

**Certification in the South African tourism industry: The case of Fair Trade in
Tourism**

A research report submitted to the Graduate School of Humanities, University of the Witwatersrand, in partial fulfilment of the requirements for the degree Master of Arts by coursework in Tourism Studies.

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DATE SUBMITTED: February 2006

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ABSTRACT

Internationally, certification is playing an increasing role in regulating and monitoring tourism enterprises, and promoting responsible and sustainable tourism development. Certification in the South African tourism industry is relatively new, with schemes being developed to measure product quality (i.e. the Tourism Grading Council star ratings), as well as the environmental (Heritage Environmental Rating Programme) and social and developmental aspects of tourism development (Fair Trade in Tourism South Africa).

Significant international literature and debate exists on the role and importance of tourism certification. Benefits of certification accrue to enterprises themselves, to government, to the local environment and community and to consumers. Critics of certification however argue that there is limited market demand for certified products, and that certification only has a marginal impact on sustainable tourism development.

This report examines the role of certification in the South African tourism industry, utilising one certification scheme, namely Fair Trade in Tourism South Africa (FTTSA) as a case study. FTTSA is positioned within the context of other key tourism initiatives being pursued by government, the private sector and civil society. The contribution of FTTSA to both the attainment of national tourism objectives as well as individual corporate objectives is discussed. Finally, key challenges facing FTTSA are presented.

DECLARATION

I declare that this research report is my own, unaided work. It is submitted for the degree of Master of Arts by coursework in Tourism Studies at the University of the Witwatersrand. It has not been submitted before for any degree or examination at any other university.

Karin Mahony

Date

ACKNOWLEDGEMENTS

I would like to thank the following people who gave their time, and were willing to share their insights with me on various issues concerning certification in the South African tourism industry.

| ORGANISATION | NAME | POSITION |
|--|--------------------|--|
| Djuma Game Reserve | Charmine Cooke | Reservation and Administration manager |
| Calabash Tours | Paul Miedema | Co-owner |
| Department of Environmental Affairs and Tourism (DEAT) | Dr Joseph Raputsoe | Director: Quality Assurance |
| Fair Trade in Tourism South Africa | Jennifer Seif | Executive Director |
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| Klippe Rivier Country House | Jenny Park | Manager |
| Sabi Sabi Private Game Reserve | Patrick Shorton | Managing Director |
| SATSA | Vusi Zwane | Chief Executive Officer |
| SATSA | Marjorie Dean | Communications Consultant |
| Singita Group | Mark Witney | Group General manager |
| South African Tourism | Bashni Muthaya | Manager : Strategic Research |
| Spier Leisure | Tana Messen | Sustainable Development Manager |
| Tourism Grading Council | Dr Salifou Sidlo | Chief Executive Officer |
| Umlani Bush Camp | Marco Schiess | Managing Director |

I would further like to express my gratitude to my supervisor, Professor Chris Rogerson for his direction and support in completing this thesis.

Finally, thank you to the NRF for providing me with the necessary funding in order to complete this research.

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CHAPTER 1

INTRODUCTION

1.1 Aims and objectives

Internationally, certification in the tourism industry is playing an increasing role in regulating and monitoring tourism enterprises, and promoting sustainable development. Certification is defined as a voluntary procedure that assesses, audits, and gives written assurance that a facility, product, process or service meets specific standards. Certification usually awards a marketable logo to those that meet or exceed the baseline standards (Bien, 2003). Internationally, numerous different types of tourism certification systems exist, which assess different aspects of a tourism product or destination. Broadly speaking, tourism certification systems usually address three main aspects, namely product quality (including some aspects of health, hygiene and safety), environmental performance of companies, operations and / or destinations and corporate social responsibility (WTO, 2003).

In South Africa, tourism certification is regarded as a useful tool to market the country, and promote responsible and sustainable tourism development. In addition to the international tourism certification schemes that some tourism enterprises have adopted (i.e. ISO 14001, Green Globe 21, Relais and Chateaux), a basket of national certification systems have been developed to assess and monitor tourism products in South Africa. In terms of product quality, the Department of Environmental Affairs and Tourism (DEAT) initiated and supports the national quality tourism certification system, which is implemented by the Tourism Grading Council (TGC). The Grading Council monitors and assists with the improvement of the overall quality of accommodation and services in South Africa. In addition to the work of the TGC, numerous other accreditation and award systems have been developed which provide information to consumers on product quality and pricing issues, with two examples being the AA travel guides and the Portfolio Collection. In terms of the certification of environmental issues, the Heritage Environmental Rating Programme is an initiative established by a private company to monitor the environmental performance of companies in South and Southern Africa. In terms of the certification of social

standards, Fair Trade in Tourism South Africa (FTTSA) was established by the World Conservation Union (IUCN) in South Africa to certify tourism products that operate according to specified fair trade principles.

Given the importance of certification as well as the existence of various tourism certification systems in South Africa, the aim of this research is to contribute to the debates around certification in South Africa and to assess the relevance of tourism certification to tourism development in South Africa. Three key themes will be unpacked:

- First, the research will position the concept of tourism certification within the broader international debates;
- Second, tourism certification will be discussed in relation to other key tourism initiatives in South Africa, including the need to grow the sector, to promote responsible and sustainable tourism, and the urgent requirement for the transformation of the industry;
- Third, the research will investigate the awareness, understanding, perceptions and benefits of various certification schemes that exist in South Africa. The focus of the research will be on the certification schemes that measure social and environmental issues rather than quality, hygiene and safety issues. Fair Trade in Tourism will be utilised as a case study.

1.2 Context

The period between 1994 and 2002 witnessed a dramatic growth in the South African tourism industry. As a result of this growth, the industry has been recognised by government as a key sector to promote socio-economic development and transformation, by contributing towards sustainable job creation, poverty reduction, community development and black economic empowerment (South Africa, 1996a; 1998). The tourism sector further has the potential to make a significant contribution to foreign exchange earnings. It has been argued that if managed appropriately, the tourism sector could potentially have numerous other positive spin-offs, including promoting sustainable development, community empowerment, protecting the natural environment and enhancing local cultural heritage. In 2002 it was estimated that 6.4

million international tourists visited the country. The average annual growth rate in international tourist arrivals from 1994 to 2002 was 8,8 per cent (SAT, 2002). The industry's direct impact on the South African economy in 2002 included the creation of 492 700 jobs (3 per cent of total employment), and generated 3 per cent of the country's total GDP. In 2002, the World Travel and Tourism Council (WTTC) estimated that the tourism industry generated R108,5 billion of economic activity in South Africa. Utilising a broader definition, namely that of the tourism economy, then it is estimated that the tourism economy accounted for 1.1 million jobs, 72,5 billion of GDP (7,1 per cent of total GDP) and generated R43,8 billion of foreign exchange earnings (WTTC, 2002).

The continued positive performance of the tourism industry in South Africa is however dependent upon three critical challenges being addressed. First, South Africa needs to maintain and grow its competitive position within the global tourism industry (SAT, 2003). Tourism is a fiercely competitive industry, with other destinations competing with South Africa in terms of reclaiming and gaining tourist market share. Individual tourism establishments thus compete within a global market, and are increasingly required to be internationally competitive both in terms of product offering and price. Secondly, in order to be sustainable, the South African tourism industry needs to ensure that the benefits accruing from the growth of the tourism sector accrue to all South Africans (Cluster Consortium, 1999; DEAT, 2003: 48). Ownership and benefits of the tourism industry in South Africa presently largely accrue to white South Africans (Rogerson, 2003; 2004). Transformation of the industry is essential. Finally, the South African tourism industry needs to be utilised more effectively as a tool for promoting sustainable development, both in South Africa and the broader sub region. A pro-poor approach to tourism development is thus essential (DFID, 1999; Ashley *et al.*, 2000; 2001a; 2001b).

Certification potentially has a role to play in meeting all of the above challenges. It can be utilised as a powerful marketing incentive to attract tourists to South Africa, and for tourists to select certain types of tourism products out of a range of product offerings. The certification of social standards may contribute towards enterprises meeting transformation objectives by measuring and monitoring Black Economic Empowerment (BEE). The BEE Charter for the tourism industry calls for the

certification of businesses that comply with the charter and scorecard (TBCSA, 2004a). Certification of social and environmental standards will also contribute towards promoting sustainably produced and traded tourism products, thus promoting sustainable development.

1.3 Methodology

In investigating the role of certification in the South African tourism industry, both qualitative primary and secondary research was undertaken. In terms of primary research, interviews were held with:

- a) Senior personnel from tourism certification bodies:
Interviews were held with senior personnel from FT TSA, the Environmental Heritage Programme and the TGC.
- b) Senior personnel from key tourism role-players and opinion makers:
Interviews were conducted with representatives from the DEAT, South African Tourism Services Association (SATSA) and South African Tourism (SAT) in order to develop a national industry perspective of the relevance and importance of certification to the tourism industry.
- c) Tourism operators:
Ten telephonic interviews were held with various tourism establishments who have been awarded the FT TSA logo.

Secondary research undertaken included an analysis of key tourism policy papers and initiatives shaping tourism development and certification in South Africa. International literature, primarily relating to social and environmental certification, was also analysed.

1.4 Report Structure

The report is structured in four areas of discussion. Chapter two provides an analysis of key international debates on certification relating to the tourism industry. A large

body of literature on certification of tourism quality issues exists. However as the focus of the thesis is on social certification, only literature on environmental and social certification is presented. Chapter three provides an examination of the South African tourism industry and the role of certification within the industry. The overview highlights the potentials and challenges facing the industry, within the context of the broader developmental challenges facing South African society. Key policy documents relating to tourism development including the Tourism White Paper, Tourism in GEAR, the tourism growth strategy and the tourism transformation strategy are discussed. Chapter four provides a discussion on FTTSA, which is internationally recognised as a unique form of tourism certification focussing on the social and developmental aspects of tourism development. Chapter five offers a conclusion to the thesis, and provides some recommendations on the way forward.

CHAPTER 2

INTERNATIONAL LITERATURE REVIEW ON TOURISM CERTIFICATION

2.1 Introduction

The aim in this chapter is to contextualise international debates on tourism certification within the broader debates concerning sustainable tourism development. Four sets of literature are analysed. Firstly, the concepts of sustainable tourism and pro-poor tourism are presented. Secondly, business and consumer attitudes towards sustainable and responsible tourism are discussed. Thirdly, an overview of major environmental and socio-economic tourism certification programmes is provided. The chapter concludes with a summary of the key issues and debates on tourism certification.

2.2 Sustainable Tourism

In 2001, it was estimated that the tourism sector globally employed over 260 million people, with annual investment in capital projects of more than US\$ 800 billion. In 1999, there were an estimated 650 million international tourists, with 1,6 billion international tourists forecast by 2020 (UNEP, 2001). The nature and size of the tourism sector can result in it having significant impacts on socio-economic development and on the environment. Positive impacts include employment (notably for unskilled and disadvantaged groups such as women), skills development, high multipliers into other local enterprises, and the protection of the environment. Despite the potential benefits of tourism, unplanned and uncontrolled tourism development may have severe negative environmental, social and economic impacts on destination communities and localities. Cleverdon and Kalisch (2000, 172) argue that in fact there is evidence to suggest that 'although some of the more fortunate sections of society, ruling elites, landowners, government officials or private businesses might benefit, the poor, landless, rural societies are getting poorer, not just materially, but also in terms of their culture and resources.'

The paradigm of sustainable development was popularised by the report of the World Commission on Environment and Development convened by the United Nations in 1987 under the chair of Gro Harlem Brundtland. The report, entitled 'Our Common Future' defined sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (WCED, 1987). Over the past 20 years sustainable development has been at the forefront of many government agendas, in order to preserve ecosystems and biodiversity, limit growth and improve the quality of life of host populations (Dodds and Joppe, 2005).

Following on from the concept of sustainable development, the notion of sustainable tourism was conceptualised. Various contested definitions of sustainable tourism exist, with the Convention on Sustainable Development (CSD) defining sustainable tourist development as meeting the needs of the present tourist and host region (destination) while protecting and enhancing the opportunity for the future. The World Tourism Organisation (WTO) defined sustainable tourism in 1988, as tourism development which leads to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled, while maintaining cultural integrity, essential ecological processes, biological diversity, and life support systems. The past few years has witnessed the steady growth in the adoption and endorsement of the principles of sustainable tourism as a development approach, which has led to the creation of many initiatives to address concerns such as environmental conservation and protection (Dodds and Joppe, 2005).

In 1992, the Earth Summit popularised the triple bottom line of environmental, social and economic sustainability. This resulted in social issues receiving greater attention in sustainability debates and issues such as fair trade, poverty reduction and local economic development being placed on the development agenda.

Since the 1980's numerous international declarations, strategies and guidelines on sustainable tourism development have been conceptualised including the Manila Declaration on World Tourism (1980), the Hague Declaration on Tourism (1989), the Action Strategy for Sustainable Tourism Development (1990), the Charter for Sustainable Tourism (1995), Agenda 21 for the Travel and Tourism Industry (1996)

the Malé Declaration on Sustainable Tourism Development (1997) the Manila Declaration on the Social Impact of Tourism (1997) and the Global Code of Ethics For Tourism (1999). In 2001, in an attempt to move away from defining sustainable tourism to describing how to put it into practice, a set of draft principles for the implementation of sustainable tourism was developed by the United Nations Environment Programme (UNEP). The proposed principles address the integration of tourism into overall policies for sustainable development (UNEP, 2001).

In South Africa, the concept of sustainable tourism is firmly embedded in the Tourism White Paper. The White Paper defines sustainable tourism as tourism development, management and any other economic activity, which optimises the economic and other societal benefits available in the present without jeopardising the potential for similar benefits in the future (South Africa, 1996a).

2.3 Pro-poor tourism

The promotion of the tourism sector by governments and donor organisations has typically aimed at promoting private sector investment, macro-economic growth and foreign exchange earnings, without specifically taking the needs of the poor into account. It was assumed that the benefits of growth in the tourism industry would eventually trickle down to the poor, requiring no specific government intervention. The Department for International Development (DFID) was the first agency to promote the concept of pro-poor tourism, and it was successfully placed in the report of the Commission for Sustainable Development in April 1999 (Spenceley *et al.*, 2003; Goodwin and Maynard, 2000). The pro-poor approach subsequently received wider support within the WTO's publication on poverty alleviation and tourism which was released at the World Summit on Sustainable Development in Johannesburg in 2002 (WTO, 2002a). This was followed by a publication by the WTO recommending actions on poverty alleviation (WTO, 2004b).

Significant literature on the concept of pro-poor tourism exists, notably works undertaken by the Institute for Environment and Development (IIED) and the Overseas Development Agency (ODI) which reviewed the experience of pro-poor

tourism strategies, and specifically evaluated the actual benefits and costs of different types of tourism development for the poor.

