is not easy to utilise the services of your family members in such a competitive industry, particularly where the services of freelance guides is used.

Drawing from the White Paper on the Development and Promotion of Small Business in South Africa (South Africa, 1995), it is stated that SMMEs with considerable employees are seen as viable enterprises that can compete on a global scale. However, with such little capacity, it is a matter for consideration how these enterprises will be able to compete within the country, with already established white owned companies, let alone globally. None the less, respondents demonstrate that they are hopeful about their contribution to the South African economy, albeit as yet successful.

On the other hand, few respondents indicate that were forced by circumstances to consider tourism as an alternative employer.

"I saw tourism as an opportunity after I was retrenched"

From this statement, it could be construed that tourism is considered as an easy entry into a market that provides potential income generating opportunities. Indeed, the White Paper on Tourism defines the tourism as one such an industry which requires minimal investment and training (South Africa, 1996).

5.2.2. Exposure to the tourism industry

In relation for motivation for starting the tour operating enterprises, some respondents reported that they had been exposed to tour operating in one way or another. A considerable proportion of participants indicated that they have been exposed to the tour operating enterprises through friends.

"My friend worked for Jimmy's face to face some time ago. I was always with him when he worked for that company. I saw how it operated and I began to have interest in it. After some time, I considered starting my own."

"A friend of mine worked for a white-owned tour operating company asked me to accompany him to Sun City to collect tourist. I saw the amount of money made in a single tour. For some time I worked as a pirate operator to learn the trade and thereafter I left my job and started my own"

Clearly, it is the income that is generated through tourism that motivated these respondents to consider starting their own tourism companies. By getting exposed to the way in which tour operators function, respondents were enlightened about an industry that was unknown to them before and how it could be a basis to earn a living.

On the other hand, some respondents reported that they had been exposed to the industry through work.

"I became redundant at my job and I was often asked to take delegates on tours of Soweto. From this I learned the trade and when I was fired from the job, I decided to start my own company"
"When I was working at Wits University, I was often asked to take international guest professors to places like Kruger and so on and I developed the skills and interest in the business"

Although the respondents had no prior experience in tourism, their jobs led them to tour operating industry and learned to do the work and decided to start their own companies.

5.2.3. Potential wealth creation

Some respondent argue that they saw potential in the industry to create wealth for themselves. This is reflected in the following statements made in the interviews.

"I started this business to make money"
"I saw an opportunity since the new government came into being and I began to see a flood of tourists coming into South Africa to bring opportunities to us"
"We saw it as a growing industry with opportunities and different ventures from what we were doing in sales"
"As an art dealer I thought I would best sell paintings to tourists"
"We saw an opportunity to create money for ourselves and employment for other people"

5.2.4. Passion for travel

Some respondents report that they have a passion for travel, which was developed into something.

"I love travelling and I love computers and I decided to combine my passions to form a tour operating company that was operated through internet"

"I love to interact with people and my knowledge of our history gave me the strength to start this business"

"My love for travelling drove me to start this business"

"I had an interest in tourism and I did some research about it and started my own company"

These results demonstrate that respondents wanted to combine their passion for travel and use it for income generating opportunities. These respondents wanted to work in an industry they understood.

5.2.5. Spontaneous business decision

Lastly, there were a few participants who indicated that working in the tourism industry was a coincident and unplanned spontaneous business decision.

"A group of six taxi owners started saving money for insurance purposes. By 1997 we had accumulated R40 000 and we did not know what to do. We then decided to invest the money in a tourism business"

"My husband and I took over the company from my brother-in-law who was struggling to run it after only six months of existence"

5.3. PAST EXPERIENCE

From the survey results, it surfaces that respondents have dissimilar working backgrounds that are not necessarily related to tourism. Rogerson's (2004b) study of bed and breakfast establishments in South Africa reveal that the majority of ownership of these establishments is largely by former teachers and nurses, most of whom are females. Stereotypically, the dominance of women in the B&B sector could be linked to the fact that the hospitality sector is likely to be an easy point for entry for women as it is concentrated in the home, a domain of women. From the results, it is evident that tour operators are from diverse vocational backgrounds. However, some of the respondents report that they have prior experience in the tourism industry, which encouraged them to start up their own businesses.

5.3.1. Work in the tourism industry

Most respondents have indicated that they have prior experience in the tourism industry, a substantial proportion of respondents worked in various fields before turning to tourism. The different vocational fields range from dispatch clerk, to bank employees, brewers and so on. Discontent with former employers and retrenchment led the majority of these entrepreneurs to start their own businesses.

"I started working as a guide in 1999 and I developed an interest to start my own company"
"I have a metered-taxi business and while busy transporting people to and from the airport, my clients were keen on knowing about Soweto. I slowly progressed towards starting my own company"
"I worked for a travel agency and I saw the potential of starting my own company"
"My partner and I worked for a travel agency for 12 years. I felt I had enough experience to my own company in an industry I understood"
"I used to work for a company where I was required to take company executives on various business excursions to various locations. I learned the trade and I was attracted to continue with the job when my former employers fired me from the job"

Of the respondents surveyed, a smaller proportion of respondents report that they have entered the tour operating trade through choice of career. The respondents indicated that after completing their post-school studies they opted to start their own businesses because they could not find employment within the tourism sector.

"I studies for a business oriented course at university and i have always wanted to start my own company and I saw the opportunity in tourism"
"I started this company to follow my career path"

5.3.2. Ownership of other businesses

Some participants point out that their engagement in other forms of businesses prompted them to consider starting their own enterprises in tourism. The majority of those respondents who indicated that they owned some form of enterprise stated that they did so in the taxi industry, with the exception of two respondents who declared that the businesses were unrelated to tourism.

"We have a construction company that we started before we ventured into tourism"

"My partners and I had a cigarette distribution company"

In fact, neither construction nor cigarette distribution could be linked directly to tourism. It could be assumed that where opportunities exist for a viable business venture, entrepreneurs are prepared to undertake new risk, hence the move to tourism enterprises. Also, because black people were not exposed to tourism enterprises, the support for participation in this industry gave them the opportunity to do so.

As noted, a large number of respondents indicated that they previously worked in the transport sector as owners of taxis. The move to tour operation represents the desire to move from an industry which is considered by many to be informal and associated with violence to an industry with potential viability and better working conditions. Once again, it should be added that the rationale driven was also by the desire to venture into a market presumed to be profitable, that black people had never been exposed to.

"I own taxis and I used some of the money saved to start the business"

"I am in the metered-taxi business"

"I was one of the first black brewers at SAB. When I left I had my own taxi business"

"I started my own minibus taxi business when I left Coca Cola where I worked in the human resources division"

5.3.3. Moonlighting

A minority of respondents reported that they still work full time and the tourism business is being developed as a side project on a part-time basis.

"I still work as an on-air producer in a radio station"

In this case, the respondents acknowledge the difficulty and challenges associated with starting your own business, particularly if there is lack of venture capital to invest in the business. This situation represents a common difficulty which faces most emerging entrepreneurs.