Pro-poor tourism strategies represent a reaction to the *laissez faire* approach of tourism development, and highlight the need to introduce specific mechanisms to ensure that the benefits of tourism growth also accrue to the poor (Ashley *et al.*, 2000; 2001a; 2001b). Pro-poor tourism thus argues for a shift away from promoting different types of tourism (i.e. mass vs. alternative tourism) to promoting strategies to enhance the net benefits of tourism to the poor. Pro-poor tourism also goes much further than adopting a philanthropic approach to community benefits by embracing a different way of doing business (Ashley and Haysom, 2005). Poor people and poverty are thus placed at the heart of the sustainability debate (Roe and Urquhart, 2001). Pro-poor tourism is thus defined as tourism that generates net benefits to the poor. Pro-poor tourism argues that economic benefits are only one component of pro-poor tourism growth. Importantly, social, environmental and cultural costs and benefits also need to be taken into account. Strategies for pro-poor tourism thus focus specifically on unlocking opportunities for the poor within tourism, rather than merely expanding the size of the sector.

Pro-poor tourism strategies usually need to be combined with general tourism strategies which aim to develop the sector as a whole (Deloitte and Touche *et al.*, 1999). Pro-poor tourism strategies focus on three core activities. Firstly, increasing access of the poor to economic benefits by expanding business and employment opportunities, providing training so that they are in a position to take up these opportunities, and spreading income beyond individual earners to the wider community. Secondly, addressing the negative social and environmental impacts often associated with tourism, such as access to land and other resources, and social disruption or exploitation. Finally, policy or process reform, such as creating a policy and planning frameworks that remove some of the barriers to the poor, by promoting the participation of the poor in planning and decision making processes, and encouraging partnerships between the private sector and the poor in developing new tourism products (Roe and Urquhart, 2001). Based on a review of six international case studies, Ashley and Roe (2002) conclude that firstly despite commercial constraints, by adopting a pro-poor tourism approach much can be done to enhance

the contribution of tourism to poverty alleviation. Secondly, pro-poor tourism approaches should be incorporated by all tourism actors, including government, business and communities. Finally, a wide range of impacts on poor people, beyond jobs needs to be recognised and enhanced.

2.4 Attitudes towards sustainable and responsible tourism

Currently, two key forces are driving the development of sustainable and pro-poor tourism development. First, consumers are increasingly aware of the impacts of tourism development on local environments and communities, and second, the drive towards corporate citizenship has forced responsibility and accountability to the top of the businesses agenda.

There is increasing recognition of the significant shift away from the predominance of the traditional sun, sea and sand holiday towards more experiential vacations. Travel is increasingly about experiences, fulfilment and rejuvenation, rather than about places and things (King, 2002). In addition to a shift in demand for the types of tourism products being demanded, tourists themselves are becoming vigilant consumers, and are increasingly concerned with the impact of their actions on the environment and local communities. The extent to which consumer's awareness of social and environmental issues actually impacts on tourism purchasing patterns is still open for debate. One school of thought argues that sustainability issues are increasingly affecting actual buying patterns and behaviours of tourists (Tearfund, 2001, 2002). In research undertaken for the international ecotourism society, consumers indicated that they were willing to pay more for ethical business practices, were willing to contribute to community projects, and were largely in support of certification (Chafe, 2004). Table 2.1 and 2.2 highlight the findings of some of the surveys that have been undertaken to substantiate this view.

Table 2.1 Summary of international findings on consumer attitudes towards environmentally responsible tourism

| Importance of environmentally sensitive policies and practices | Proportion of sample | Source and sample size (where known) |
|---|---|---|
| Consumers are willing to pay a travel premium to companies that protect the environment | 38 per cent Americans | Travel Industry Association of America (2003) |
| Tourists more likely to book hotels with a good environmental attitude | 87 per cent British 60 per cent Australians 54 per cent Americans | IHEI study, cited in Anon (2002) (n = 300 travellers at airports in UK, Australia and USA) |
| Tourists who regard it as important that their holiday does not damage the environment | 71 per cent Americans 85 per cent (British – 2000) 87 per cent (British – 2002) | Stueve, Cook and Drew (2002) (n = 4 300 adults in USA) Goodwin and Francis (2003) n = 963 in 2000 n = 713 in 2002 |
| At least fairly important to use a company that accounts for environmental issues when arranging holidays and business trips. | 52 per cent - 1995 (British) 61 per cent - 1997 (British) | Martin and Stubbs (1999) |

Table 2.2 Summary of international findings on consumer attitudes towards socially responsible tourism

| Importance of socially responsible policies and practices | Proportion of sample | Source and sample size (where known) |
|---|--|--|
| Tourists prepared to pay a premium to ensure fair wages and working conditions in local destinations | 4 out of 5 British holiday makers | Tearfund (2001,2002) |
| Consumers wanted to know how to behave more responsibly when on holiday | 65 per cent British | Tearfund (2001) |
| More likely to book holiday using company with a written code guaranteeing good working conditions, protection of the environment and support of local charities in the tourist destination | 45 per cent British (1999) 52 per cent British (2001) | Tearfund (2001, 2002) (1999: nationally and regionally representative sample of n = 2032 in the UK, 2001 = 927) |
| Knowing that they had booked with a company with good ethical practice made their holiday enjoyable. | 24 per cent British | Intel (2001) (n = 2 028, UK holiday makers = 1 636) |
| Important that holidays benefit people in the destination (e.g. through jobs and business opportunities) | 71 per cent British (2000) 76 per cent British (2002) | Goodwin and Francis (2003) n = 963 in 2000 n = 713 in 2002 |
| Respect towards the ways of living and traditions of the local host population is the most important criteria when booking a holiday | 95 per cent (German) | Forschungsinstitut für Freizeit und Tourismus. Muller and Landes (2000) |

This view is however contested in a report on tourism certification undertaken for the World Wide Fund for Nature (WWF) (Synergy, 2000). It is argued that a wide range of surveys attempt to illustrate that tourists are prepared to choose environmentally preferable holiday experiences, and to pay a premium for these products. However, experience of large tour operators i.e. British Airways Holidays and TUI, points to the contrary. Tourists may be influenced by the potential to select environmentally friendly products in theory, but in practice are influenced by a wide variety of complex travel motives, of which the environment is only one small component. It is likely that the environment contributes to the quality of the experience, but with the exception of the dedicated few, does not provide sufficient incentive to choose one product over another (Synergy, 2000). This view is also upheld in a pro-poor tourism briefing paper on ethical consumerism and tourism which argues that whilst there is evidence to demonstrate that ethical consumerism is growing, there is still debate as to the degree that this actually translates into practice (Meyer *et al.*, 2004). Meyer concludes that the tourism industry is actually lagging behind other industries for consumer demand for ethically produced goods, with the travel decision still dominated by factors such as price, quality, location, weather and safety. In a 2003 study, almost 70 per cent of tour operators' clients expressed no concern or interest in eco-social issues when selecting their products and only eight per cent expressed a specific interest when selecting their tour (Eplar-Wood *et al.*, 2005).

From the perspective of tourism enterprises, operators are increasingly realising that their continued existence is dependent on maintaining and protecting the environment and ensuring the participation of local communities in tourism initiatives. It is argued that it simply makes "good business sense" to preserve the natural assets upon which the tourism product is based, and maintain positive working relations with both staff and neighbouring communities. Global tourism initiatives such as the WTO Global Code of Ethics for Tourism and the Tour Operators Initiative reflect this growing emphasis.

The Global Code of Ethics for Tourism was developed by the WTO in 1999. The Code is a comprehensive set of principles which guide stakeholders in tourism development. The Code includes nine articles outlining the "rules of the game" for destinations, governments, tour operators, developers, travel agents, workers and

travellers themselves. The tenth article involves the redress of grievances (WTO, 1999).

The international Tour Operators Initiative was established in 2000 as a voluntary, non-profit initiative aimed at promoting sustainability in the tourism sector. The initiative was established in response to the recognition that tour operators play a central role in the tourism industry, acting as intermediaries between tourists and suppliers of tourism services. Tour Operators thus influence consumer demand, destination development patterns and the supplier's performance, as well as tourist's behaviour. The initiative is open to all tour operators, regardless of their size or geographic location. The initiative was developed with support from UNEP, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the WTO. Members of the initiative are moving towards sustainable tourism by committing themselves to integrating sustainability into their business practices, and by working together to promote and disseminate methods and practices compatible with sustainable development (Tour Operators Initiative, 2005). Integrating sustainability into tour operators businesses means taking into account the environmental, social and economic aspects of developing a holiday package. Aspects that are addressed include selecting destinations, services and activities that take into account their impact on the environment and society, selecting suppliers based on their environmental and social performance, and raising customer awareness of responsible travel.

2.5 International tourism certification programmes

Internationally, certification schemes need to be understood within the broader literature on standards. Font and Bendell (2002) state that for something to be called a standard, a set of rules, conditions or requirements are identified and adhered to. Standards range from statements of principles or codes of conduct – with no means of measurement or verification, to benchmarking and reporting schemes – where individual companies can measure their performance against a prescribed set of indicators and publicly report on achievements, to certification and award schemes whereby a company submits to an independent review and is awarded a label to demonstrate success in meeting various conditions (Roe *et al.*, 2003). Award schemes

assess enterprises against pre-determined criteria, but unlike certification schemes, only the best are singled out for an award – rather than those that meet a given standard. Awards generally only last for a year, whereas certified companies retain their label year-on-year provided they continue to meet or exceed the given standard.

Standards vary in scope, scale (local, national or international) and perceived legitimacy, and may pertain to a company, a product or a destination. A review of standards in the agriculture, forestry and tourism sectors revealed that four primary categories of standard exist, namely quality, safety, authenticity and the integrity of the production process.

Certification of social and environmental performance is already changing the rules of the game for many industries. It is becoming routine in forestry, is emerging in fisheries and tourism and is being explored in mining. Certification has occupied a key role in the ‘organic’ and ‘Fair Trade’ niches of food production for some time (Bass *et al.*, 2001).

In a world of globalising business and increased consumer concern for sustainability, certification systems are becoming increasingly important. Certification is used as a voluntary initiative to show higher standards of performance beyond legislation. Since the 1980’s environmental issues have dominated both official certification programmes and numerous voluntary initiatives in the tourism sector. More recently, social and community issues have been added.

Certification in the tourism industry is a fairly recent phenomenon, with its origin being in the development of certification schemes that measured tourism quality and standards. Tourism certification essentially started in the 1960’s, with the oldest tourism and hospitality industry programme – Michelin – that certified facilities in its first travel guide to France (Bien, 2003). The Automobile Association of America (AAA) travel guides came out shortly afterwards. Both these programmes measured and rated cost and quality of service and facilities, and not their environmental and social impact.

In 2002, it was estimated that globally there were over 7 000 certified tourism products, with over 85 per cent of them occurring in Europe. Two-thirds of the certification programmes are led by private tourism associations, Non-Government Organisations (NGO's) and consultancies, and the remaining one-third are led by governmental organisations (Font, 2003). The majority (68 per cent) of certification programmes set standards for hotels. European programmes tend to focus primarily on environmental issues, while programmes in the developing world tend to focus more on broader sustainability issues (Font, 2003). Dodds and Joppe (2005) argue that certification in developing countries have focused more on social and labour issues, partially because social legislation is less comprehensive in the South. Most certification schemes are national or local in extent. There is little evidence of success of programmes that aimed from the outset to be global or regional in extent. Green Globe 21 positioned itself as a global programme, but to date has achieved limited market penetration, and has been criticised for its lack of rigour (Synergy, 2000). The Sustainable Tourism Stewardship Council aims to establish an accreditation system to ensure global standards, but is not yet operational at a global level (Dodds and Joppe, 2005).

Certification programmes typically either use process indicators or performance indicators, or some combination of the two. Process based standards mean that the company makes a commitment to improvement by putting in place a management system to ensure year-on-year progress. Performance indicators measure if an applicant has met a threshold level, which is usually defined through sector-specific benchmarks (Vorley *et al.*, 2002; Bien, 2003).

At the 2004 WTO conference for Europe on Public-private partnerships for sustainability certification of tourism activities, the WTO identified three basic purposes for tourism certification, namely:

- To stimulate tourism service providers to introduce improvements in their operations, aimed at greater environmental, economic and social sustainability, by providing incentives and technical assistance to do so,

- To differentiate and distinguish tourism products and services that meet environmental, social and economic standards beyond the level required by legislation,
- To orientate consumers with regard to the sustainability characteristics of the tourism services available on the market (WTO, 2004a).

International literature on certification argues that certification should not be viewed as an end in itself, but rather as one of the tools available to the tourism industry to improve their environmental, social and economic performance. Certification distinguishes between enterprises making empty claims of the social and environmental performance against those establishments which are willing to have their claims independently verified.

Certification offers numerous benefits to tourism businesses, consumers, governments, the environment and local communities. Several of these benefits were highlighted in a publication of the WTO on recommendations for governments for supporting and/or establishing national certification systems for sustainable tourism (WTO, 2003).

Benefits for certified businesses focus essentially on the assistance that the certification process provides businesses to improve themselves. Certification provides a useful tool for business to measure and monitor the performance of their organisation. This self-regulation may defer the need for direct government regulation of the industry (WTO, 2003). A study undertaken in Australia in 2000 concluded that many operators felt that the process of applying for and obtaining accreditation or certification, had a beneficial impact on their operations, particularly health and safety standards, staff turn over and morale (Foster, 2000). In a study of the Green Tourism Business Scheme, certified companies on average had higher occupancy rates than the average for Scotland. Font and Buckley (2001), however, argue that the reason for the higher occupancies is that applicants were companies who were already managing their businesses well, and thus the higher occupancies could not be attributed to certification *per se*. Certification of environmental issues assists in raising industry environmental standards and reducing operating costs. In

tourism, environmental certification has been shown to reduce the consumption and thus the costs of water and electricity, without reducing the quality of the service (Bien, 2003). In a study on the impact of environmental certification in Jamaica, Bailly (1998) found that enterprises achieved a 77 per cent savings in water consumption and a 30 per cent savings in energy consumption. Certification can further provide a marketing advantage, enabling a company to market its products more effectively, and to improve its public image among consumers, business partners and host communities (Bien 2003). This benefit, however, is dependent on consumers becoming aware and understanding credible certification brands (Chafe, 2004). Finally, certification may provide a tool for environmental management, which can help protect the environment and social and cultural assets upon which the tourism industry often depends on for its continued existence (WTO, 2003).

Certification offers benefits to government, with the primary benefit being an effective alternative to direct government regulation, which could prove difficult, costly, and time consuming to implement. Government regulation may further be met with resistance from industry, thus certification provides a more flexible approach to monitoring the tourism industry by the industry themselves (WTO, 2003).

In terms of benefits to the environment and the local community, certification provides a tool to protect the environment and the social and economic structure of local communities near the certified business (Bien, 2003; WTO, 2003). The certification of environmental and social standards can help to reduce the negative environmental and social impacts of tourism, and ensure that the industry is held accountable for their actions. The certification of social and environmental standards further helps to generate increased environmental and social awareness among tourists and host communities, resulting in more sustainable and responsible development actions (WTO, 2003).

The benefits to consumers are that certification provides independently verified information to consumers on environmentally and socially responsible choices. Certification further increases public awareness of responsible business practices (Bien, 2003).

Limited international research has been undertaken on the perspectives of consumers towards accreditation and certification. One such study was undertaken in Australia. Key findings in the Australian study were that there is generally a low level of awareness of accreditation systems among tourists. The Australian study concluded that tourists may notice accreditation or certification logos, but do not really understand what they mean, or be able to differentiate between them (Foster, 2003). Foster (2003) argues that this confusion is exacerbated by the high number of decals to show association membership, awards, star ratings etc. Any attempt to increase consumer awareness would thus firstly need to address the issue of 'logo overload'. Foster (2003) concludes that accreditation plays a very minor part in the purchasing decision for both accommodation and tours. Factors such as location, general atmosphere, price, and type or standard of facility still remain the primary motivators for the purchase of a tourism product or service. Certification *per se* is thus rarely the reason for the purchase of a tourism product. However, accreditation or certification plays an important role in the minds of consumers as the assurance that what is promised can actually be delivered (Foster, 2003). In a report on ecotourism certification, Bien (2005) concludes that consumer demand takes between 8 to 15 years to develop, and that quality, safety and price must firstly be satisfied before the consumer will consider other factors.

A recent study on corporate social responsibility in the tourism industry concluded that although the number and scope of certified tourism businesses have grown substantially over the last ten years, certification has not enabled small and medium sized enterprises to gain greater access to market opportunities, nor has it moved the tourism industry significantly forwards towards sustainability (Dodds and Joppe, 2005). The primary benefit of certification remains cost savings, primarily relating to the environment (water, waste and energy savings) (Bien, 2005; Dodds and Joppe, 2005). The study further concluded that once the environmental savings were achieved, there was little incentive to remain being part of a certification label, as there is no proven marketing benefit. Dodds and Joppe (2005) argue that overall, industry and consumer awareness of certification schemes is negligible.

2.6 Environmental certification schemes

The origins of environmental certification are in the manufacturing industry, where there are direct and measurable environmental impacts, clear operating systems and large organisations. Manufacturing standards were set by the European Commission, and recognised by the Eco-Management and Audit scheme in 1993 (Font, 2002a). In 1996, the International Standards Organisation (ISO) set ISO 14001. ISO 14001 is not particular to the tourism industry, but rather is applicable to all types of business operations. ISO 14001 certifies the environmental management systems adopted by an organisation. Elements addressed in the certification process include resource use, energy consumption, waste generation and the use of recoverable resources (ISO, 2005). The tourism industry can apply for ISO 14001 accreditation, however, to date this has been achieved by very few tourism organisations.

The first tourism related environmental certification scheme was the Blue Flag, which was developed in 1985 to award compliance to EC legislation on water quality at beaches and marinas (Roe et al., 2003; Dodds and Joppe, 2005). Blue Flag is regarded to be a relatively successful certification programme, with a fairly high level of industry and consumer awareness. The success of Blue Flag is largely attributable to its link with health and safety issues, as the quality of a beach is a key motivating factor in choosing a holiday (Dodds and Joppe, 2005). Blue Flag certification is administered by the Foundation for Environmental Education (FEE), and currently operates in Europe, South Africa and the Caribbean. In 2000, over 1 800 beaches and 600 marinas were certified (Font, 2002a).

Following the 1992 UN conference on Environment and Development (Rio Earth Summit) and an increasing concern for sustainability issues, a proliferation of certification schemes emerged, focusing largely on the environmental impacts of tourism development. In 2001, it was estimated that globally there were over 250 voluntary initiatives, including tourism codes of conduct, labels, awards and certification schemes. Of these, about 100 are ecolabelling and certification programmes designed to signify environmentally superior tourism practices (Bien, 2003). Significant international literature exists on ecolabels in the tourism industry (Buckley, 2001; Eplar Wood and Halpenny, 2001; Honey and Rome, 2001; Buckley,

2002a; Buckley, 2002b; Flores, 2002; Honey and Stewart, 2002; Honey, 2003). The greatest proliferation of tourism ecolabels is in Europe, and particularly in Germany (Buckley, 2002a).

In 1994, in an effort to establish an international umbrella for environmental certification, Green Globe (initiated by the WTTC) launched an environmental standard for tourism. Green Globe marketed itself as the worldwide benchmarking and certification programme which facilitates sustainable travel and tourism for consumers, companies and communities. Green Globe is based upon Agenda 21 and the principles of sustainable development endorsed by the 182 governments at the United Nations Rio de Janeiro Earth Summit in 1992. Technical entry criteria for Green Globe were relatively lax, and the scheme was heavily promoted in order to ensure a high industry sign up (Buckley, 2002a). Green Globe was largely viewed by government, consumer and environmental organisations as lacking in technical detail and audit (Buckley, 2002a).

In an attempt to gain acceptance from consumers, governments and environmental groups, without losing its original acceptance by the industry, Green Globe was restructured as Green Globe 21, a separate private organisation distinct from the WTTC in 1999. Green Globe 21 has four different standards that apply to companies, communities, ecotourism enterprises and design and construction activities. Green Globe 21 certifies a wide variety of businesses, including airports, airlines, cruise boats, railways and more recently destinations themselves. Green Globe 21 has three different levels of participation, namely affiliation, benchmarking and certification. In 2002 there were over 500 companies enrolled, with 140 being certified (GG21, 2005).

In 2000, the WWF commissioned an analysis of Green Globe 21 and other tourism certification programmes (Synergy, 2000). Green Globe 21 was acknowledged as having the largest international reach. It was however severely criticised for allowing tourism companies to sign up and use the Green Globe 21 logo on the basis of a commitment to environmental improvement and not actual environmental performance (Font, 2002a). Green Globe 21 also allows participants to set their own targets, thus certification became process rather than performance based. Synergy (2000) argued that a company could be awarded the Green Globe 21 logo for

developing an environmental policy and setting up an environmental management system, but could still be operating in an environmentally harmful manner. The WWF report concluded that tourism certification programmes have the potential to contribute towards the achievement of sustainable tourism (Synergy, 2000). The largest obstacle to the success of certification in the tourism industry was identified to be a lack of credibility suffered by many schemes, together with poor marketing, as well as a plethora of schemes which confuse consumers.

The WWF study further highlighted that internationally, the uptake of various certification schemes is only one per cent of tourism companies (Synergy, 2000; WWF, 2001). Reasons for the low uptake included:

- Scepticism about the potential of individual businesses to bring about more sustainable tourism destinations in the long term,
- Confusion about the relative merits, costs and savings of the various schemes, and the requirements of the many programmes that exist,
- Uncertainty about the importance of environmental or sustainability credentials to visitor purchasing choice.
- The WWF study further highlighted the limited uptake of certification schemes for small tourism businesses, which were generally excluded from certification schemes because of their price, complexity or simply a lack of awareness (Synergy, 2000).

In Europe efforts were made in 1998 and again in 2000 by the European Commission to establish a single European label to classify environmental performance of hotels. The initiative was met with limited support from the tourism industry, largely due to the costs, bureaucracy and obstacles in overcoming the current fragmented system (Font, 2002a).

In November 2000, the Institute for Policy Studies in Washington DC and the Ford Foundation hosted the first international workshop on sustainable tourism and ecotourism certification. The outcome of the workshop was the Mohonk Agreement entitled 'A framework and principles for the certification of ecotourism and sustainable tourism' (Mohonk Agreement, 2000). The Rainforest Alliance utilised

this conference to table proposals for the establishment of the Sustainable Tourism Stewardship Council (STSC), as an international accreditation agency, with the objective of harmonising and providing mutual recognition between various certification schemes.

Accreditation differs from certification in that accreditation is the procedure by which an authoritative body verifies the competence of those doing the certification. Accreditation thus certifies the certifiers. A study into the feasibility of the STSC was initiated in 1999. The initial study concluded that while the use of certification mechanisms to promote socially and environmentally sustainable tourism is valid and important, the lack of a global accreditation body has become one of the main obstacles in turning certification into an effective tool for change. The key objectives of the STSC were regarded to be the establishment of international criteria for accreditation, monitor compliance with such criteria, promote consumer awareness and increase the credibility of certification schemes. The study was completed in 2003 and recommended the establishment of regional networks to encourage dialogue among stakeholders, and act as a clearing house for certification information (STCN, 2005). The first Sustainable Tourism Certification Network of the Americas was launched in September 2003 (Roe *et al.*, 2003).

Given the growing number and importance of certification systems and other voluntary initiatives in tourism, and based upon the recommendation made by the United Nations Commission on Sustainable Development, the WTO undertook a comprehensive worldwide study on the topic. The study identified similarities and differences among various initiatives, and highlighted factors that make them effective and successful in terms of the sustainable development of the tourism sector. Over 500 ecolabels were identified, and 130 studied in depth. The results of the research were published in 2002 (WTO, 2002b). Based upon the results of this study, the WTO Committee on Sustainable Development of Tourism recommended that a set of guidelines be developed for governments supporting and / or establishing certification systems for sustainable tourism. These guidelines were published by the WTO in March 2003 (WTO, 2003)

Ecolabelling schemes are still confronted by various problems. Problems include, firstly, the facts that relatively few consumers are aware of the existence of certification labels, and, in most cases that tourists' decisions on where to go are based on other considerations, such as the destination itself, costs and logistics. Buckley (2002) argues that ecolabelling in the tourism industry is still in its early stages, and few tourists routinely search for ecolabels in product purchasing decisions. Secondly, the level of uptake by tourism providers is slow. Despite the proliferation of ecolabelling schemes, it was estimated that in 2000, less than one per cent of tourism businesses had joined certification initiatives (Synergy, 2000). Reasons for the low uptake have been cited as *inter alia* the value of certification for marketing purposes, the costs of certification, clarity about what labels stand for, and the degree of effort required in order to become compliant (Font and Buckley, 2002). Thirdly, the proliferation of different labels covering very similar aspects, as well as the same geographic area, has also resulted in confusion. Fourthly, definitions pertaining to ecolabels are confusing. Some ecolabels focus on the quality of the natural resources in a particular place (i.e. Blue Flag). Other ecolabels focus on the environmental management practices of a particular tourism company (i.e. the Environmental Heritage Rating Programme in South Africa). Fifthly, there is still some debate as to the extent to which eco-labels actually improve the environment (Weissman, 1997). This view is supported by social research that concluded that environmental education of consumers and increased environmental awareness does not stimulate environmentally responsible purchasing behaviour (Hemmelskamp and Brockmann, 1997). Finally, Sasidharan, Sirakaya, and Kerstetter (2002, 174) highlight various problems associated with ecolabels in developing countries, primarily relating to resource and capacity constraints, and conclude that instead of contributing to environmentally sensitive tourism development and the protection of natural resources, ecolabels are likely to function as nothing more than marketing gimmicks for large scale enterprises in developing countries.

Despite the above shortcomings, it is broadly recognised that ecolabelling schemes have an important role to play in bringing about much needed improvements in the environmental practices of the tourism industry (Font and Buckley, 2002)

2.7 Social certification schemes

In an effort to monitor the social impacts of tourism development, a few tourism certification schemes have been developed that include socio-economic criteria, either as stand alone certification schemes (e.g. FTTSA) or as a component of environmental certification in order to complete the triple bottom line of sustainability (i.e. Green Globe 21 and the Certificate of Sustainable Tourism).

One of the key factors resulting in the disregard for social issues in certification is the absence of a universally accepted definition of sustainable tourism, which comprehensively includes social aspects as well as environmental and economic concerns. Internationally, social certification schemes have been criticised, as social sustainability is a subtle and complex issue and often cannot be meaningfully quantified beyond fairly basic statistics concerning income and employment (Font, 2002b). Font and Harris (2004) argue that social standards are ambiguous, the assessment methodologies are inconsistent and open to interpretation and there is considerable variation on what is understood as sustainable depending on the type of tourism companies' targeted. Due to the specific complexities of social assessments, social certification programmes are generally regarded to be more subjective and less robust than their environmental equivalents (Font and Harris, 2004). Tourism companies are also less likely to join social certification schemes as, unlike environmental certification, the financial and / or marketing benefits of social certification are less clear.

Despite the above shortcomings, Tepelus and Cordoba (2005) argue that there is a pressing need for certification schemes that address socio-economic issues in the tourism industry. Internationally the tourism industry is characterised by an absence of coherent legislation or other types of mandatory measures aimed at promoting sustainable tourism development. The adoption of voluntary, proactive approaches is consequently crucial to the achievement of environmentally, socially and economically sustainable performance improvements in the tourism industry.

Green Globe 21 is the largest certification scheme that includes both environmental and social issues. Green Globe 21 was originally conceptualised as an environmental

certification scheme, but in 2000 the certification programme was extended to include social issues in its assessment criteria. The focus of Green Globe 21 however still remains on environmental issues.

The Certificate for Sustainable Tourism (CST) was developed in Costa Rica, and is widely regarded as one of the most advanced certification schemes which takes into consideration both the environmental performance and socio-cultural impacts of tourism activities. The CST was developed by the Costa Rica Institute of Tourism in collaboration with other stakeholders from government, the private sector and civil society. Its stated objective is to turn the concept of sustainability into something real, practical and necessary in the context of the country's tourism competitiveness (Tepelus and Cordoba, 2005). The certification process covers several themes, *inter alia*, physical and biological interactions (the interaction between the company and its surrounding natural habitat), infrastructure and services (the management policies and operational systems within the company and its infrastructure), external clients (management actions taken in its invitation to clients to participate in the company's sustainability policy implementation), and the socio-economic environment (the company's interaction with local communities and population in general). Participation in the programme is voluntary and is open to all hotels, inns, bed and breakfast services, and cabins in Costa Rica, without any restriction as to their location or their size. Registration to the programme and initial evaluation are offered at no cost to the companies (CST, 2005). Uptake of the Certificate in Costa Rica has been slow, with only five per cent of hotels in Costa Rica being certified, and only 46 per cent of these advertising their certification (Newton *et al.*, 2004). One of the reasons for the slow uptake is that participation in the CST programme has not necessarily related to higher sales or prices (Rivera, 2003). Newton (2004) argues that one of the primary limitations of CST is that it is not internationally recognised by tourists.

2.8 Social and Environmental Certification schemes in Africa

In 2005 the International Ecotourism Society commissioned research on international social and environmental certification schemes operating in Africa, as well as national African environmental and social schemes. International certification schemes that

were identified included Green Globe 21, ISO14001, Blue Flag, Green Hotels Association, Centre for Environmentally Responsible Tourism and Greenstop.net (Spenceley, 2005).

In Africa two major international environmental certification schemes are operational. ISO 14001, which focuses on the environmental management systems adopted by an organisation, had awarded 23 776 ISO 14001 certificates in 25 countries in Africa by the end of 2003 (ISO, 2005). It is not clear how many of these certificates pertain to organisations operational in the tourism industry. Green Globe 21 has certified tourism establishments in Kenya, Egypt and the Seychelles (Greenglobe21, 2005).

Three certification schemes that have a social element exist in Africa. These are FTTSA and the Heritage Environmental Rating Programme in South Africa (discussed in chapter 4), and the Eco Rating Scheme in Kenya (Spenceley, 2005).

The Eco-Rating scheme is run by the Ecotourism Society of Kenya and includes environmental, social and economic criteria (ESOK, 2002). The ESOK Eco-rating Scheme is a voluntary initiative of the Kenyan tourism industry, designed to further the goals of sustainable tourism by recognizing efforts aimed at promoting environmental, economic and social/cultural values. The objectives of the Eco-rating scheme are to promote and increase awareness of environmentally and socially sound business practices, to conserve the natural resource base on which Kenya's tourism depends, and to improve the overall standards of the tourism industry, thus potentially attracting more tourists (ESOK,2002).