5.4. PROBLEMS FACED BY TOUR OPERATORS

In relation to the problems that respondents came across when they started their enterprises, the majority of participants reported that they had difficulty in gaining access to the market. What emerges from the outcomes of the research is that there are two main issues that appear to be cumbersome to most, if not all, respondents. The first is access to finance and the second is gaining access to viable markets. A smaller proportion of respondents identified a third factor that impacts on the tour operators, namely as the lack of support from established businesses. These issues play a significant role in the growth and development of these emerging enterprises.

5.4.1. Access to funding

Most respondents reported that access to funding for purchase of vehicle was their major problem when they started. Although some participants report that they had applied for funding from different agencies, applications were always turned down.

Some respondents state that notable government agencies, such as Khula and Ntsika, have been least helpful even though they are designated to assist SMMEs with funding problems.

"I had difficulty accessing funds. The initial application to Ntsika had a complete business plan which was written with the help of consultants that were recommended by Ntsika. The business plan was turned down because it was of poor quality but they did not tell us what was weak about the plan."

"Funding is the major constraint. We tried to apply for funding with Khula but they referred us to banks that informed us they do not fund tourism companies for vehicles"

Commercial banks have been sidelined by the majority of respondents because of their unwillingness to assist new businesses. In most cases, people starting their businesses have neither collateral nor a credit worthy record which would earn them a loan. A further difficulty is how the money being borrowed will be utilised. Some respondents cite that they motivate their application for loans from banks by stating they will use the money to buy office equipment such as computers, office furniture and so on, for the business. However, banks do not see the purchase of equipment as direct investment into the enterprise and hence they are unwilling to fund tour operators.

"Because I did not have collateral, it was impossible to get a loan from the bank"
"Although we had a business plan in place, banks were unwilling to fund us for vehicles and general office equipment"

Drawing from these issues, it is apparent that some tour enterprises are operating on very minimal resources. Consequently, lack of funding discourages some entrepreneurs from implementing projects that could increase their client base and possibly their income.

"I did not have money to start and maintain my own website"
"We were unable to implement initiatives and projects that we had planned because of lack of finances"

Often banks require 50% upfront from people without a sound credit record. This makes it impossible for entrepreneurs to pursue sourcing for funding through this route.

5.4.2. Access to viable markets

Black tour operators are new players in the tourism industry and are operating in an industry, which they have previously played a peripheral role and thus did not have an insight about the operations of the industry. Entering this industry in the 1990s, they came virtually ill-equipped to undertake the task of running viable tourism enterprises. It is for this reason that they found accessing feasible and profitable markets a challenge. Respondents report that when they started their companies, it was difficult for them to find clients.

"It took between 18-24 months to establish a client base"
"To get clients both locally and internationally required extra hard work and it was strenuous to me because I was caring for 3 families"
"We were unable to break the market barrier particularly to foreign market because we were unknown"
"Marketing both nationally and internationally was a huge problem"

Some respondents link this problem to a lack of exposure to the clients. Respondents argue that this is because large well established companies get the bigger market slice

because they are preferred operators. In most cases, these companies are white owned and thus continue to be big role players in the industry.

"I was unable to access the market because large established companies are mostly preferred"
"I see tourism as a difficult market to break into because about 80% of it is still white-owned"

Other respondents associate the inability to sell themselves with lack of funding. To launch an aggressive marketing campaign requires considerable funds, which for most tour operators cannot be achieved.

"Marketing and access to markets because of finance that limits your marketing capabilities"
"Lack of access to the market especially international market, which in itself is a result of lack of funds"

Lack of marketing reduces tour operators to mere role players that assume a marginal position in the industry.

"Lack of access to profitable markets and marketing – most people see you as a taxi service not a tour operator"

The concern is, without marketing, tour operators are unable to sell themselves to potential clients and if they remain unknown they are likely to remain operating in the shadow of large companies.

5.4.3. Lack of support from big business

There is a feeling among some respondents who consider competition as lack of support from already established businesses as a core barrier to growth.

"When we took over the business from my bother-in-law, tourism was booming but we feel that white people did not give us contracts"
"Big companies frustrate you in the beginning and you need to fight your way through"
"There are still barriers by white people who run the industry"

Although the majority of respondents stated that they did not get support from established tour operators, a small proportion of respondents did not get assistance from other sectors in the development of their businesses.

"I had difficulties in convincing mine management to accept my proposal to start mine tours"

As tourism depends on other industries and sectors, it is imperative to get assistance from all stakeholders.

Some respondents argue that there is generally a lack of support system for people starting new businesses from all people.

"I didn't have sufficient funds to purchase a vehicle and people were not keen when I asked them questions"

Although there are business support centres developed to assist developing entrepreneurs, it is unclear whether these centres are under-utilised or do not provide the services required by entrepreneurs. There is a missing link between demand for service and provision of service for business development.

5.4.4. Operating processes

There is general consensus among some respondents that they found it cumbersome to establish their enterprises because they did not have adequate knowledge about operation of businesses.

"When I started, I only had one car and I did not know places and how to charge clients"

"Five out of seven members of our company did not have the knowledge and skills to run a business"

"Registering my business with the transport department was difficult and I almost gave up"

"Lack of understanding of the industry, how it operates as well as the pricing models were my biggest challenges"

"Lack of proper exposure to services and product service"

These outcomes are an indication for the need to provide entrepreneurs with skills development coupled with business development. Drawing from the previous chapter

where almost 80% of all respondents reported that they have undertaken training in tourism, it is clear that the existing training is not addressing some of the real concerns of the entrepreneurs. In addition to training in tourism, tour operators require training in business skills.

5.5. SOURCE OF INITIAL VENTURE CAPITAL

In the previous section, the majority of respondents identified funding as a major problem at the time of starting their businesses. In Addition, the majority of respondents reported that they were unable to get assistance from any lending institution. The following section presents respondents' report about the source of venture capital. As demonstrated above, venture capital is vital for the survival of the enterprise and conceivably for its growth. The capacity of enterprises is often limited by its budget. Drawing from findings of this research, there were three main sources of finance used as venture capital. The majority of respondents stated that they used their own savings. Some respondents had either sold property or own property that was used as an investment for the enterprise. A very small proportion had a loan from family members. Of all respondents surveyed in this research, none indicated they had received money from any lending institution to directly fund their enterprises. In fact, one respondent admitted to have taken a loan from the bank to purchase a vehicle. However, he acknowledges that he took a loan as any other client would when purchasing a passenger vehicle. He also stated that he was fortunate to have received that kind of a loan because he used his contacts in the bank that he worked for. The majority of entrepreneurs would not be able to access funding in this manner because of lack of knowledge of the banking system or lack of collateral as required by banks. Indeed even in cases where individuals have collateral, banks are sceptical to work with 'untrustworthy' clients because they do not have reputable credit records.