The eco-rating scheme assesses and monitors the performance of an organisation against a set of criteria which cover environmental, social and economic issues. Social criteria include criteria relating to employees (i.e. wages, human rights, labour rights, training) and surrounding communities (i.e. community development projects, health, safety, fair complaints system) (ESOK, 2002). Three levels of certification exist: bronze, silver and gold. In January 2005 there were 21 lodges, camps and hotels certified under the ESOK scheme (Spenceley, 2005)

2.9 Issues related to tourism certification schemes

International literature highlights several issues on tourism certification. These include:

i. Demand for certified holidays

Internationally the demand for environmentally responsible and ethically traded products is growing. Within the tourism sector there is ongoing debate however on the extent to which ethical consumerism actually influences holiday purchasing patterns. Despite current research that indicates a growing willingness amongst international consumers to pay for a more sustainable and responsible tourism product (Tearfund, 2001, 2002), the uptake of sustainability as a strong determining factor in travel purchasing behaviour has been slow. Currently the strongest determining factors are price, health and safety (WWF, 2001). In order to change consumer purchasing patterns, demand needs to be created among consumers through increased industry responsibility reporting and educational campaigns (Dodds and Joppe, 2005).

In terms of certification and accreditation, market demand for certified products is not obvious. According to travel trade interviews (Dodds and Joppe, 2005) only a small percentage of consumers pay attention to standards, and to all intents and purposes, none are willing to pay extra for adherence to environmental and / or social standards. When there is demand for certified products, it is difficult to separate whether it arises from demand for social or environmental sustainability, or a demand for quality (WTO, 2004a).

ii. Impact of certification

Despite the proliferation of certification schemes over the past 10 years, there is no conclusive evidence that certification has moved the industry significantly forwards towards sustainability, nor has it enabled small and medium enterprises to greater access to market opportunities (Dodds and Joppe, 2005). Certification has however resulted in other benefits to tourism enterprises, with various certification schemes enabling companies to reduce costs (water, waste and energy savings), as well as improved management practices and processes.

iii. Costs of certification

The cost of certification is an issue of continuous discussion (Honey *et al.*, 2001; Dodds and Joppe, 2005). Many certification schemes are costly to join, particularly for small, medium and micro businesses as well as community-based initiatives. The cost of adherence to many certification schemes is also regarded to be high. These costs are particularly onerous if the certification programme cannot deliver on promised marketing benefits and consumer awareness (Dodds and Joppe, 2005). The cost of certification thus precludes many enterprises which would normally qualify for certification from being certified.

iv. Proliferation of certification schemes

The proliferation of tourism certification schemes has made it very difficult for certification systems to establish themselves among both tourism enterprises and tourism consumers. It is difficult for tourism consumers to distinguish exactly what is being certified, and how the certification process was undertaken. This confusion in turn has led to a lack of consumer demand for certified holidays (WWF, 2000)

v. Lack of credibility and recognition

The process by which many schemes award their certification is an issue of constant criticism. In order to maintain credibility, a certification programme should require participants to meet or exceed benchmark performance criteria prior to being certified. The WWF argues that the criteria for certification should be transparent and be freely available, and should be carried out by third party verification (WWF, 2001).

Further, many local certification schemes have no international recognition, and thus lack credibility with international tour operators and tourists (Dodds and Joppe, 2005).

vi. Limited product uptake

Take-up of environmental and social certification schemes internationally has been slow (Bass *et al.*, 2001). Since certification programmes do not appear to

offer tangible, market benefits to operators, there is limited incentive to apply and comply with certification schemes. Many enterprises are not willing to disclose information in order to obtain certification. Dodds and Joppe (2005) conclude that currently there are less than one per cent of companies worldwide that have achieved certification, and therefore even those tour companies that would be willing to support certified establishments, do not have enough product to choose from. A further concern relating to the limited uptake of certification schemes pertains to the type of operations that are certified. The majority of certification schemes address ecotourism operations rather than large mass market operators who supply the majority of the world's tourism and have the main access to the market (Font, 2003). Font (2002) further argues that certification is primarily a tool used by financially sound firms, that feel the need to be more sustainable, and be recognised for it.

vii. Certify the converted

The majority of establishments who become certified are those operators who already operate according to certain social and environmental standards. Certification thus only certifies the establishments who have sustainable and responsible tourism practices, and does little to entice enterprises operating outside these parameters to become more sustainable and aim for certification. Certification thus tends to certify the converted.

viii. Process vs. performance

In a paper by the WWF (2001), it was argued that in order to be effective and credible, certification schemes should be both process and performance based i.e. encourage the implementation of a management system as well as stipulate various operational targets. If the certification scheme is only process based, then an enterprise thus may be certified that is operating in a more environmentally damaging manner than another company that has not been certified.

ix. Participation of key stakeholders

Certification has become highly politicised, with some commentators (Mader, 2005) arguing that key stakeholders have been left out of the process – including

indigenous people, community representatives and owners of travel businesses. Mader (2005) goes on to argue that some leading tour operators believe certification and accreditation schemes are a scam, which creates a cottage industry for consultants. Critics of certification are often not included in dialogue on certification and accreditation, as was evidenced by concerns raised at the World Ecotourism Summit that the Mohonk meeting was not open to all (Buckley, 2002a)

x. Long term sustainability of certification schemes

The long term financial sustainability of certification programmes is a key issue of concern. Government interest in certification has usually not translated into financial support

2.10 Conclusions

This chapter has provided an overview of the history and development of environmental and social tourism certification. The benefits of certification to tourism enterprises, to government, to the environment, to local communities and to consumers were discussed. Key international debates on certification were presented, including consumer demand for certified products, the limited uptake of certification by product owners, as well as the impact of certification on sustainable tourism development. Finally key issues relating to tourism certification distilled from the international literature were presented.

CHAPTER 3

THE SOUTH AFRICAN TOURISM INDUSTRY AND THE ROLE OF CERTIFICATION

3.1 Introduction

This chapter provides a brief overview of the South Africa tourism industry. First, an overview of the tourism policy environment is presented. The performance of the industry and key challenges facing the sector are then discussed. The chapter concludes with an analysis of the role of certification in the South African tourism industry.

3.2 The tourism policy environment

Following the 1994 elections the South African Government began developing policies and interventions to promote economic development and transformation of South African society. In 1996 the Growth, Employment and Redistribution (GEAR) macro-economic strategy set specific goals in all spheres of economic activity, ranging from gross domestic product, job creation, inflation and interest rates. GEAR called for a competitive, market orientated economy, as well as an explicit strategy to transfer control of economic assets to black people. Economic growth and transformation were thus integral components of the GEAR strategy. In recent years, GEAR has been heavily criticised for not adequately addressing the problems associated with poverty and inequality in the country.

Addressing poverty and unemployment remains one of the key challenges facing the government, and is core to the ANC electoral manifesto of a peoples' contract to create work and fight poverty. In South Africa no universally accepted definition of poverty exists. If the World Bank definition of 'ultra poverty' is utilised, namely people living on less than \$1 per day, then 11,5 per cent of South Africa's population are living in ultra poverty. If the World Bank definition of poverty is utilised, namely people living on less than \$2 per day, then less than 10 per cent of South Africans are living in poverty. If Cosatu's definition of poverty is utilised, namely people living

below the minimum wage of R2 500 per month (approximately \$13 per day) then approximately 50 per cent of South Africa's population are living in poverty (Pennington, 2004). According to the 2004 United Nations Development Programme (UNDP) South Africa Human Development Report, South Africa had an official unemployment rate of 30,5 per cent in 2002. This level represents a substantial increase on the 1995 figure of 16,4 per cent (UNDP, 2003: 20). According to the report, in 2002, 21,9 million, or nearly half of the South African population were living below the national poverty line of R354 per month (UNDP, 2003). Growing inequality was also evident in the rise in the Gini coefficient which rose from 0,596 in 1995 to 0,635 in 2001 (UNDP, 2003: 43). In addition to the numerous debates as to the exact quantum of the poverty challenge in South Africa, poverty in South Africa is characterised by being higher in rural areas and small towns, and is higher in women headed households.

In recognition of the shortcomings of GEAR, the concept of the 'two economies' has emerged. The 'first economy' represents the formal, urbanised and industrialised component of the economy, while the second economy represents the informal, poor and largely rural sector of the economy. The second economy was defined by Mbeki as the space within which those who are marginalised from the first economy operate. It was argued that growth in the first economy cannot be expected to benefit those in the second economy, precisely because they are too marginalised to be able to share in its benefits. In the 2005 State of the Nation address, Thabo Mbeki referred to a range of interventions directed explicitly at the first economy, which relate essentially to creating an enabling environment for business, and to the second economy which include a range of interventions for the poor to gain access to employment and other benefits associated with economic growth (South Africa, 2005). Four key areas were identified by government in order to intervene in the second economy namely spatial programmes (i.e. the Urban Renewal Programme and the Integrated Sustainable Rural Development Strategy), the Expanded Public Works Programme, agriculture and small enterprise development, and access to micro finance (DBSA, 2005)

Against this backdrop of sustainable economic growth and poverty eradication, the tourism sector has been identified by government as one of the leading economic sectors, which could become a major force in the reconstruction and development

efforts of the government (South Africa, 1996a: 22). Tourism in South Africa is guided by the 1996 Tourism White Paper. The White Paper acknowledged that tourism was largely a 'missed opportunity' for South Africa, but if correctly managed could provide an engine of growth, capable of dynamising and rejuvenating other sectors of the economy. The White Paper thus identified tourism as a priority for national economic development, and a major stimulus for achieving the objectives of the government's GEAR strategy (Rogerson, 2002).

South Africa's tourism vision, as articulated in the White Paper, is to 'develop the tourism sector as a national priority in a sustainable and acceptable manner, so that it will contribute significantly to the improvement of the quality of life of every South African.' (South Africa, 1996a) This is to be achieved by integrating tourism growth with sound environmental management, and by linking job creation, rural development and poverty alleviation (Matlou, 2001). In 1997 the report 'Tourism in GEAR' articulated a consolidated strategy and framework to implement the 1996 White Paper (South Africa, 1998).

The White Paper strongly promotes the concept of sustainable and responsible tourism, which includes the fundamental premise that communities should be involved in and benefit from tourism (South Africa, 1996a). The White Paper identified key elements of responsible tourism and specified a range of actions required to facilitate its implementation. In March 2002 DEAT published a set of national responsible tourism guidelines, which aimed to provide national guidance and indicators to enable the tourism sector to demonstrate progress towards the principles of responsible tourism. The guidelines included a series of quantified targets for the tourism sector to aim for in relation to the triple bottom line of economic, social and environmental sustainable development (DEAT, 2002). To date, various tourism stakeholders, including associations, regional and local authorities and a number private companies have begun implementing these guidelines (Seif and Spenceley, 2006; Spenceley *et al.*, 2004).

Subsequent to the White Paper, DEAT and SAT published a Tourism Growth Strategy which aimed to address key problems in the international tourism marketing of South Africa (SAT, 2002). The growth strategy was driven by the lack of focus of

the marketing activities of SAT, as well as the fact that tourism arrivals started to flatten out in 2000, and actually decreased in 2001. The outcome of the tourism growth strategy was the decision by SAT to focus on key source markets and specific consumer segments within those countries. As a follow on from the Tourism Growth Strategy, the Global Competitiveness Project (GCP) was finalised in 2004 as a joint initiative of DEAT, SAT and the Department of Trade and Industry (DTI). The Global Competitiveness Project identified several critical issues that needed to be addressed in order for South Africa to remain competitive, and articulated the barriers and enablers to continued tourism growth in South Africa (DEAT *et al.*, 2004b).

In August 2005 a tourism sector development strategy was released by the DTI (DTI, 2005). The sector development strategy identified specific action programmes which aim to materially improve the competitiveness, exports and investments, as well as employment and equity in the tourism sector of South Africa (DTI, 2005:8). Several action programmes were identified in the strategy, namely information for decision making, broad based BEE, product development and investment, tourism transportation, employment, productivity and skills. Certification was highlighted in the report as one of the key issues to be addressed by the action programmes.

3.3 Performance of the industry

The 1996 White Paper set various targets for the growth of the tourism industry. In terms of the growth of the sector, the target was to increase the contribution of tourism to GDP to eight per cent by 2000, and ten per cent by 2005, to create one million additional jobs by 2005, to increase foreign exchange earnings from approximately R10 billion in 1996 to R40 billion per annum in 2005, and to attract two million overseas visitors and four million African visitors by 2000 (South Africa, 1996a).

In terms of the growth of the tourism sector, the industry has, over the past decade, grown faster than the economy as a whole. In 2004 the South African Travel and Tourism economy's contribution to GDP was approximately seven per cent. The industry's direct impact on the South African economy in 2004 included the creation of 539 017 direct jobs, and 669 683 indirect jobs. These figures exclude casual

labour, which are estimated to contribute a sizeable portion to the tourism workforce (DTI, 2005).

The targets for international tourist arrivals have largely been met. Since 1994 South Africa has witnessed a dramatic increase in foreign arrivals, with an increase from 3.1 million international visitors at the end of 1993 to 6.7 million international tourists in 2004 (DTI, 2005). The great majority of international arrivals to South Africa originate from SADC countries, with the United Kingdom, Germany, the United States, France and the Netherlands being the most important overseas markets for South Africa (DTI, 2005). The average annual growth rate in international tourist arrivals from 1994 to 2002 has been 8,8 per cent (SAT, 2002). South Africa is presently ranked as the leading tourism destination in Africa, and is ranked at number 28 internationally (TBCSA, 2004b). Since 2002 the growth in tourism numbers has however tapered off. Numerous reasons have been put forward for the slowdown in the growth of visitors to South Africa, including the continued strength of the Rand, depressed economic conditions in source markets and safety concerns.

In addition to the international tourism market, the domestic tourism market has been recognised as having untapped value and potential for growth. The value of domestic tourism in South Africa has been quantified at R47 billion in 2002/3, which is comparable to the value of international tourism of R53,9 billion for the same period (DEAT *et al.*, 2004a). A domestic tourism growth strategy was developed by DEAT in order to capitalise on the domestic tourism market. The domestic tourism market has been recognised as having significant untapped value, and the potential for growth, which could combat issues of seasonality and geographic spread as well as combat problems of fluctuations in international tourism demand which is extremely sensitive to global political and economic issues (DEAT *et al.*, 2004a).

3.4 Key challenges facing the tourism industry

In order to ensure that the tourism industry delivers on its expectations to become a lead economic sector in South Africa, three critical challenges need to be addressed. The three challenges are:

1) Continued growth of the sector

In order for the South African tourism industry to meet its economic and developmental expectations, it is essential for South Africa to maintain and grow its competitive position in the market place. Presently the South Africa tourism market is made up of 67 per cent domestic and 23 per cent international tourists (DEAT *et al.*, 2004a). The growth of the domestic and international tourism markets are both imperative to sustain the growth of the tourism sector.