5.5.1. Source of venture capital was from personal savings

The majority of respondents reported that they used their own savings in the development of their enterprises. Indeed some respondents demonstrate that they have used money from their own savings. Nevertheless, this situation is not uniform across all respondents. For example, one respondent stated that money invested in the tourism business was from the RAF (road accident fund) paid after an accident. Deducing from such reports, it illustrates the difficulty in which the previously disadvantaged persons

accumulate money. This in itself makes it difficult for most people to venture into businesses.

"We set aside money for insurance purposes in case one of us died in an accident. After some years, we decided to invest the money in a tourism company"

"I used my own contributions from my own savings"

"I used my own money that I had saved from the road accident fund"

"We used our own savings as a venture capital"

"I did not have enough money but I used my savings to purchase the first vehicle"

"I saved money before I started the company with the aim of starting the business"

"I used my savings. When I started moonlighting I decided to save the money for starting my own company"

5.5.2. Selling property to start business

The determination to start a business has led some entrepreneurs to sell some of their properties and to use the money to start their tour operating companies. One respondent went as far as to sell his own house and used the money as capital to run his business. In most cases, assets that were sold include cars, which were replaced by mini-buses or micro buses to be used for transporting tourists.

"I sold an old car to start this business"

"I sold an old car that I had and used the money to deposit the microbus"

"I sold some of my assets to purchase the microbus"

"I sold my house after taking a second bond and used the money mainly for marketing and staff remunerations"

5.5.3. Used own property to invest in new business

In other instances, some respondents report that they were fortunate to have owned vehicles that they used when they started their enterprises.

"I already had a microbus which I used for the business. I also used money from the other business that I own"

"I did not get a severance package when I left my job at Wits University. I started with one car and I bought other cars"

"I run a taxi operation and I use money from that business to fund this company"

"I had a car and because I could not find help elsewhere, I used the car to transport people until I earned enough money to buy another car"

"Funding for me was not a problem because I used the 4 mini buses to fund the company"

In a few cases, it was a case of changing one form of business to another sector.

"I owned taxis before. When the taxi violence started I opted to sell the taxis and invested the money in the tourism business"

5.5.4. Severance and retrenchment package

A considerable number of respondents reported that they have used their severance packages, either from retrenchment or retirement as a start-up capital for their enterprises. For some, it was a case of find an alternative income-generating activity by putting the severance money into potential investment.

"I financed myself using the money from the previous company I worked for"

"My colleague and I took our pensions from our previous jobs"

"I used the money from my pension fund and I still borrow from the money if I need to"

"I financed myself, I used my retirement package and I experienced some loss in the initial years"

"I used my own contribution from my severance package"

"I used some of my savings and my retrenchment package to start the company"

5.5.5. Direct funding from other organisations

It is obvious that a small minority of respondents received capital funding from organisations. One respondent stated that he had won a competition and used the prize money of about R200 000 to invest in his business. In a second case, the company indicated that they had done intensive research about potential funders. The Gauteng Tourism Authority (GTA) provided them with funding on condition that they register their company as a section 21 company for a given period which runs until early 2005.

"I won a competition with the prize money worth R200 000 and I used that money to invest in the company"

"We received funding from GTA in 2002 for R700 000. The stipulation that was attached to the funding was that we would operate as a section 21 company and then register as a close corporation - cc when the contract expires in 2005"

5.5.6. Loans

A small minority of respondents said that they received loans from members of their families.

*"My brother gave me a loan to buy the first microbus when I started"
"I used a loan from my family to fund the business"*

With a few exceptions, the cases presented above provide an indication of how entrepreneurs utilised informal means of accessing venture capital. It is unclear whether the inability of accessing formal credit mainly solely due to lack knowledge or arrogance by the formal lending institution towards small enterprises.

5.6. ASSISTANCE FROM ORGANISATIONS

On the whole, respondents report that they are aware of organisations that could assist them in their businesses. However, the main concern for the entrepreneurs is that there is very little assistance forthcoming, except assistance from GTA and TEP (Tourism Enterprise Programme), which is largely towards attending exhibitions and printing of marketing material.

"Received assistance from GTA for exhibition at the Indaba"

Other organisations such as Ntsika and Khula have been identified as the least helpful for small enterprises.

"I applied to Khula and Ntsika for funding but it was not granted"

The majority of respondents report that the kind of assistance they have received is linked with marketing material and exhibition fees.

"GTA funded design and production of marketing material"

Though respondents appreciate the assistance that both the GTA and TEP is providing, they argue that assistance is provided where there is minimal requirements. That is, there is a general feeling among respondents that assistance that should be coming from the government in particular should be more that what it currently is. On the one hand some respondents feel that the assistance should be towards the purchase of vehicles and general office equipment. On the other hand, some respondents feel that, instead of being provided with funding, it would be more sustainable if they were given contracts by the government.

"The DTI is promising to assist us with creating websites and pamphlets and we will contribute 20% of the costs. It would be better if we were to be given funding rather than be assisted for such petty things"

5.7. CONTRIBUTION FROM GOVERNMENT

The general consensus among respondents is that government's assistance is minimal. Some respondents are of the opinion that the government is helping in terms of changing the nature of the tourism industry. Other respondents argue that there is slow response from the government. Some feels that the government is doing everything in its power to change the demographics of ownership within the tourism industry, however some think that it will take time to achieve that goal. Where respondents identified that there is lack of government intervention, they suggested ways in which they could be assisted.

5.7.1. Provision of assistance

Some respondents argue that government should provide funding to assist their businesses so that they can grow.

"They could help by making funding more easily accessible"

"I have not seen much effort from the city of Johannesburg. I would rather have them encourage banks to provide funding to us because we would like to see our businesses grow"

Some respondents argue that the government has the potential to sway the opinion of funding institutions so that they can be favourable towards SMMEs.

“Local government should help in terms of advertising purposes”
“The government has grants that should be given to PDIs which could be utilised for marketing, research, office equipment and websites”

For some, the government could help tour operators with marketing and advertising capacities. Though TEP and provincial tourism authorities are already assisting tour operating enterprises with marketing material and exhibition fees, for some, it is not adequate. Both GTA and TEP normally provide 50% rebates for marketing/ advertising material and for exhibition fees or travel costs. Several respondents either did not know about TEP/ GTA or the thought these organisations were not helpful.

5.7.2. Recommendation

A few respondents report that local governments in municipal areas they operate from recommend them to other authorities so they could provide them with contracts. Indeed, this is beneficial for some tour operators as is stated in the statement below.

“So far, the West Rand District Municipality has recommended me to the Gauteng Tourism Authority where I get contracts from”

Although some tour operators have been granted the ‘preferred operator status’, it is unclear what that status means in practical terms.

“I have been appointed a preferred tour operator by the city of Johannesburg but they state that they cannot guarantee that I will get contracts”
“There is not enough support from the government. Instead of giving us contracts they give us preferred statuses”

As the preferred status cannot be directly translated to contacts it has created disappointment and disenchantment with the possibility of getting contracts from the government.