2) Transformation of the industry

Transformation of the South African economy is regarded as one of the key objectives of the South African Government. It is firmly entrenched in the 1996 Constitution of the Republic of South Africa, which provides for affirmative action in order to advance previously disadvantaged groups (South Africa, 1996b). Transformation objectives are also firmly included into the GEAR strategy, which stresses the need to transfer economic assets to black people. The Tourism White Paper highlights the limited transformation that has occurred in the tourism sector, but recognised that the sector has significant potential to promote BEE.

BEE has been defined by Government as an integrated and coherent socio-economic process that directly contributes to the economic 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 decreases in income inequalities (DTI, 2003: 12).

A study commissioned by DEAT in 2003 revealed that only six per cent of JSE listed tourism entities have BEE ownership. The management and control of these companies is on average 81 per cent white male, 15 per cent black male and only two per cent black female (Van Schalkwyk, 2004). Seif and Spenceley (2006) argue that historical inequalities are still present in terms of access to markets, finance, expertise and opportunities resulting in many of the benefits of growth accruing largely to established, often white owned businesses. Questions still remain on the extent to which tourism growth and investment actually benefit the countries poor.

As a result of the limited transformation in the tourism sector, DEAT launched a process to develop a BEE scorecard and charter for tourism, which addresses issues such as ownership, management and control, skills development and procurement. The final version of the BEE scorecard was launched in May 2005 at the Annual Tourism Indaba. The scorecard recognises transformation to be a competitive imperative, as new players, who are able to develop products and penetrate new market segments will drive innovation (DTI, 2005). In tourism, as in many other sectors of the South African economy, favourable BEE credentials will play an increasingly important role in tourism businesses wishing to do business with government, as well as wishing to do business with other sectors of the economy also affected by charters i.e. mining, financial services and agriculture.

3) Tourism as a tool for sustainable socio-economic development

The Tourism White Paper recognises that tourism is a sector well suited to generating employment, promoting socio-economic development and alleviating poverty. The potential of the tourism sector to reduce poverty is based on the facts that:

- It is labour intensive. Tourism is often a leading source of employment – particularly for communities with a low skills base, women and the youth.
- Tourism has a relatively low ratio of capital investment to job creation, and can create many employment opportunities in a relatively short period of time.
- Tourism attractions are often built on natural or cultural assets that are consumed on site. Tourism thus represents a development opportunity for rural communities, in areas where poverty is severe, and there may be few other options for development.
- Tourism has lower barriers to entry than other economic sectors, and thus is an opportunity for entrepreneurs with a relatively low skills base.
- Tourism has the potential to stimulate a range of economic linkages with other sectors such as financial services, security, cleaning, and arts and crafts, thus stimulating further economic growth and development.
- Tourism provides a potential catalytic role for infrastructure investment, where new infrastructure (i.e. roads, piped water, electricity and communication) is developed to open up and service new tourism attractions and opportunities. The new infrastructure often benefits the tourism attraction as well as

surrounding local communities, by providing basic services, as well as stimulating local economic activity.

- Tourism can be a valuable instrument to promote local economic empowerment and transformation, through promoting local ownership and enterprise development. Tourism often contributes to land reform, where tourism may provide a viable economic option for many communities to generate an economic return from their land.

3.5 Accreditation in the South African tourism industry

The tourism industry in South Africa is guided by a range of different tourism standards. These standards include general principles and codes of conduct, benchmarking and reporting initiatives and independently reviewed certification and award schemes.

3.5.1 Principles and codes of conduct

As a member of the international community, South Africa is bound by various principles and codes of conduct adopted by international organisations. For example, the Tourism Bill of Rights and Tourism Code was adopted by WTO members in 1985, and established standards of conduct for states, tourism professionals and tourists on the issue of sexual exploitation. In 1996 the WTO and the WTTC produced Agenda 21 for the travel and tourism industry, which translates Agenda 21 into a programme of action for the tourism industry. In 1999 the Global Code of Ethics for Tourism was adopted by the WTO (Roe *et al.*, 2003).

In South Africa, a couple of industry association codes of conduct and individual company codes of conduct exist. At an industry level, certain sectors within the tourism industry, for example the Professional Hunting Association of South Africa have developed codes of conduct to guide their members (PHASA, 2005). At the corporate level, various companies have developed principles and codes of conduct to guide their operations. For instance, Conservation Corporation Africa has an internal ecotourism audit and management system that monitors resource management, guest experience and community benefits (Spenceley, 2005).

3.5.2 Benchmarks and reporting initiatives

The Responsible tourism guidelines

The tourism White Paper introduces responsible tourism as the key guiding principle for tourism development in South Africa (South Africa, 1996a). It is argued in the White Paper that responsible tourism is not a luxury for South Africa, but rather an absolute necessity if South Africa is to emerge as an international competitor. Responsible tourism is defined by the White Paper as ‘tourism that promotes responsibility to the environment through its sustainable use; responsibility to involve local communities in the tourism industry; responsibility for the safety and security of visitors and responsible government, employees, employers, unions and local communities’ (South Africa, 1996a).

In 2002 the DEAT published a set of responsible tourism guidelines (DEAT, 2002). The guidelines were designed to provide national guidance and indicators to enable the tourism sector to demonstrate progress towards the principles of responsible tourism. The guidelines are organised around the triple bottom line principle of accounting for social, environmental and economic responsibility. The guidelines are not compulsory, but instead encourage tourism operators to select aspects of the guidelines to develop into a responsible tourism management plan and sign up to a statement of intent to adhere to the guidelines. The responsible tourism guidelines thus represent a fairly loose process of self declaration, self evaluation and self monitoring. It is unclear what proportion of the tourism sector in the South Africa has the capacity or even the willingness to self monitor and self regulate, and thus the guidelines have been criticised on the actual value that they add to the industry, as well as their credibility and reliability.

The responsible tourism guidelines specifically endorse the principles of fair trade and the work of FTTSA.

3.5.3 Certification

3.5.3.1 Quality assurance schemes

Tourism Grading Council (TGC)

The national star-grading scheme was launched in November 2001 to monitor tourism quality in South Africa. The objective of the grading scheme is to assist in the improvement in the overall quality of accommodation and services in South Africa. The TGC plays a key role in positioning South Africa as a quality, world class destination. Quality assurance has been recognised as an important means of gaining competitive advantage, and can be utilised by visitors as a reference point for service and quality (Siddo, 2005). Extending quality assurance and grading has been identified as a key intervention in the tourism sector development strategy developed by the DTI (DTI, 2005:16).

The TGC has secured the exclusive use of the "star" symbol to denote standards in the tourism industry (Tourism Grading Council, 2004). The star grading is a widely recognised and understood symbol, and provides information to the consumer on the quality of the establishment, as well as some indication that the consumer can gauge 'value for money'. The TGC presently grades bed and breakfast establishments, guest houses, hotels, lodges, self-catering facilities, backpacker and hostel accommodation, caravan and camping sites, country houses, meetings, exhibitions and special events facilities and restaurants. In July 2005, 43 per cent of all accommodation establishments in South Africa were graded. Table 3.1 provides a breakdown of graded establishments per province. Table 3.2 provides a breakdown of graded establishments per type of facility.

Table 3.1: Distribution of graded accommodation establishments in South Africa

| Province | Total No. of accommodation establishments as at 31/12/2004 | Total No. of graded Establishments as at 31/07/2005 | Percentage graded |
|-----------------|---|--|--------------------------|
| Western Cape | 2 954 | 1 425 | 48 |
| KwaZulu Natal | 1 624 | 449 | 28 |
| Gauteng | 826 | 469 | 57 |
| Eastern Cape | 463 | 341 | 74 |
| Mpumalanga | 472 | 294 | 62 |
| Northern Cape | 677 | 90 | 13 |
| Limpopo | 570 | 227 | 40 |
| Free State | 444 | 170 | 38 |
| North-West | 460 | 149 | 32 |
| Total | 8 490 | 3 614 | 43 |

(Siddo, 2005)

Table 3.2: Percentage of rooms graded according to accommodation type

| Accommodation type | Total rooms | Rooms graded | Percentage |
|-----------------------------------|--------------------|---------------------|-------------------|
| Hotels | 61 921 | 45 245 | 73 |
| B&B; Guest Houses; Country Houses | 19 128 | 18 873 | 99 |
| Self-Catering facilities | 28 237 | 14 453 | 51 |
| Game Reserves; Hunting Lodges | 14 899 | 4 595 | 31 |
| Backpackers and Youth Hostels | 5 000 | 1 091 | 22 |

(Siddo, 2005)

The TGC has introduced several ‘carrots and sticks’ to encourage tourism enterprises to become graded. These include first being able to display the TGC of South Africa’s plaque outside their premises which indicates to consumers that they meet or exceed certain quality standards, second being able to utilise the Grading Council’s

logo and star symbols for marketing purposes, third having exclusive use of brown information signs on national roads, fourth being listed on the TGC and SAT websites and marketing brochures and finally, receiving preferential access to space at local and international trade shows, including Indaba.

An important stick was announced by DEAT at the third annual national tourism conference. As of 1 January 2005, the public sector would only utilize graded accommodation and facilities in South Africa. According to the Minister of Environmental Affairs and Tourism, this initiative will be implemented in order to reward businesses that have taken the initiative to be graded, and encourage those outside the process to do so (Business Day, 2004).

Grading for the TGC is undertaken by independent assessors, and a grading is valid for a twelve month period. The evaluation of a property is undertaken within the context of its operation and market. The grading costs are dependent on the size of the establishment, with a 1 – 3 room facility paying R1 400 and a facility with over 150 rooms paying R6 000 (Siddo, 2005).

Three primary concerns were raised concerning the operations of the TGC. The first concern related to the standards utilised by the TGC. Several commentators, particularly of upmarket establishments argued that the grading process is generally regarded to be fairly ‘soft’, with it being relatively easy to attain a higher number of stars. The fact that tourism establishments can select their own assessors, who make an appointment with the establishment to grade the property, makes it relatively easy for an establishment to achieve the number of stars that they are aiming to attain. The ease with which stars are awarded has diminished the perceived benefits of the star system, resulting in a devaluation of the status of the symbols (Cooke, 2005; Witney, 2005). One upmarket establishment interviewed indicated that they would not be graded by the Tourism Grading Council, as they would prefer to be associated with an international quality assurance scheme such as Relais and Chateaux, where guests are assured that they will receive exceptional quality/standards from a property that has been accredited by such an organisation (Witney, 2005).

The second concern raised was the large degree of variance in the quality of a product within a star grading. For example, the quality that a consumer can expect at all three star hotels is not the same (Cooke, 2005). To some extent the proposed Qualitour Tourism Classification Programme could address this issue, by providing the consumer with additional information regarding the quality of service within an establishment.

The third concern relates to the differences in the grading system between different types of establishments. A five star grading for a hotel differs to a five star grading for a lodge or self catering establishment (Cooke, 2005). Consumers are largely not aware of the differences between the different categories of tourism establishments, and to some extent, expect the same level of quality from all establishments with the same number of stars.

The AA travel guides

The AA travel guide was first published in South Africa in 1992 which initially simply listed accommodation establishments in South Africa. Tourism establishments paid a fee to be listed in the guide. In 2000, in order to provide more information to consumers, the AA initiated the AA Quality Assured Programme, which recognises tourism establishments as either AA recommended or AA superior. Each qualifying establishment is inspected by the AA, and has met or exceeded various criteria as set by the AA. Criteria include both the physical attributes of the establishment i.e. cleanliness, space, comfort, as well as factors such as value for money and ambience. A quality assured establishment has the right to utilise the AA logo for a period of one year, after which it is renewable once the establishment has been inspected and it has been certified that standards have been maintained.

The Portfolio Collection

The Portfolio Collection benchmarks tourist accommodation in South Africa and Southern Africa, ranging from private game reserves, country houses, city hotels, villas and apartments, guesthouses, and bed and breakfast establishments.

Established in 1982, the Portfolio Collection today represents over 850 accommodation establishments in South Africa. Accommodation is independently assessed by portfolio assessors against a set of prevailing standards. According to Portfolio, the levels of acceptance into the portfolio collection are generally high, with good service being the basic pre-requisite. Industry, however, has commented that the Portfolio Collection has to a large extent lost its discretion, and has almost become a membership based organisation, that is available to tourism establishments which can afford the annual membership fees, which are generally regarded to be high (Dean, 2005).

Portfolio has three guides in the collection, namely the retreats collection, the bed and breakfast collection and the country place, city and safari collection (Portfolio Collection, 2005).

The Portfolio Collection makes cross-references both to FTTSA and the Tourism Grading Council of South Africa.

Proudly South African

Government, business and organized labour launched the Proudly South African (PSA) campaign in October 2001 to promote local content and South African-made products. Proudly South African is an endorsement brand that signifies that a particular company, service or product has met a set of criteria relating to local content (at least 50 per cent), quality (must be of a high standard), fair labour and environmental responsibility (PSA, 2004). PSA verifies compliance through a fairly loose process of self-declaration, self-evaluation and self-monitoring.

Proudly South African is a membership-based organisation. So far there are close on 1 000 members. Significantly, PSA has not made serious inroads into the tourism industry.

3.5.3.2 Environmental certification schemes

The Heritage Environmental Rating Programme

The Heritage Environmental Rating Programme was developed as a result of the growing international awareness of environmental issues in the tourism industry in Southern Africa. The Heritage programme was conceptualised and is run by Qualitour, a private South African company. Particularly in Africa, travellers have become increasingly aware of the impacts that they have on fragile eco-systems they visit, and more operators and business owners are realising that they have a role to play in the sustainable utilization of resources (Heritage, 2005a). According to Qualitour, international demand for environmentally responsible and sustainable establishments represents the fastest growing tourism niche market (Business Day, 9/5/2005). However, while many operators in Africa claim to be eco-friendly, primarily for marketing purposes, only a few operators to date have been prepared to have their claims independently verified.

The Heritage programme was launched in Southern Africa in 2001, and was developed to address specific social and environmental issues in Southern Africa, which were not adequately addressed by international accreditation schemes. Heritage was developed in order to provide operators of all types of businesses with an effective environmental management programme that is designed to reduce the impact of an entity's operation on the environment. Heritage is based largely on the Swan Ecolabels in Scandinavia, Green Globe 21, the International Hotels Environmental Initiative (IHEL) and ISO 14001, and many other standards developed for the commercial sector in order to ensure international compatibility. The programme has been endorsed by the Endangered Wildlife Trust (EWT), the WWF South Africa, and the Federated Hospitality Association of South Africa (FEDHASA). Heritage is also recognised by the WTO. Table 3.3 provides a list of all establishments in South Africa that have been awarded a Heritage logo.

Table 3.3 –List of Heritage accredited establishments (May 2005)

| | Province | Establishment | Heritage award |
|----|---------------------|---|-----------------------|
| 1 | Eastern Cape | Wild Coast Sun | Gold class |
| 2 | Gauteng | Arcadia Hotel | Silver class |
| 3 | Gauteng | Birchwood Executive Hotel and conference centre | Silver class |
| 4 | Gauteng | Centurion Lake Hotel | Silver class |
| 5 | Gauteng | Glenburn Lodge | Silver class |
| 6 | Gauteng | Haywards Luxury safaris | Gold class |
| 7 | Gauteng | Irene Country Lodge | Silver class |
| 8 | Gauteng | Johannesburg Zoo | Silver class |
| 9 | Gauteng | Manhattan hotel | Silver class |
| 10 | Gauteng | Park Plaza Hotel | Silver class |
| 11 | Gauteng | Rosebank Hotel | Gold class |
| 12 | Gauteng | Sandton convention centre | Gold class |
| 13 | Gauteng | The Michelangelo | Gold class |
| 14 | Gauteng | The Westcliff | Silver class |
| 15 | KwaZulu - Natal | Alpine Heath Resort | Silver class |
| 16 | KwaZulu - Natal | The Royal | Silver class |
| 17 | KwaZulu - Natal | Zimbali Lodge | Gold class |
| 18 | Limpopo | Coach House Hotel | Gold class |
| 19 | Limpopo | Magoebaskloof Hotel | Silver class |
| 20 | Mpumalanga | Kwa Madwala Private Game Reserve | Silver class |
| 21 | North West Province | Bakubung Lodge | Gold class |
| 22 | North West Province | Cascades Hotel | Silver class |
| 23 | North West Province | Sparkling waters Hotel | Silver class |
| 24 | North West Province | Sun City Cabanas | Silver class |
| 25 | North West Province | The Palace of the Lost City | Silver class |
| 26 | North West Province | The Sun City Hotel | Silver class |
| 27 | Western Cape | Cape Grace Hotel | Gold class |
| 28 | Western Cape | Grande Roche Hotel | Silver class |
| 29 | Western Cape | NH – The lord Charles Hotel | Silver class |
| 30 | Western Cape | Sugarbird Manor | Silver class |
| 31 | Western Cape | The Commodore Hotel | Silver class |
| 32 | Western Cape | The Portswood Hotel | Silver class |
| 33 | Western Cape | The Table Bay Hotel | Gold class |

(Heritage 2005b)

Heritage assesses the business practices of accommodation establishments based on how they impact upon their environment and communities within which they operate. In awarding the heritage logo, four key issues are assessed:

- The ability to run a successful and profitable business (Management systems)
- The desire to learn and educate, providing viable solutions to problems, and rewarding behaviours and suggestions that enhance the businesses overall environmental focus (Communication)
- A sensitive attitude towards the environment, which ensures the long term sustainability of the business (Resource Management)
- The desire to involve local communities in the planning, running and management of the business, whilst enhancing the benefits they receive (Community involvement) (Heritage, 2005b)

The Heritage programme recognises that whilst there are large segments of businesses in Southern Africa that currently fails to meet even the basic standard of environmental responsibility, there is a willingness by some operators to improve their situation over time. Heritage has thus adopted a developmental approach, by recognising the efforts of individual operators on three levels. Heritage offers Silver, Gold and Platinum Classification. Heritage Silver recognises the efforts made by operators towards changing the way in which they conduct their current business activities. Heritage Gold recognises those businesses that comply with higher than average standards of environmental awareness and Heritage Platinum represents those operators and businesses that practice world-class environmental standards. Members of the Heritage programme are audited on an eight monthly basis. Once an establishment has reached the Heritage Platinum level, it is eligible to qualify for accreditation by ISO 14001.

The Heritage Responsible Travel and Accommodation Guide was launched at the annual Tourism Indaba in May 2005. The guide was published in response to growing local and international demand for independently audited, environmentally responsible products and services. The guide lists 33 accommodation establishments, conference facilities, attractions and safari operators in South Africa, which had been awarded the Heritage logo (Heritage, 2005b).

According to Qualitour, the primary reasons for establishments to join the Heritage Programme are either to save money on more environmentally responsible practices or to utilise the programme to market their properties to environmentally aware consumers. The Heritage Programme argues that the costs of Heritage certification are below comparable international environmental certification schemes. The costs of certification are also recovered from environmental savings that the client implements as a result of the Heritage Programme. According to Mac Manus (2005), the costs of the Heritage programme are generally recouped by the enterprise within three months, with an average return on the programme being 15:1

A key criticism of the Heritage Programme is that the system is not based on measurable, performance-based criteria (Koch *et al.*, 2002). Further, uptake of the programme has been limited, with relatively limited consumer awareness of the Heritage programme and logo.

3.5.3.3 Social certification schemes

Fair Trade in Tourism South Africa (FTTSA)

FTTSA was initiated as an independent initiative of the IUCN, which aims to promote equitable and sustainable growth and development, by promoting the concept of fair trade in tourism, and marketing fair and responsible tourism businesses through a fair trade in tourism trademark. FTTSA is discussed in further detail in chapter 4.

3.5.4 Awards

The Imvelo Awards

The Imvelo Awards programme was initiated in 2001, and is organised by FEDHASA. The Imvelo Awards aim to honour Southern African tourism businesses that implement sustainable environmental, social and economic programmes.

The Imvelo Awards are supported by the Department of Water Affairs and Forestry, ESKOM, the Heritage Environmental Rating Programme, SAT and the Tourism

Business Council of South Africa (TBCSA). The Responsible Tourism guidelines for the South African hospitality industry form the basis of the awards. The Imvelo Awards enable hospitality and tourism businesses to illustrate their commitment to responsible tourism and to showcase their economic, social and environmental achievements. In November 2005, FTTSA won the Imvelo responsible tourism award for best practice in the awareness raising category.

3.5.5 Membership based organisations

South African Tourism Services Association (SATSA)

SATSA is a non-profit, voluntary association representing the private sector inbound tourism industry of Southern Africa. Membership includes representatives from airlines, coach operators, tour operators, accommodation establishments, vehicle hire companies, attractions, conference organisers and related marketing organisations or service providers.

In order to become a member of SATSA, organisations need to have a direct financial interest in the industry, and be registered as a legal *persona* within Southern Africa. Members are required to sign and agree to abide by a Code of Conduct. Members of SATSA may display the SATSA logo.

3.6 Conclusion

This chapter has provided an overview of the South African tourism industry, and distilled the key issues facing the future development of the industry. Tourism accreditation schemes that currently exist in South Africa have been presented. Discussion included an overview of the responsible tourism guidelines, the star grading scheme of the Tourism Grading Council, the AA travel guides, the Portfolio Collection, Proudly South African, the Heritage Environmental Rating Programme, Fair Trade in Tourism South Africa and the Imvelo Awards.

CHAPTER 4

FAIR TRADE IN TOURISM SOUTH AFRICA

4.1 Introduction

South Africa is recognised internationally as one of the market leaders in promoting responsible and sustainable tourism growth. FTTSA has been recognised as providing an innovative model for promoting fair and responsible tourism development in the country. The chapter is divided into five areas of discussion. First, the international fair trade movement is discussed. Second, an overview of Fair Trade in Tourism is provided. Third, the aims, objectives and activities of FTTSA are discussed. Fourth, the contributions of FTTSA to both national tourism objectives, as well as individual corporate objectives are presented. The chapter concludes with a discussion on some of the key challenges confronting FTTSA

4.2 The international Fair Trade movement

Significant literature exists on the concept of Fair Trade. There are various conflicting reports on the history of fair trade, with reports of fair trade being practiced in America as early as the 1940's and in Europe in the 1950's (Kocken, 2004). Nevertheless, it is generally acknowledged that concepts of ethical trading and the fair trade movement started in the 1960's in order to support small scale producers of agricultural commodities in developing countries to receive fair prices and improved terms of trade with the North (Grosspietsch, 2005).

The Fair Trade Foundation was established in the United Kingdom by a network of NGO's, as the first organisation that sought to ensure that small scale producers in the South received a better deal for their traded commodities on the world market. Advocates of a fair trade approach emphasise that unlike the usual free trade approach, the main aim of fair trade is to fight poverty, giving the consumer a chance to acquire honest information about the producers and the production process, and trying to strengthen the position of the disadvantaged, often small scale producers (Cleverdon and Kalisch, 2000).

In the late 1980's and early 1990's the concept of certification was developed in order to enhance consumer awareness of fair trade products. Certification became known as the most effective tool for promoting fair trade products. In 1988, the first fair trade label (Max Havelaar) was established in the Netherlands. The concept of fair trade labelling has become increasingly popular across several commodities, with over 1000 labelled products in 2002 (Seif, 2002a). In 1989 it was estimated that coffee with a fair trade label had a market share of almost three per cent (Kocken, 2004).

Today, various commodities imported from developing countries are certified under the Fair Trade Labelling Organisation (FLO) based in Germany. The FLO is responsible for setting international fair trade standards. The FLO label guarantees that the product has been traded fairly, and that certain labour, social and environmental standards have been adhered to during the production process (Kocken, 2004). Fair trade labels are diverse, but usually involve criteria such as fair prices that are cost covering and allow for community development, fair working conditions that pay attention to human rights and social norms, respect for environmental standards and transparency through independent control and consumer information (AKTE, 2002, Plüss, 2002).

Fair trade products initially related to mainly agricultural produce such as coffee, bananas, rice, tea, cut flowers and cocoa. Currently in various countries in Europe (UK, Germany, Netherlands and Switzerland) there are numerous other products offering fair trade labels, as well as speciality shops which only trade in fair trade products. Kalisch (2000a) argues that whilst the market share of fair trade products is small, the market is likely to increase as consumers become increasingly aware of the fair trade label, and utilise their purchasing power to consume fair trade products. Mainstream retailers largely view that the demand for fair trade products will continue to grow steadily in response to increased consumer awareness and NGO advocacy (Oxford Policy Management and IIED, 2000). According to Seif (2004), sales of fair trade products grew by 21,2 per cent between 2001 and 2002, with the largest markets being the United Kingdom and Switzerland. The fastest growing markets are Austria, France and Norway. Fair trade products are now available in 43 000 supermarkets and 12 000 retailers in Europe and the United States.

There is evidence to support the fact that the fair trade movement has been successful in the reduction of poverty among producers, although these impacts are still small. For example, Kalisch cites two cases where in certain Nicaraguan regions which have unemployment rates of over 60 per cent, jobs have been created in coffee co-operatives, and in Uganda, small coffee enterprises that would otherwise have been pushed out of business by trans-national corporations have been granted the chance to continue with their businesses (Kalisch, 2000b). The Fair Trade movement thus offers small but successful initiatives in the fight against poverty.

4.3 Fair Trade in Tourism

In recent years the concept of Fair Trade in Tourism has emerged as a powerful critique of mass tourism and other forms of global travel that impact negatively on destinations and their inhabitants. This work was led initially by European advocacy organisations including Tourism Concern in the United Kingdom and Arbeitskreis Tourismus & Entwicklung (ATKE) in Switzerland (Seif and Spenceley, 2006). In response to the international fair trade movement, Tourism Concern together with the University of North London set up the international network for Fair Trade in Tourism in March 1999. The aim of the network was to promote a fair and ethical tourism industry, and to ensure that the local people whose land, natural resources, labour, knowledge and cultures are used for tourism activities – benefit from tourism (Kalisch, 2000a; Kalisch, 2000b).

The international network for Fair Trade in Tourism focused primarily on academic research on the idea of tourism as an export trade item, and its implications for third world destinations. The network defined fair trade in tourism as ‘equitable global trading terms and conditions between tourist generators and host communities as a key component of sustainable tourism’ (Kalisch, 2000a). Academic discourse thus focused on analyses of the distribution of power within the tourism industry, as well as all structures of power that underpin its operations. It was argued that these global relations of power in the tourism industry inevitably result in the uneven and unequal development of tourism in the developing world (Mowforth and Munt, 1998). The approach adopted towards fair trade in tourism thus positioned debates on tourism in the South within the broader discourse of global trade relations, and historically

unbalanced relations of power between industrialised Northern countries and the less developed countries in the South (Harris, 2003)

Internationally, there has been debate over the application of the concept of fair trade to the tourism industry. Major areas of contention appear to focus on two issues. First, whether a new tourism label such as fair trade in tourism is in fact necessary, given the similarities between the objectives of fair trade in tourism and other developmentally sensitive concepts such as sustainable tourism, responsible tourism, pro-poor tourism and ecotourism, and second whether tourism could in fact become a fairly traded product as with agricultural and manufactured goods, given the complex nature of the industry. Barnett (1999) argued that it would be difficult, if not impossible to apply the concept of fair trade to a service product as complex as tourism.

Certification of fair trade practices in the tourism industry is a relatively new concept, with significant work being pioneered by FTTSA since 2001. FTTSA aims to apply the concept of fair trade to tourism, thereby creating a niche product with significant opportunities for previously disadvantaged communities.

4.4 Fair Trade in Tourism South Africa (FTTSA)

The South African country office of the IUCN initiated FTTSA in early 2001. The initial involvement of the IUCN was based upon the understanding that if tourism is not equitable and if local destinations and stakeholders do not receive their fair share of tourism revenues and other benefits, then ultimately tourism will not be sustainable, with negative implications of local livelihoods and the environment.

In order to test the relevance of global fair trade principles to the tourism industry in South Africa, the IUCN initiated a two-year pilot project. The pilot project confirmed the need for a country-specific certification programme, as well as called for the establishment of a non-profit company to drive the implementation of the programme. The pilot project revealed that social standards must be relevant to the social, economic and political imperatives of the destination itself. In South Africa, fair trade in tourism thus needed to explicitly address the imperatives for socio-economic

transformation and development, while at the same time actively engage international best practice and standards of fair trade (Seif, 2003). FTTSA thus focuses specifically on the social and developmental aspects of tourism development, which are key to the future success of South Africa's tourism industry. Harris (2003) argues that the concept of fair trade in tourism has been approached differently in South Africa to the approaches to fair trade in the North. In the North, the key to fair trade is conceived through reform of trade practices and trade agreements. In South Africa, fair trade in tourism is conceived in relation to local and national strategies that transform operations at the local level.

FTTSA occupies a specific niche within the broader umbrella of responsible tourism (Seif and Spenceley, 2006). FTTSA aims to promote a fair, participatory and sustainable tourism industry in South Africa. In order to achieve this, FTTSA has adopted a two-pronged approach, which focuses firstly on a strategy to educate the tourism industry and raise awareness of the principles of fair trade in tourism, and secondly to certify tourism establishments that comply with FTTSA principles, and contribute positively to socio-economic transformation in South Africa. In June 2002, FTTSA officially launched its trademark, becoming the first organisation that awards a fair trade label in the tourism sector. The Fair Trade trademark provides tourists with confidence, assurance and support in their decision making process (Seif, 2002a). The types of tourism products that are eligible to apply for the trademark are tourism resources (e.g. attractions and places of interest), tourism facilities (e.g. accommodation facilities, conference facilities, restaurants, entertainment) and tourism services (e.g. transport, tour guides, tour operators, ground handlers, travel agents). Tourism associations, NGO's and other non-commercial entities are not eligible for the trademark. (Seif, 2002a; 2002b)

The FTTSA certification trademark assists qualifying establishments to secure recognition for the positive impacts that they are having on a local destination. To date, the activities of FTTSA have focused primarily on the industry itself, and specifically on product owners as potential clients of FTTSA. FTTSA has established a portfolio of products (albeit limited) that can be promoted to the travel trade and/or consumers. From 2006, FTTSA will engage more actively with the travel trade and develop new forms of partnerships with inbound as well as outbound tour operators,

as a means of raising brand awareness, and delivering concrete benefits to clients. FTTSA will also raise awareness and the brand profile of FTTSA with consumers, directly through advertising and media partnerships with industry and consumer magazines. The focus of consumer awareness activities will primarily be on the domestic market (Seif, 2005).