"South African tourism has a database of all tour operators. When there are big events, they do not recommend us, instead they recommend white companies" "

5.7.3. Disgruntled

The majority of respondents expressed discontent with the way in which the government at all levels has been performing. Some argue that the government is only helpful to people that are close to high-ranking officialdom.

"They only help certain people"

"I find that the local government is not at all helpful" "Local government could help us through local economic development but so far, this has not materialised"

"I don't know how local government can help and I have never met with the City of Tshwane"

"Government can only assist you if you are already established and not when you are starting"

Overall, there exists a negative perception about the willingness and ability of the government to help new SMMEs. Some respondents state that they have made efforts to seek assistance from various government departments and agencies across all spheres with minimal results. Only a minority of respondents have positive things to say about the government.

"I was among tour operators that transported the Minister of Environmental Affairs and Tourism on his visit to Soweto. I think the government should be more like this and give us contract"

Once again there is a direct call to government to provide tangible support to new and growing enterprises, if black-owned enterprises are to endure.

5.8. CONSTRAINTS FACED BY TOUR OPERATORS

The following section presents respondents views on what they perceive as challenges, problems and constraints they face in the tourism industry. Respondents identified issues they deem to be encumbrances to become successful tour operators.

5.8.1. Tourism still a white-controlled industry

Overwhelmingly, respondents perceive tourism as an industry which is still controlled by a white minority and this in turn is making it difficult for enterprising black tour operators to grow in strength, capacity and influence.

"Big white-owned companies always intervene and they are the biggest competition and it seems as if they want to bring black tour operators down. Avis is also an unfair competitor because they have a fleet of cars and are thus much advantaged over black tour operators"
"It is difficult to penetrate the market because white people are still dominating the industry"

It is increasingly clear that the structure of the tourism industry has remained unchanged and it is this structure that marginalises black tour operators.

"An industry dominated by white role players because they have access to information and they become a barrier to black-owned companies that are growing. In addition, the majority of tourists are white and they prefer white tour operators"
"There are about 6 companies that package South Africa across the world and there are about 200 or so white-owned tour operators that are making money. Below that, there are about 600 black tour operators. Next year, the majority of them would be dead and they will be replaced by new ones"
"Already, the industry is 95% white-owned. There is also perception by international tourists that South Africa tourism is about white destinations"
"The industry is white dominated and white operators do not want to share with black tour operators"

Some respondents argued that the way in which tour operating business operates, it is impossible for black tour operators to get access to clients. Respondents state that in most cases, the hotel managers are responsible for preventing black tour operators from working with their patrons by actively discouraging them from going to townships or using black tour operators.

"The hotel industry is white-owned and managed and they give contracts to white businesses. If they have fewer people they give them to black people"
"White people think they are custodians of tourism and try by all means to discourage tourists from visiting townships because they are dangerous"

"There is competition. White-owned companies prevent black companies from growing because they have agreement with hotel managers that give them big contracts. Black people only get left overs."

The above comments indicate that some role players are not complying with either legislation or recommendations of the TBCSA which endorses responsible tourism.

"To penetrate a market that is already dominated by established players is not easy and to make an impact when you are new or as an individual is even difficult"
"Tourism operates as a cartel with close dealings and associations in which big businesses have greater control. People tend to be selfish and keep business for themselves"

Some respondents identified reasons why white-owned companies are more competitive than theirs, and linked this to their marketing abilities. That is, because big companies can sell their products abroad, they have access to large numbers of tourists coming to South Africa. What black tour operators can manage is to take a few tourists on a township tour.

"White people are able to market their products abroad and they get the most of the cake and it leaves very few crumbs for black operators and not a slice of the cake"
"The industry is still white-dominated and we only get crumbs because we rely on the remain of white tour operators"

In most cases, white tour operators give black tour operators small contracts they are unwilling to undertake.

A few respondents identify that the racial barrier in tourism is not limited to tour operating only, but is exacerbated by the fact that black people neither own land nor have access to lucrative tourism resources.

"The industry is dominated by white people. Lack of ownership of land limits access to hunting, fishing and golf products within the tourism industry"

For some, respondents, for transformation to occur in the tourism industry, there should be commitment from government.

"Transformation is not happening. A few white companies monopolise tourism. The new minister is asking business to transform but it is not easy, the government needs to intervene"

5.8.2. Access to the markets

The majority of respondents identified accessing profitable markets as a major constraint for the growth of their enterprises. This problem is linked to inability to advertise on world tourism markets. Yet again, it is apparent that white enterprises are able to attract profitable markets because they invest in suitable marketing strategies. By contrast, many black entrepreneurs working in the tourism industry struggle with marketing and selling their enterprises.

"Advertising is expensive and I have to rely on word of mouth to get clients"

Some respondents argue that tourism is a virtually unknown territory for black role players and hence the difficulty in working in it.

"Black people are new in the industry and often find it difficult to break into the market. Also, hotels don't offer black operators good rates"

As a result of mistrust and sidelining by large companies in the industry, black tour operators thus can participate in the industry only at its margins. Consequently, black tour operators are least likely to earn a viable income that could match their white counterparts.

"Access to break into the market for now, we only get crumbs left by big businesses"

Overall, the major concern for black tour operators is that they do not have adequate funds to invest in advertising because of the minimal role they play in the industry. Seemingly, black role players are caught in a vicious circle of inequality and continued disempowerment.

"Access to the market, marketing and advertising because of lack of funds to carry this out"

In some cases, respondents think that it is not a case of investing in an aggressive marketing campaign but having good contacts.

"To break into the market or knowing people that will give you clients like hotels is a challenge because they prefer big businesses"

Where preferred operators are used by hotels or other agencies, white-owned established companies stand to benefit enormously from such networks. At the same time this becomes a barrier for emerging enterprises as big businesses are sceptical of new ones and as such are not willing to give them the contracts.

"The hotel industry is not open to new enterprises and as such it does not support them. Instead they prefer known and already established operators. Big business is unwilling to work with emerging tour operators and this is a barrier to reaching the markets"
"For small business, the constraints are lack of support from already established businesses and when we approach them they always make promises that never materialise"

Some respondents believe that the dominance of the tourism industry could be countered by marketing directly to international clients.

"Tourism is seen as a lucrative business but the majority of black people do not have access to international clients. The only way to achieve this is to market directly to Europe and North America"

Some respondents have begun to interpret limited access to market with a saturation or market saturation. Respondents argue that already the markets are flooded, which makes it extremely competitive and difficult for under-resourced tour operators to penetrate.

"A saturated market is the major constraint"
"The challenge is to market overseas and currently the market is flooded"

Whereas some respondents think that the markets are flooded, for others, the situation is associated with concentrating of the tourism product in one destination i.e. township tourism.

"Most people (tour operators) concentrate on areas they know best like Soweto. Tourists want to know South Africa not just Soweto. So far, tourism limits people to be small operators and the client base is small because they are not included in packaged tours i.e. those people travelling to South Africa individually or in pairs."

5.8.3. Lack of finances

Some respondents identify finance as the major constraint for black tour operators in the tourism industry.

"Money is the main and major constraint. Banks are unwilling to help black people because they want things they know black people don't have"

"Money is the main problem that many black operators face"

"I think that the doors are beginning to open and the future seems to be bright for black entrepreneurs. However, finance hinder their growth"

Lack of money and indeed lack of access to it prevents black tour operators from exploring alternatives that would make their businesses grow.

5.8.4. Need for black consortium

From the results of this research, it is evident that some respondents see themselves as part of the collective whole with common problems. The concept of the collective stems from the need to bargain from an industry which is seemingly sidelining a group of previously disadvantaged tour operators. Some tour operators argue that one of their constraints is that there is lack of a unifying association among black tour operators. Some respondents categorise the issue with the fact that black tour operators have no forum where they could discuss issues among themselves.

"There is lack of trust and communication amongst the small companies"

"Competition is extremely high and there is lack of organisation and cooperation for new operators"

Some respondents even suggest that there should be a sound grouping for black tour operators that would guide and protect their interests.

"There is lack of trust among black tour operators. We need to form a consortium that will help overcome these constraints"

"Dominance of the industry by white operators and lack of a black tour operators association"

However, some respondents argued that within black communities themselves, there is lack of support for black-owned businesses.

"There is not a support structure from other black people that buy your products"

"I think that black people are not supportive of each other"

This problem is linked with low levels of participation by previously disadvantage communities in domestic tourism (Koch and Massyn, 2001).

5.8.5. Inadequate skills

Approximately 71% of all tour operators who were interviewed indicated that they had post-matric qualifications which ranged from college diplomas to post-graduate degrees. Furthermore, almost 80% of the same respondents admitted that they had undertaken training in tourism. Nevertheless, there is a strong sentiment among respondents that tour operators are not adequately skilled to undertake their tasks.

The majority of those who think tour operators are unskilled associate this with adequate skills to manage their own funds.

"We live from hand to mouth. Money that many people invest in their business is borrowed from their families and the money has to be paid back from profits. Many people do not conduct research before they start their businesses particularly about money required to run the business"

"Standards may be too high for black people because they do not have a background or experience or even role models that can be their mentors. Black entrepreneurs find it difficult to get venture finance"

Some respondents think that black people are not adequately skilled to undertake marketing on an international front.

"Lack of sufficient skills to break into the international market. Also, black operators do not have an established credibility abroad which could get them good clients"

A small proportion of respondents identified a core problem among black entrepreneurs. Despite high levels of education and training in tourism, black SMMEs may lack the fundamental skills essential for operating their business.

"Black people do not have practical business skills"

However, some respondents see these problems as having direct links with apartheid, which prevented black people from participating in the tourism industry.

"Lack of exposure because of apartheid, which made it impossible for black people to participate in tourism"

5.8.6. Lack of support from established businesses

Post-apartheid legislation and BEE policy envisage that big businesses have a duty to empower small enterprises to achieve responsible tourism goals. Though it is already evident that the progress of empowerment has been slow, some respondents are discouraged by lack of support from white-owned companies.

"There is lack of support from the business sector. Hotels still prefer big companies. Although the government is aware the difficulties we face they are unable to intervene and as a result, transformation is not happening"

"Black entrepreneurs do not have financial assistance that their white counterparts have. Whites also possess skills and ability to market their products everywhere, they even have websites"

In other instances, respondents allege that some white-controlled businesses actively discourage tourists from visiting the township areas because of the dangers associated with these areas.

"There are hotels that are spreading negative message to their clients about the townships by discouraging them from visiting townships because they are dangerous"

It is evident that tour operators see this attitude as a direct attack on them because they perceive township as their domain, where they are likely to play a role.

5.8.7. Insurance and passenger liability

The Southern Africa Tourism Services Association (SATSA) is an organisation whose mandate is to act as a spokesperson lobbying for support on matters affecting tourism from different role players, including government. The Association has grown in importance to such an extent that DEAT and GTA refer to its guidelines for new operator applicants. However, not all respondents were happy with the requirements of SATSA. The general dissatisfaction with SATSA revolved around the amount of money required to register for its membership as well as passenger liability insurance.

“SATSA requires that tour operators should register as its members to get access to clients. The amount of money needed for applying is a lot. There is also a policy that tour operators should take out a passenger liability insurance of R1 million per tourist” “

“Another issue is compliance with insurance requirements which needs a lot of money for example R1000 per month for each car”

Generally, most respondents were not content with the application procedure and expressed dismay at this process. This led some respondents to conclude that small enterprises are likely to remain at the margins of tourism development.

“SMMES play a very marginal role and they seem to be remaining in the same position”

5.9. CHALLENGES AND OPPORTUNITIES FOR WOMEN IN TOURISM

About 13% of all enterprises that were surveyed for this study were solely owned by women. By any standard, this is a very low level of participation by women in any industry. This is a reflection of the level of participation by women in the tourism industry. Although some females who participated in the research have joint ownerships mostly with their husbands (26%), the gender balance is unequal. Overall, the total number of women involved in the tour operating industry is far less than the number men. The low levels of participation by women in this sub-sector suggested that it may be difficult for women to enter this type of business. However, the majority of all female respondents were positive about their participation in the industry.

Some women want to depart from the confines of gender definitions because they are able to tackle the challenges that they are confronted with in the real world.

"I don't see myself within the limitations of gender definitions but I prefer to face challenges"

However, some female respondents admit that working in a male-dominated industry has its own challenges.

"I think it depends on the outlook but I think that the tour guides that I work with cannot comprehend the fact that as a woman I give instructions to them"

"The environment is intimidating and clients don't feel secure with a woman running the business. We often hire men to do tour for us"

In some instances, some women respondents argue that they find it difficult to get compatible financial deals than their male counterparts. They report that even undertaking mundane tasks often produces negative outcomes for them.

"I have been taken for granted by car dealers"

In relation to opportunities that women get, there were mixed reaction. Some respondents have been afforded the opportunity to grow in the industry.

"I have been chosen as an executive member of the African travel association – a branch of DEAT"

"I think I have been well received in the predominantly white male industry"

Other female respondents expressed a negative opinion because they have not benefited from opportunities.

"If they exist, I have not benefited from such opportunities"

Another perception is that there is lack of trust for women-run tour companies. Even when given a contract, women are expected to fail.

"Expectations out there are that women will not deliver and they are given contracts as a test if they can do the job and I get another contract if I do my job well"

When it comes to gender issues, the contention about opportunities always surfaces. In this case, the role that women play at home is seen as limiting their participation in business development. Seemingly, women's role is seen as a disadvantage that prevents women from becoming competitive tour operators.

"I think that men always get better opportunities than men because women are at home in most cases doing other chores and men are always out there"

5.10. ASSISTANCE REQUIRED TO OVERCOME CONSTRAINTS

Respondents identified areas in which they require assistance, particularly to overcome constraints that bar them from becoming competitive role players in the industry. Finance, accessing viable markets as well as training, remains the core concerns of the majority of respondents. These concerns of tour operators for better assistance are targeted at the government or other agencies assisting SMMEs.