In order to be awarded the FTTSA logo, tourism products need to meet six FTTSA principles:

1. **Fair share:** All participants involved in a tourism activity should get their fair share of the income from the operation wherein benefits are in direct proportion to ones contribution to the activity
2. **Democracy:** All participants involved in a tourism activity should have the right and the opportunity to participate in decisions that concern them,
3. **Respect:** Both host and visitor should have respect for human rights, culture and environment. This includes:
 - Safe working conditions and practices
 - Protection of children and young workers
 - Promoting gender equality
 - Understanding and tolerance of socio-cultural norms
 - Conservation of the environment
 - HIV / AIDS awareness
4. **Reliability:** The services delivered to tourists should be reliable. This means:
 - Quality reflecting value for money
 - Basic safety ensured by host and visitor
5. **Transparency:** Tourism activities should establish mechanisms of accountability. This includes:
 - Ownership of tourism activities must be clearly defined
 - All participants need to have equal access to information
 - Sharing of profits, benefits and losses must be transparent
6. **Sustainability:** The tourism activities should strive to be sustainable. This includes:
 - Increased knowledge through capacity building
 - Improved use of available resources through networking and partnerships

- Economic viability through responsible use of resources and democratic management (Seif,2002b)

The FTTSA certification process is rigorous, and consists of a self-assessment, an independent assessment by FTTSA consultants and an adjudication process. The self-assessment consists of a questionnaire that is completed by the applicant. An independent panel consisting of FTTSA and external experts then reviews the questionnaire. If the review is positive, specially trained consultants conduct an on-site evaluation in order to verify and supplement the self-assessment data. The applicant pays the consultants' fees for the independent verification. Small, medium and micro enterprises are eligible for a 50 per cent subsidy from Tourism Enterprise Programme (TEP) to cover the costs of the assessment. Finally, the independent panel reviews the assessor's report, and if positive, the applicant will be awarded the FTTSA trademark. Tourism enterprises that are awarded the trademark are re-assessed annually in order to ensure continued compliance with the fair trade principles. Certified establishments pay an annual user fee, which is calculated on the size of the enterprise and the type of establishment certified. To date, the highest annual fee was R23 000 (up-market, mainstream product) and the lowest annual fee was R170 (Seif and Gordon, 2003). Enterprises that qualify for certification sign an annual Use Agreement with FTTSA, enabling the enterprise to utilise the FTTSA logo as a marketing and quality assurance tool.

The standards by which properties are assessed in order to be awarded the fair trade trademark are generally regarded to be high. One of the primary strengths of FTTSA is the independent and rigorous certification process that product owners are subjected to prior to award of the FTTSA logo. Research commissioned by the IUCN – South Africa indicates that the tourism industry stakeholders consistently point to the credibility, professionalism and integrity of the FTTSA trademark (Steyn and Newton, 2004). The FTTSA trademark thus provides consumers with an assurance that a product complies with globally and nationally recognised standards of fair trade.

Research conducted in 2004 (Tholin, 2004a) indicated that the South African tourism industry is relatively aware of FTTSA. In a survey of close on 200 Indaba exhibitors,

26 per cent of respondents recognised a visual representation of the FTTSA trademark. A similar survey was conducted at Indaba in 2005, which revealed a substantial increase in brand recognition, where 49.1 per cent of establishments interviewed recognised the FTTSA trademark.

FTTSA started accepting applications from potential trademark users in June 2003. To date 43 applications for the trademark have been received by FTTSA. In December 2005, a total of 22 independent assessments have been completed, and 14 tourism establishments had been awarded the FTTSA trademark (Table 4.1). Enterprises who are not awarded the trademark are provided with feedback from FTTSA as to actions that they could take to be awarded the trademark, and are then eligible for a reassessment after a six month period.

Table 4.1: FTTSA accredited establishments (December 2005)

| | Province | Product |
|----|-----------------------|---------------------------------|
| 1 | Eastern Cape Province | Calabash Tours |
| 2 | Eastern Cape Province | Stormsriver Adventures Co. |
| 3 | Mpumalanga | Djuma Game Reserve |
| 4 | Mpumalanga | Singita |
| 5 | Mpumalanga | Sabi Sabi Private Game Reserve |
| 6 | Mpumalanga | Phumulani Lodge |
| 7 | Western Cape | Imvubu |
| 8 | Western Cape | Jan Harmsgat country house |
| 9 | Western Cape | Klippe Rivier Country House |
| 10 | Western Cape | Spier Leisure |
| 11 | Kwa Zulu - Natal | Masakala Traditional Guesthouse |
| 12 | Limpopo Province | Shiluvuri Lakeside Lodge |
| 13 | Western Cape | Hog Hollow Country Lodge |
| 14 | Limpopo | Umlani Bush Camp |

In November 2004 FTTSA registered as a Section 21 company, operating independently of the IUCN. According to Seif (2005), the motivation for establishing a company independent of the IUCN was firstly to position FTTSA as a South African company, secondly to strengthen the credibility and independence of the FTTSA certification trademark, and thirdly to enable the new company to raise

finance independently of the IUCN in order to ensure the long-term sustainability of FTTSA.

4.5 Contribution of FTTSA to national tourism objectives

From a macro perspective, FTTSA is assisting the tourism industry to achieve various national strategic objectives. These include the positive contribution that FTTSA makes towards BEE and the transformation of the sector, the marketing of South Africa as a destination, responsible and sustainable tourism development, labour market reform and pro-poor tourism development. Each of these will be discussed.

Transformation

The transformation of the tourism sector to represent the interests of all South Africans is regarded as one of the key challenges facing the South African tourism industry. The 1996 Tourism White Paper identified several factors constraining the transformation of the sector including:

- The limited integration of local communities and previously neglected groups into tourism,
- Lack of market access and market knowledge,
- Lack of interest on the part of existing establishments to build partnerships with local communities and suppliers,
- Lack of information and awareness,
- Lack of appropriate institutional structures (South Africa, 1996a)

The notion that tourism should be fairer is strongly aligned to ongoing national efforts to transform the sector. Several enterprises highlighted that the FTTSA accreditation process was being utilised as a valuable tool to assist the enterprise in fast tracking and meeting transformation targets (Cooke, 2005; Messen, 2005).

Increase tourism numbers

FTTSA recognises that one of its key functions is the marketing of businesses carrying the FTTSA trademark. FTTSA links fair businesses to appropriate trade and consumer networks. Although difficult to quantify, all establishments who are accredited by FTTSA do expect some marketing advantage from their affiliation to FTTSA.

The marketing function of FTTSA is of particular importance to emerging and community-based tourism enterprises, which typically lack the market knowledge, the capacity and resources to access markets. Three certified establishments (Masakala Traditional Guesthouse, Shiluvuri Lakeside lodge and Calabash Tours) specifically mentioned the exposure that FTTSA affords their establishments to the media, the internet, and trade shows (Madiema, 2006; Seif *et al.*, 2006). It assists to raise the profile of the product and thus market the product both domestically and internationally. Shiluvuri claims that their increased investment into marketing as well as their affiliation to FTTSA has resulted in a 25 per cent increase in occupancy levels over the past three years (Seif *et al.*, 2006). A number of international tour operators most notably Tribes Travel in the UK, Imagine Reisen in Switzerland and Studios Reisen in Germany have actively promoted Shiluvuri Lakeside Lodge because it is a FTTSA certified establishment (Seif *et al.*, 2006). Similarly, Hog Hollow Country Lodge indicated that various tour operators that they deal with have recognised their affiliation to FTTSA, and claim that the FTTSA trademark has given operators comfort in selling Hog Hollow to their customers (Melton-Butler, 2006). Invubu stated that their affiliation to FTTSA has enabled them to link up with responsible tourism tour operators both domestically and internationally.

Larger, established business (e.g. Djuma Game Lodge) argue that whilst there are some marketing benefits associated with their affiliation to FTTSA, their primary motivation for joining FTTSA was not for marketing benefits, but rather internal and external recognition for running an establishment that meets the fair trade criteria (Cooke, 2005).

Internationally, the Fair Trade movement is well-established and recognised in Europe, notably the Netherlands, Switzerland, Germany, The United Kingdom, which presently represents approximately 50 per cent of South Africa's annual long haul tourist arrivals. Nevertheless, the demand for fair trade in tourism travel in South Africa is still limited, albeit has the potential to grow over the long term.

Sustainable development

The international network for Fair Trade in Tourism defined Fair Trade in Tourism as a key aspect of sustainable tourism (Kalisch, 2001). Fair Trade in Tourism argues that without fair and ethical business practices, it is not possible to achieve sustainable tourism development. Further, the WTO has recognised the international fair trade movement as an important initiative of the private sector in promoting the sustainable development agenda (WTO, 2004a).

Most definitions of sustainable tourism development include elements of social equity, long term economic benefit for all, and environmental protection. FTTSA assists in promoting sustainable development to the extent that the evaluation criteria include elements of social equity and long term economic benefits for all. Although environmental issues are encompassed in the FTTSA criteria, environmental sustainability is not regarded as one of the key criteria for being awarded the FTTSA logo. One property that had been awarded the FTTSA trademark commented that a shortcoming of FTTSA was that not enough attention was paid to environmental issues in the assessment process (Schiess, 2005).

In order to enhance the contribution of FTTSA to sustainable tourism development it would be useful to integrate the individual performance of tourism establishments into a regional and national framework for sustainable development. This framework could assist local authorities in the planning, monitoring and verification of sustainable tourism. Tepelus and Cordoba (2005) argue that from a demand perspective, there is not much value in having an individual property recognised as a sustainable choice, if the entire region itself does not display the same characteristics. FTTSA could thus enhance its advocacy role in ensuring that fair trade principles are included in sustainable tourism planning at the local, provincial and national level.

Labour market reform

Karammel (2005) argues that despite increasing concern with sustainable tourism, and the social impacts of tourism development on nations and communities, very little attention has been paid to the pressing issues of social responsibility and labour standards in tourism. There are a number of labour issues that affect the tourism industry. These include women's rights, fair wages, long working hours, qualification and skills requirements, inability to join trade unions, importing of labour and displacement of traditional labour opportunities (Dodds and Joppe, 2005). A report by the International Labour Office (ILO) concluded that the tourism sector is known for low pay, difficult working conditions and many clandestine jobs (ILO, 2001). FTTSA is one of the few examples of tourism certification that expressly addresses labour standards. Via its certification process, as well as its advocacy role, FTTSA is succeeding in making the industry aware of labour market issues, as well as making a positive contribution to labour market reform in South Africa.

Pro-poor tourism development

Many issues identified in the literature on pro-poor tourism are addressed by FTTSA i.e. local employment, local sourcing of goods and services and participation in planning and decision making. Nonetheless, as FTTSA is not an initiative aimed at promoting pro-poor tourism development *per se*, there are a range of issues that have been identified as being important to poor people that are not addressed by FTTSA.

FTTSA focuses very much on benefiting the immediate local community, rather than on poverty reduction *per se*.

4.6 Contribution of FTTSA to organisational objectives

Enterprise Recognition

One of the key reasons for being accredited as cited by enterprises was the recognition that the organisation would receive for operating in a fair manner. Establishments such as Sabi Sabi Private Game Reserve, Umlani Bush camp, Hog Hollow Country

Lodge and Djuma Game Reserve claim that they have been operating according to fair trade principles for some time, and accreditation thus provided them with an opportunity to have their claims independently verified and recognised (Cooke, 2005; Schiess, 2005; Shorton, 2005; Melton-Butler, 2006). Independently verified, external recognition by a credible organisation of the efforts of various tourism establishments for operating in the 'right way' proved to be possibly the most important factor motivating establishments to be accredited by FTTSA.

Organisational development

One of the key benefits of FTTSA certification according to operators who have been awarded the trademark is that the FTTSA certification process can be utilised as an effective organisational development tool. The fair trade process is highly valued as a tool by which tourism establishments can be recognised for their efforts in promoting fair and sustainable development, and as a mechanism for improving the operations of the facility. For example, Djuma Game lodge quoted that they have been able to improve staff working conditions and training opportunities through their affiliation to FTTSA (Cooke, 2005). Hog Hollow country Lodge indicated that the FTTSA accreditation process became a valuable tool for self assessment, and several areas within the operations of the lodge were identified that could be improved upon (Melton-Butler, 2006). Jan Harmsgat Country House indicated that the process of becoming accredited was extremely thorough, and various improvements were made to the business, such as insuring vehicles appropriately, as a result of the accreditation process. The process of accreditation was recognised as being a valuable learning experience (Rebstein, 2006). Invubu indicated that the accreditation process has allowed staff to become aware of their rights as workers, and encouraged both management and staff to exceed the basic requirements of employment (Arendse, 2005). The accreditation process thus has an important educational component for product owners, which appears to be highly valued by organisations striving to operate according to responsible and fair business practices.

Seif (2005) argues that companies that have gone through the process of applying for FTTSA accreditation, even if they are not awarded the logo, have indicated that one

of the main benefits of applying for FTTSA certification lies in the enhanced corporate governance that the process catalyses.

Credibility

Smaller and community based tourism enterprises cited that in an industry that is fairly sceptical of community based tourism enterprises, affiliation to FTTSA provides the enterprise with some degree of credibility. One of the major benefits of affiliation to FTTSA for Umlani Bush Camp and Invubu has been the recognition and enhanced reputation of the establishment both by industry peers and community stakeholders (Arendse, 2005; Schiess, 2005).

Public Relations and marketing

All enterprises interviewed indicated that they had benefited from the public exposure that they had received through their association with FTTSA. For example, Jan Harmsgat Country House indicated that they have been approached by various international tour operators as a direct result of their affiliation to FTTSA (Rebstein, 2006). Spier Leisure had quantified the public relations value of their accreditation to FTTSA, and had calculated that in the 14 month period since they were awarded the FTTSA trademark the value of the exposure that they had received was R330 000 (Messen, 2005).

To date, the marketing advantage of affiliation to FTTSA is unclear. Based upon research undertaken by FTTSA to understand how and why clients value their affiliation to FTTSA, the marketing benefits did not feature as highly as benefits associated with knowledge sharing, networking and benchmarking (Tholin, 2004b). Steyn and Newton (2004) also conclude that key industry stakeholders including DEAT, TBCSA and FEDHASA believe that the longer term impacts of FTTSA are not with organisational marketing, but rather revolve around knowledge sharing and empowerment.

Most of the enterprises that were interviewed indicated that they expected some marketing benefit from their affiliation to FTTSA, but limited quantifiable data was

available. The relative importance of the marketing exposure, however, differed between larger, established organisations and emerging, smaller enterprises, with some of the smaller enterprises expecting significant marketing gains from their affiliation with FTTSA (Arendse, 2005, Schiess, 2005). A key issue for further research will thus be whether an enterprise's affiliation to FTTSA will maintain or even increase their economic performance, and if this is not the case, whether profit seeking tourism companies will maintain their affiliation to FTTSA. Presently FTTSA is realistic about the market for fairly traded tourism products, but argue that the demand to fair travel will grow over the medium to longer term (Seif, 2005). Presently the FTTSA allows tourism companies to access a niche market, irrespective of how small it is (Steyn, and Newton, 2004).