5.10.1. Financial assistance

As the area identified by the majority of respondents, finance is seen as the single most important element required to strengthen the development of tour enterprises. In previous sections in this chapter, respondents identified access to finance as a constraint that hinders them from becoming viable businesses. Respondents have identified ways in which they could utilise funds if they had access to it. Overwhelmingly, the desire is to access the finance and to increase the capacity of enterprises.

Most respondents stated that they would use finance to increase the size of their transport fleet in order to accommodate large groups of tourists.

"I need to buy a bigger bus because it will make my business grow"

"I need R2 million to purchase a five-star luxury coach"

"To purchase vehicles and have an office in Johannesburg instead of working from Vereeniging"

"The government should fund tour operators for vehicles"

"Financial support to buy kombis and financial assistance to attend international exhibitions"

"Finance to purchase vehicles, office, office equipment and an administrator"

"To purchase vehicles"

In this case, there is an argument which equates an increase in a fleet of vehicles by both size and number as automatically translated into increased numbers of clientele. Nevertheless, this is not the only limitation that hinders the growth of black-owned tour companies. Indeed, getting access to a lucrative market is likely to ensure the survival of these tour operating companies. Hence, other respondents argue that they would rather invest in marketing "... in order to get clients".

"Operation capital is important and it would be useful to have it. Attending world trade exhibitions in the UK and Germany and marketing ventures is also vital"

"I want to attend a trade show in London"

"To market abroad"

"To launch a massive advertising campaign and a website that works"

For some respondents, selling their products overseas is seen as essential. Generally, there is very little focus on domestic tourism because domestic tourism is seen as less profitable than international tourism.

Some respondents identified the need to invest in projects that could provide a potential niche for the tourism market. The respondents related that they have conceptualised some projects, which they are unable to implement due to lack of funding.

"I have a contract with a game safari in the Kruger Park and I need money to invest for this venture"

"To implement a project that we have developed for a tourism route in Ekurhuleni; to purchase vehicles and to secure experienced people"

"To get bigger premises where the guides can sleep after a long-distance tour"

Lack of funds has prevented these operators from increasing the capacities of their enterprises. In some cases, the desire to increase capacities relates to the lack of general office equipment or staff development.

"To send staff for training"

“To set up proper operating tool and a fleet of vehicles”
“To purchase pc, equipment, administrator, advertising and purchase vehicle”

For some respondents, what is required is a support mechanism from the lending institutions, which would make it easier for tour operators to continue working.

“We require favourable overdraft facilities from banks to assist with cash flow because clients normally pay late”

Overall, what emerges from these findings is that access to funding is a key concern for the majority of respondents. As one respondent concludes:

“Money is most important and most desired to grow your business”

5.10.2. Training and skills development

There were some respondents who indicated that assistance to tour operators should be in the form of training. Tour operators acknowledge that the skills they currently possess are not adequate to manage a viable tourism business. If black entrepreneurs had the required skills, it is believed that they would operate competitive ventures.

“Train black people and give them opportunities to prove themselves”

Some respondents state that in addition to training, it is also necessary to provide with opportunities where they will be able to unleash their potential.

“I think people need training. Tour operators should not be like taxi drivers”

Another argument is that tour operators should be trained in a manner that will make them distinct from other people working in the taxi industry that also transfer people from the airport.

Most respondents have identified areas which they thought would enhance their business skills and develop their capacities, and these include business management and basic practical skills in marketing and economics.

"We need to be trained on tax and how to do a tax return so that it is more beneficial to us, we need mentors for this"

"To learn about tourism and business management"

"To train about business dynamics in the context of economics"

"We need training in marketing that is practical and tangible"

Training that is currently offered does not provide operators with these skills, and it is clear that they share a need for additional training.

Some respondents identified the need to send some or all of their staff for training to make their businesses more professionally responsive.

"Training is required for my employees in hospitality and tour guiding but this requires money"

"I need training for my staff members"

"Possibly for staff as tour guides"

Regulations on training require that undertaking an accredited course qualifies trainees to operate in one province. However, if they wish, tour operators can complete all courses for all provinces and get permits to operate throughout the country in all nine provinces. Some respondents expressed the need to continue studying for these courses in order to be able to work in other provinces and spread their products and expertise.

"I need additional training so that I can be a guide throughout the country"

5.10.3. Marketing and access to market

The dearth of marketing abilities and capacities by black tour operators has put them in a marginal position in terms of accessing profitable markets. Some respondents are of the opinion that they should be assisted with advertising and marketing of their products.

"We need more exposure like advertising on the internet or through email"

"Advertising and marketing particularly from SAT and GTA"

Some respondents recognise the vital importance of the internet in selling their product. For others, the international clientele is the most desirable and is seen as providing the best option for long-term financial viability of tour operators.

"If we are given a chance to meet overseas clients not just at exhibitions but through broader contact because people feel comfortable with a service provider whose credibility they know"

"By getting exposure through attendance of international exhibitions. I think that South African embassies based in foreign countries should lobby for support of tourism SMMEs"

Even respondents argue that international clients could be accessed through attendance of international tourism trade shows.

5.10.4. Networks and linkages

There is a perception by many respondents that the competitiveness of their enterprises could be enhanced by interacting with established tour companies.

Most respondents view linkages with big tourism companies as providing gateways to potential prosperity. Large companies, such as Thompson's Tours have the capacity to provide opportunities by linking them to other global networks with potentially big markets.

"We need to form joint ventures with larger companies"

"Big companies like Thompson's Tours should act as mentors to emerging companies"

"If there is a linkage between well established companies and emerging ones it could be invaluable. The cooperation should link travel agencies, out-bound operators and tour operators"

"Market linkages would be a bonus. I also think that big tour operators like Thompson's Tours should provide an opportunity to smaller operators and help them in linking to the world"

"Through networks and learning new things in the industry"

In addition, small enterprises require mentors that will guide them and improve their knowledge about the operations of the tourism industry and how to access beneficial markets.

By contrast, other respondents argued that black entrepreneurs should create their own networks and break the dependency from established businesses.

"Black people should re-group to ensure that tourism is placed within black control by putting the right structures in place. It must be noted that tourism is an industry that government cannot intervene because it is privately owned"

"To form a coop or organisation and market ourselves abroad"

"It would be better to combine resources and something big so that we are more visible in the markets instead of numerous invisible small operations"

The concern is that black entrepreneurs often work in isolation which has a negative impact on their growth as small enterprises. In chapter four, approximately 76% of all respondents indicated that they were affiliated with one or the other tourism organisation. Of the names that emerged SATSA is among them as well as SOTODA (Soweto Tourism Development Association). Some respondents indicated that they saw SATSA as protecting their interest whereas others view the Association with scepticism. Some respondents argue that SATSA protects the interest of white companies and black operators are patronised by the organisational system of SATSA.

SATSA is mainly for white

Some respondents were also sceptical about the existence of black-controlled tourism associations because they thought these associations do not have the muscle to challenge the *de facto* hegemony.

Other respondents associated joining black tour association as a waste of money.

I am not a member of SOTODA because it requires money and they do nothing

5.10.5. Contracts and lucrative tenders

Lack of receipt of contracts, particularly from the government made several respondents express discontent with the objectives of black economic empowerment and government legislation.

“BEE structure is not working for SMMEs that are starting. Legislation does not make big companies outsource to smaller companies. In fact, big companies are now buying minibuses in order to compete with black tour operators – a domain of black tour operators”

“BEE should spearhead the campaign to assist black entrepreneurs and lead the way of changing the situation black entrepreneurs face”

Many respondents argue that if the government gave black operators contracts instead of white-owned companies, it would address the problems they face.

“The government should give contracts to black companies and not big white-owned companies”

Some respondents argue that they were encouraged to participate in the World Summit on Sustainable Development (WSSD). However when the Summit was launched, they were not given any contract and did not benefit from it despite preparing for it.

This, however, has not deterred the courage of most tour operators from viewing the potential in the upcoming FIFA Soccer World Cup in 2010. Most respondents are hopeful and are eager to play a role.

However for one respondent, state that the excitement about the 2010 World Cup reminds her of the preparation she made for the WSSD, which in the end was a waste of time and money.

“I am not excited because we prepared for the WSSD and the preparation did not yield positive results”

5.10.6. Help from the Government and others

There was an identification of other areas where the government could play a role in assisting SMMEs in tourism development.

“The government should intervene to harmonise the disparity. Also the money that the government sets aside for tourism should be used for that purpose”

“The government could assist us in many ways. Instead, when there is an event in Gauteng, they use the services of big white-owned companies and exclude SMMEs”

Again the issue of financial assistance was recognised as a problem. Some respondents think that providing contracts to black operators by the government should be considered.

Despite the concerns raised above, some respondents are hopeful and see the effort by the government as going in the right direction.

"Things will change in the long run after a struggle but the problem is that there is no legislation that enforces this"
"I think that the government is doing all that is possible to change the picture for black people and I think things will change with time"

5.11. MARKETS AND DESTINATION

The major area of focus for South African Tourism (SAT) is North America and Western Europe. The focus of the organisation and or DEAT is upon targeting international tourists. The perception of the majority of tour operators is also focused on international tourists.

5.11.1. Tourist's country of origin

The majority of respondents reported that most of their clients are from the North America and Europe. A minority of respondents pointed that they had South African clients. A considerable proportion of respondents indicate that they have between 80% and 95% of overseas clients. The smaller percentages of their clients are what they call 'corporate South Africa'.

Below are some of the examples of the nature of clientele for respondents.

"90% international and 10% domestic – mainly white corporate South Africa"
"95% international and 5% domestic - white domestic either have friends or family abroad whom they join on tours to townships"
"80% international and 20% domestic"
"95% international and 5% corporate white South Africa – black people in South Africa do not understand tourism they always say it is expensive"
"90% international and 10% corporate of all races"
"70% international and 30% domestic "

For most operators, little potential is seen in domestic tourism, hence the focus on international clientele.

"Domestic clients have mainly been airport transfers"

There was a small proportion of respondents who reported that they have a greater proportion of domestic clients than international.

"60% domestic and 40% foreign clientele mainly from foreign embassies and European countries"

"12% international and 88% domestic – 20% black and 80% white"

"30% international and 70% domestic"

"0.1% international and 99.9% domestic how they target their market – 90% of clients are black"

"80% domestic – have a domestic focus"

"100% domestic market – not yet broken into the international market"

The focus in domestic market by some of the tour operators is because they have not yet 'broken' into the international market or they are oriented towards the domestic market.

A few respondents reported that they have a completely different market focus because they have done direct marketing for that market.

"10% mainly Chinese clients – marketed in China and 90% domestic"

5.11.2. Preferred destinations

Township tourism emerges to be the most popular tourism destination. All respondents reported that they had a township tourism focus and they took clients to the townships. Soweto emerged to be the most popular among international visitors with its strong history of the struggle against apartheid being the main attraction, particularly the Nelson Mandela house and the Hector Peterson museum.

Tour operators also package other destinations which vary from city tours to game parks in North West and Mpumalanga Provinces. Other tour operators are beginning to

venture further into the Southern African region by taking tourists to such areas as Victoria Falls as well as other provinces in the country.

"Soweto and game parks around the krugersdorp area"

"Historical areas Pretoria, gold reef, game parks"

"Gold reef city, Sun City Kruger Park"

"Township tours, Kruger, Sun City, Pretoria and Johannesburg"

Most respondents stated that during quite season, they also do airport transfers by taking their clients to and from the airport.

5.11.3. Determination of destinations

According to Ioannides (1998) tour operators play a very important role in the tourism industry. As 'gate-keepers', they determine the tourism destination, they can either make it or break it (Ioannides, 1998). Britton (1982) provides a similar explanation by arguing that a tourism destination is defined by tourism agencies working in the West for destinations in developing countries. They sell package tours to whoever is willing to buy and does not know where to go. Island paradises are concepts developed in the West for the pleasure of western tourists. In this way all money made through tourism accrues to a single network of multi-national companies. Britton (1982) provides an illustration of travel agencies that are owned by the same companies that own hotels, airlines, car-hire companies and so on. In the end, the same group of companies benefit from this kind of tourism. However, black tour operators do not have networks that control corporation. They are just small role players who lack control of the tourists. Instead they rely on tourists that are already in the country. As one respondent put it: "After tourists have been on all tour and have a few extra hours to spend in South Africa, they decide to go on a tour of Soweto"

Package tours for small tour operators mean that they have scheduled tours that they sell to potential tourists. Tailor-made tours accommodate the needs of some tourists who may not want to go on certain destinations but want specific destinations.

In general, most tour operators reported that have package tours. Some respondents utilise tailor-made tours rather than scheduled tours.

Package 70% and 30 tailor made
60% packaged tour and 40% tailor made
40% package and 60% tailor-made
100% package
90% package and 10% tailor-made
99% tailor made
10% package 90% tailor made

5.12. CONCLUSION

The goal of the chapter was to provide a qualitative analysis of the survey responses in order to compliment the quantitative analysis that was presented in Chapter Four. The analysis, using quotations of interviewed respondents allows the 'voice' of the tour operators themselves to be expressed. It is clear from the qualitative interviews that the plight of black tour operators revolves around the concerns of lacking adequate funding and access to profitable markets. This situation has prevented the majority of black-owned tour enterprises from progressing beyond operating at survivalist levels. Issues that are raised in this research provide an understanding of why there is a lack of transformation in the tourism industry in particular. Although national legislation has provided a foundation for transformation, currently, little progress has taken place. Indeed, the experiences of people working in the tour operating industry tell a tale of lack of transformation and continued racial disparities in an industry with enormous potential to redress these imbalances.