Networking

Although the network of FTTSA products is small, several enterprises highlighted the benefits that they enjoyed from being able to associate with like minded products. For example, Jan Harmsgat Country House indicated that they had learned valuable lessons, and valued there association with other accredited establishments (Rebstein, 2006). Calabash Tours indicated that they particularly valued their affiliation to the international fair trade network (Miedema, 2006)

4.7 Key issues facing FTTSA

Contribution of FTTSA to poverty elimination

FTTSA is a niche product in the South Africa tourism industry. Concerns have been raised over the ability of FTTSA to make a meaningful contribution to poverty elimination by being pursued in niche markets, rather than being integrated into mainstream tourism activities. Work undertaken on pro-poor tourism concludes poverty alleviation strategies need to place poor people and poverty at the heart of the sustainability debate, by defining strategies that enhance the net benefits of tourism to the poor (Ashley *et al.*, 2001). Cleverdon and Kalisch (2000) conclude that in order for fair trade in tourism to impact on poverty alleviation, it needs to permeate all operations, not as an option, but as a matter of principle. The certification process as

adopted by FTTSA, being a highly niched product thus has a negligible impact on poverty alleviation.

However, FTTSA does fulfil a strong advocacy role, making the industry aware of the principles of fair trade, and thus does impact on the overall sustainability and responsibility of the South African tourism industry. This view is supported by the work of AKTE who argue that the principles of fair trade have significantly contributed to making the idea of ethical business practices more tangible – practices which have become established as a precondition for sustainable development, and which have been adopted by more and more companies (Plüss, 2002).

Black Economic Empowerment (BEE)

Presently BEE is receiving special attention following the 2003 publication of a national broad based BEE strategy and the tourism BEE scorecard in May 2005. BEE presents both an opportunity and risk to FTTSA. On the positive side, many of the principles pursued by FTTSA have also been incorporated into the tourism BEE scorecard, thus companies may utilise the certification process to assist them to meet the objectives of the BEE scorecard. The risk of BEE is that the focus of black ownership of business assets will overshadow other developmental priorities (Seif and Spenceley, 2006). Research undertaken for the TBCSA revealed that BEE objectives can and often do conflict with other priorities such as developing small business, supporting local business, supporting good labour practices and encouraging environmental sustainability (Sykes, 2004: 10). BEE growth may thus ultimately occur at the expense of pro-poor economic growth, as well as the principles of FTTSA.

Cost of certification to operators

A global concern about certification in all sectors, including agriculture and forestry are the costs associated with certification, particularly for small-scale producers and community-based ventures (Vorley *et al.*, 2002). FTTSA argues that their costs are not high. For enterprises who cannot afford the cost of certification, FTTSA will facilitate a process by which the costs of the initial assessment can be subsidised by

TEP, who may co-finance assessment costs up to 50 per cent for TEP registered SMME's. The costs of certification need to be carefully managed in order to ensure the long term financial sustainability of the various certification programmes, whilst at the same time ensuring that the costs of certification are not creating barriers for community based and other emerging product owners.

Taken in isolation, the costs of FTTSA accreditation are not prohibitive. However, the costs of certification may become an issue for organisations who may want to be certified by more than one institution. The costs of certification in South Africa are presented in table 4.2

Table 4.2: Costs of certification in South Africa

| Programme | Assessment cost | Annual fee |
|---|---|---|
| Tourism Grading Council | Full cost of assessor staying at the establishment for full duration of assessment. | R1 400 – R6 000 |
| Heritage Environmental Rating Programme | Included in annual fee | R11 000 – R29 500 depending on the capacity of the enterprise. |
| FTTSA | R1 100 per day. Assessment may take between one and tree days | Sliding scale based upon highest published daily rate and capacity. Present annual user fees range from R170 to R23 000 |

Linked to the cost of certification, several enterprises raised the issue of the opportunity costs of becoming accredited (Park, 2006; Rebstein, 2006). The FTTSA accreditation process is generally regarded to be extremely thorough, and also very time consuming, especially for smaller enterprises that do not have the required information readily available.

Limited number of accredited establishments

To date, 14 enterprises have been accredited by FTTSA, which represents a negligible fraction of tourism enterprises in South Africa. The number of accredited establishments makes it difficult for FTTSA to market certified establishments as there are simply not enough products to choose from. Tour operators may thus be willing to support FTTSA establishments, however the number, nature and location of the products may not be suitable to include into tour operator itineraries. In research conducted by Jackson *et al* (2004) on UK tour operators' opinions on pro-poor tourism, transformation and responsible tourism in South Africa, it was found that some UK tour operators would not use the FTTSA logo in their brochures, as it was felt that a high percentage of properties that should qualify for the FTTSA logo were not certified, thus leading to customer confusion.

Several reasons have been advanced for this limited uptake. First, while many establishments in South Africa claim to be operating in a socially responsible manner, many entrepreneurs are reluctant to have their properties independently verified (Dean, 2005). Second, in the case of FTTSA, many properties simply do not qualify for accreditation as they do not meet the FTTSA criteria (Seif, 2005). Third, certification of social and environmental issues is still largely regarded as a 'nice to have' rather than a necessity. Fourth, certification does not suit all types of tourism establishments. For example, in the case of FTTSA, certification is more suited to independently-run establishments, and not the larger hotel groups (Seif, 2005). Fifth, the FTTSA certification process does take time. For example, Umlani Bush camp indicated that it took them over one year from the date of their application to FTTSA, to the date that they were awarded the trademark (Schiess, 2005).

The limited number of certified establishments renders it difficult for FTTSA to market fair trade tourism products. In terms of the growth of FTTSA products, FTTSA aims to have 25 certified establishments by the end of 2005 and 35 by the end of 2006, with a good geographic spread of products. Further, 25 per cent of the FTTSA portfolio should comprise of community based or other emerging enterprises by the end of 2006 (Seif, 2005).

Ongoing financial sustainability of FTTSA

According to Seif (2005), FTTSA aims to be self sustainable by 2010, and raise the necessary capital it requires through user fees and consulting / advisory services. Presently FTTSA is dependent on donor funding (primarily DFID and Hivos) as well as in-kind support from the private sector for its operation. To date, FTTSA has been successful in raising donor funding for its continued operation. However, the nature of donor funding, which is normally allocated on a programme basis for a year or two, renders the future of the organisation as relatively uncertain. This has several negative implications, including the ability to undertake accurate long term planning, as well as the ability of the organisation to attract and maintain staff.

Presently, FTTSA receives no financial support from national government. National government has endorsed the grading scheme of the Tourism Grading Council as the official grading system of South Africa, and simply does not have the resources to support other certification programmes. DEAT has indicated that they commend the work of the organisation, and fully support its aims and objectives. DEAT provides non-financial support to the organisation such as including FTTSA in trade shows, and publicly supporting the work of the organisation, and regards them as a key stakeholder in the tourism industry.

Marketing of certified products

One of the conclusions to emerge from the WTO regional conference for Europe on Public Private Partnerships for sustainability certification for tourism activities (2004) was the need to define a clear marketing strategy from the early stages of developing a certification programme. The marketing strategy should have dual objectives, namely to attract tourism companies to be certified and to promote certified companies among consumers. In terms of FTTSA, there are several tour operators interested in packaging fair trade holidays to South Africa. Nevertheless, presently the number of certified products, together with their geographic spread renders it difficult to package and market such trips.

Linkages between programmes

Currently in South Africa there are no linkages between the quality certification system as developed by the TGC, FTTSA and the Heritage Environmental Rating Programme. All three certification programmes, despite being nationally based, and aiming to promote the growth of the tourism sector in South Africa, operate totally independently of one another. FTTSA argues that their trademark is compatible with a number of other certification and quality assurance schemes on offer in South Africa, with the strongest synergy being with the national star grading system of the Tourism Grading Council. The TGC indicated a willingness to promote further synergies between itself and FTTSA, however in the short term the immediate objective of the Grading Council will remain to certify quality assurance in the tourism industry (Siddo, 2005). In South Africa, the effectiveness of certification may be enhanced if quality can be linked with environmental and social management, so that certified products can guarantee that a level of quality has been achieved and the 'experience' of the product is elevated.

Further, there is some degree of overlap between the activities of the different certification programmes. For example, whilst the focus of the Heritage programme is on environmental issues, various social issues (i.e. employment policies, education policies and BEE) are addressed which are also addressed by FTTSA. In the longer term, some form of consolidation between the various certification programmes in South Africa may be desirable.

4.8 Conclusion

FTTSA represents a unique example of the certification of developmental and labour issues in tourism. Through a rigorous process, FTTSA has succeeded in certifying a couple of tourism establishments in South Africa. Through its advocacy role, it has made significant impacts in the tourism industry by making the industry aware of fair trade principles. FTTSA has made a contribution towards the attainment of various national tourism objectives, such as promoting South Africa as a 'fair trade' destination, facilitating the transformation of the industry, promoting pro-poor and sustainable development and labour reform. Through its certification process, FTTSA

has further made a significant contribution to achieving various organisational objectives, including enterprise recognition, organisational development, enhanced credibility, and marketing.

CHAPTER 5

CONCLUSION

Tourism is recognised as a major driver of economic growth in South Africa. The tourism sector has succeeded in demonstrating that it is an important source of foreign exchange earnings, and accounts for a large number of employment and small business opportunities. Further, much has been written about the potential of the tourism sector to assist to alleviate poverty and promote transformation. Growth, sustainability and transformation objectives are clearly articulated in various tourism policy documents such as the Tourism White Paper, Tourism in GEAR, the Responsible Tourism Guidelines and the Tourism Growth Strategy.

Significant literature and debate exists on certification in the tourism industry. The majority of certification schemes pertain to environmental accreditation, that operate at the national, regional or local level. In response to the need to report on the triple bottom line of environmental, social and economic sustainability, various environmental schemes have attempted to incorporate social and economic criteria into their evaluation processes. In recent years, other tourism certification schemes have been developed which aim to specifically address the social and developmental aspects of tourism development. Internationally, FTTSA is regarded to be one of the leading accreditation schemes that award a trademark to tourism operations who operate according to the fair trade principles.

Internationally the key debates on certification in the tourism industry focus on three key themes. First, consumer demand for certified tourism products is not clear. One body of literature argues that despite a proliferation of guidelines, standards and certification schemes, research indicates that only a very small percentage of consumers actually pay attention to these standards, with very few tourists actually choosing a holiday destination based upon whether an establishment is certified or not. Travel purchasing decisions are still largely based upon issues such as price, health and safety (Synergy, 2000; Meyer *et al.*, 2004; Dodds and Joppe, 2005). There is an alternate body of literature that however argues that sustainability issues are increasingly affecting actual buying patterns and behaviours of tourists, and that there

is a growing number of tourists who are willing to pay more for ethical business practices (Tearfund, 2001, 2002, Goodwin and Francis, 2003). Bien argues that consumer demand takes time to build up. Even if there is limited existing consumer demand, sustainable tourism certification programmes make a valuable contribution to the tourism industry. Bien argues that the demand will develop once the certification programme is well established, has a wide base and uses a credible standard (Bien, 2005: 16).

Second, the impacts of certification on sustainable tourism development are debatable. Despite a proliferation of different certification schemes, the uptake of these programmes by tourism enterprises has been limited. This can largely be attributed to the costs of being certified, the willingness of enterprise owners to have their establishments independently certified, as well as the limited perceived benefits of certification. Critics of certification argue that this absence of a critical mass has resulted in certification only having a marginal impact on the sustainable development of the tourism industry (Bass *et al.*, 2001; Sasidharan *et al.*, 2002; Mader, 2005). In order to enhance the impact of certification on sustainable tourism development it is essential to develop a larger basket of certified products. Bien (2005) argues that in order to promote greater industry buy-in to certification, tangible incentives such as tax write-offs, preferential access to protected areas and media exposure for certified businesses needs to be considered. Furthermore, Font (2003) argues that certification schemes need to be developed or expanded to include large, mass market operators, as they supply the majority of the world's tourists and have main access to the market.

Third, are debates about the impact that certification has at the enterprise level. The direct marketing benefits of certification to tourism enterprises are not clear. Bien (2005) argues that unless the certification programme is long established, and has excellent brand recognition, simply adding a certification logo to an enterprises promotional campaign is not going to increase occupancy rates. The benefits of certification to tourism enterprises rather lies with cost savings largely associated with energy and water savings, as well as improved standards through compliance with recognised norms of best practice.

Certification in the South African tourism industry is relatively new, with schemes being developed to monitor both product quality, as well as the environmental and developmental aspects of tourism development. Certification has been recognised as having the potential to make a valuable contribution towards promoting tourism growth as well as sustainable and responsible tourism development (DEAT et al., 2004b; DTI, 2005). To date however there has been limited discussion on the contribution of these schemes towards achieving key national tourism objectives as well as individual enterprise objectives. This report has attempted to contribute to the debate on the contributions of tourism certification in South Africa, utilising FTTSA as a case study.

Internationally, FTTSA is recognised as a unique initiative that has attempted to quantify and certify various social and labour issues. In South Africa FTTSA is recognised as an important initiative which aims to promote fair and responsible tourism development through certification. FTTSA became operational in 2003, and has to date made considerable progress in raising awareness on social and labour issues in the tourism industry. It is argued that through its certification and advocacy function, FTTSA has made a positive contribution towards increasing tourism numbers to South Africa, the transformation of the sector, the promotion of sustainable development, labour market reform as well as poverty alleviation. Further, FTTSA has contributed towards the attainment of various organisational objectives, including recognition, organisational development, enhanced credibility, and public relations and marketing.

In order to enhance the impact of FTTSA, the following challenges need to be addressed by FTTSA. First, the ultimate success of FTTSA will depend upon increased consumer demand for certified products. Internationally there is a relatively high level of awareness of the concept of 'fair trade'; however its applicability to the tourism sector is an area of debate. Bien (2005) argues that true demand for standards or certification usually initiates from large purchasers and operators in the tourism supply chain. Many tour operators in Europe are implementing 'sustainability policies', and regard certification as a way of pre-selecting properties that they will proceed to review for their catalogues. The marketing efforts of FTTSA thus need to focus on retail and wholesale intermediaries rather than directly to consumers.

Second, FTTSA is a highly niched initiative that appeals to a small number of products operating within a specialised market. In order to increase the relevance of FTTSA, consideration needs to be given to how FTTSA can be 'mainstreamed', without losing its credibility. Third, to date FTTSA has assumed a strong advocacy role, and has been relatively successful in raising issues around fair trade in the tourism sector. This advocacy role could, however, be strengthened further in collaboration with other key role-players such as DEAT, SAT and the TBCSA. Finally, international research demonstrates that environmental and social responsibility is important to consumers, but only after their demand for safety, quality and price have been satisfied. Bien (2005) concludes that stressing quality, price and value is an essential ingredient of any campaign that intends to promote certified businesses. FTTSA thus needs to investigate how it can develop closer synergies with other certification systems in South Africa, and particularly with the national star grading system developed by the Tourism Grading Council.

In terms of the aims of this report, this study has contributed to a broader set of international literature and debate on certification. The report further positions certification within the context of other key tourism initiatives being pursued by government, the private sector and civil society. Finally, the report presents key findings on FTTSA. Overall, therefore the report serves to enhance debate on the future role of certification in South Africa.

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