6. CHAPTER SIX – CONCLUSION AND RECOMMENDATIONS

6.1. INTRODUCTION

The objective of this research is to evaluate the contribution of tourism towards the development of black-owned small enterprises. The study relates to the debates taking place around tourism, BEE and transformation in South Africa. The time frame of the study coincided with the celebration of the country's first decade of democracy. The focus of investigation was to examine the progress and problems facing transformation in tourism using the example of emerging tour operators. The purpose of this concluding chapter is to present a summary of the research report and at the same time provide possible recommendations aligned to issues that emerged from the research findings.

6.2. ISSUES EMERGING FROM THE RESEARCH FINDINGS

Post-apartheid planning envisaged that tourism would contribute considerably towards the advancement of the lives of previously disadvantaged black people in a way that would allow them to participate in the industry as profitable entrepreneurs. Indeed, tourism provides such opportunities as the Tourism White Paper predicted. Nevertheless, the ten-year period between 1994 and 2004 did not always produce favourable outcomes. From several investigations it was clear that tourism had least benefited black people and women. Increasingly, it was apparent that income inequalities between black and white people were not narrowing but rather increasing, particularly within small firms operating in the tourism industry.

Issues that emerged from the research findings confirm this assertion. From the survey findings it is shown that black entrepreneurs are struggling to overcome some challenges that confine them to marginal roles. There are several key areas that have been identified as particularly challenging for black tour operators. Among these challenges are concerns of inadequate skills to undertake tourism enterprises, absence of a black association that would provide a 'voice' for black tour operators, as well as processes that are related to undertaking businesses, such as insurance and registering for an operation licence.

In addition to these concerns, respondents identified three key issues, which on the whole remain, the biggest challenges faced by black entrepreneurs working in the tourism industry. First, is the inability of tour operators to access to finance to support business development. Within this category of challenges, it is clear that tour operators have been largely unable to access financial support programmes made available to new or developing entrepreneurs by either the Departments of Trade and Industry or Environmental Affairs and Tourism. Indeed, the majority of respondents benefited from funding for marketing material and or tourism exhibitions, from either or both the GTA and TEP, the latter is a private sector funded initiative that was supported by DEAT from 2003. Nonetheless, tour operators were unable to accessing other critical financial resource necessary for the development of their tourism ventures; hence the majority of respondents resorted to other means of accessing funding. Conversely, tour operators continue to face financial difficulties long after they have established their businesses. As such, it is unclear whether entrepreneurs are unable to utilise the funding resources or whether it is difficult to access these resources. Seemingly, tour operators are unable to access these resources for their own benefit.

Second, the majority of respondents, if not all, identified accessing profitable markets as one their biggest challenges. While the GTA and TEP provide assistance to entrepreneurs working in the tourism industry with marketing material, it remains that most emerging black tour operators still find it difficult to access beneficial markets. The majority of entrepreneurs benefiting from TEP produce brochures which are distributed at exhibitions and where there are high volumes of tourists such as airports, hotels and so on. Accordingly, this marketing strategy may be limiting because of the large volume of international travellers using pre-packaged tours. Marketing directly to international tourists is seen as providing promising markets. Once again, however, the issue of finance hinders many tour operators from selling their products to international markets.

The third issue that hinders the progression of black tour operators is lack of support from established companies mainly of white tourism companies. The white tourism companies have, thus far, not contributed towards the objectives of achieving responsible tourism. Most respondents identified the need for the development of a mentoring system that would link to such established companies as Thompson's Tours. The marketing strength of such large companies makes it easy for them to market

overseas and get large numbers of tourists. In addition, these companies are able to transport large numbers of tourists because they have the resources to do so. As a result, black tour operators depend on the 'crumbs' that are left by white tour companies. Indeed, black tour operators are confined, for the most part, to township tourism, which is seen as a domain of black tour operators.

Accordingly, there is an increasing inequality between black and white tour operators. The gap is manifest in the ways in which tour operators get access to profitable markets and which role players do not. Black tour operators are working on very limited resources and this, in turn limits their capacity to play a meaningful role in the tourism industry, as they are unable to get access to profitable markets. And it is for this reason that there is lack of transformation in the tourism industry, particularly in the transport sub-sector.

For transformation to occur the share of black involvement in tourism must increase and successful support programmes for SMMEs in tourism put in place. It has been argued that there are certain common problems with the problems faced by emerging black small tourism firms in South Africa and those which have been investigated elsewhere in the developing world. The most common issues were shown to relate to lack of finance, and access to profitable markets. But there are some very specific issues which emerge from the history of tourism development in South Africa and (lack of) black involvement in the industry which are presently affecting emerging Black SMMEs in tourism. The key problems relate to entrenched competition from existing (mainly white-owned) enterprise, lack of knowledge of tourism economy and problems which relate to their location in township areas.

6.3. RECOMMENDATIONS

Unless there is intervention to change the nature of the tourism industry, it is likely that the industry will remain 'untransformed'. It is therefore imperative to assist black-owned small enterprises so that they could contribute meaningfully to the development of tourism in this country. There are certain policies which require specific attention to assist black entrepreneurs working in the tourism industry.

The difficulty experienced by many entrepreneurs, in accessing funding makes it impossible for the tour entrepreneurs to develop viable tourism enterprises. For this reason, policy support to improve entrepreneurs' access to finance is urgently required. This funding is necessary for assisting entrepreneurs in areas they identified as crucial for their enterprises such as marketing and purchase of vehicles.

Marketing is another area essential for contributing towards the growth of enterprises. To achieve this growth, entrepreneurs require to market their products aggressively. Production of brochures has proved to be less effective as many respondents demonstrated that they were still unable to access profitable markets. It is of utmost importance, therefore, to growth the capacities of entrepreneurs so that they can better market their products. Perhaps it is also crucial to include in the training, marketing strategies that would enable them to increase the numbers of the clientele.

Another key policy issue relates to linkages between large and emerging enterprises. The participation by the business community in assisting with the development of black-owned enterprises has not been translated in practical terms. Both black and white companies still operate largely in isolation from each other. Large companies have a responsibility to assist in developing SMMEs so that they become viable enterprises, instead of competing with them. It is therefore recommended that large tour companies mentor emerging enterprises and teach them about the operations of the industry. In this way it is hoped that the proposed harmonisation of the tourism industry will be achieved.

6.4. CONCLUSION

The research report presented the concerns associated with the role black people play in the tourism industry at the time South Africa had just reached its first decade of democracy. This presented a challenge to tourism and how it is contributing towards closing the gap between rich and poor; between black and white people. It is evident, that transformation in tourism is proceeding only slowly and still faces major hurdles. This conclusion is disappointing because it is widely believed that tourism has the capacity to create viable small tourism enterprises. Ten years after democracy, the majority of black entrepreneurs operating small tour companies continue to exist on the economic margins and play only peripheral roles in tourism development in South Africa.

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