

**AN EVALUATION OF BEE IMPLEMENTATION IN SMALL, MEDIUM
AND MICRO ENTERPRISES (SMMEs) OF THE TOURISM SECTOR:
SOWETO IN SOUTH AFRICA**

by

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DECLARATION

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ABSTRACT

The implementation of Black Economic Empowerment (BEE) in the tourism sector is an opportunity to transform the local economies due to the political heritage prevailing in South African townships, particularly Soweto. Soweto was home for the well-known Nobel Prize winners i.e. the late Nelson Rholihlahla Mandela and Archbishop Emeritus Desmond Tutu during the struggle against apartheid. These icons together with Hector Pieterse who was shot during the Soweto uprising in 1976, have made Soweto one of the most popular tourist attraction places. It is for that reason that the implementation of, which is meant to address and redress the imbalances of the past, is an opportunity to transform the local economies. Data analysis of plans and reports from Government, other authors and proponents of BEE implementation was key to determine whether local economic transformation exists in the Soweto tourism sector. The scrutiny of tourism legislation were a point of departure, to make reference to BEE implementation evaluation. The case of Vilakazi Street BEE evaluation validated the findings from data analysis that not much was done in Orlando West, as compared to what had been planned. This implied that the objectives to transform the tourism industries through BEE implementation were not effectively met in Orlando West. To transform the tourism industries in Orlando West, 5 BEE recommendations were made, namely the establishment of the SMME support office; road shows to mediate BEE; revival of a Soweto Empowerment Zone, Monitoring and Evaluation of programmes implemented; and tourism sector empowerment and collaboration.

OPSOMMING

Die implementering van Swart Ekonomiese Bemagtiging (SEB) in die toerismesektor is 'n geleentheid om die plaaslike ekonomieë te transformeer weens die politieke erfenis wat in Suid-Afrikaanse plakkerskampe voorkom, veral Soweto. Soweto is 'n tuiste vir die bekende Nobelprysweners i.e. die laat Rholihlahla Nelson Mandela en Biskop Desmond Emmeritus Tutu tydens die stryd teen apartheid. Hierdie ikone, saam met Hector Pieterse, wat in 1976 tydens die Soweto-opstand geskiet is, het Soweto een van die gewildste toeriste-aantreklikhede gemaak. Dit is om die rede dat die implementering van SEB bedoel is om die wanbalanse van die verlede aan te spreek en reg te stel, is 'n geleentheid om die plaaslike ekonomieë te transformeer. Data-ontleding van planne en verslae van die Regering, ander outeurs en voorstanders van SEB-implementering is die sleutel om te bepaal of plaaslike ekonomiese transformasie in Soweto bestaan. Die ondersoek van die toerisme wetgewing is 'n uitgangspunt om verwysing te gee na die SEB-implementeringsargument. Om 'n saak van Vilakazi Street te doen, bevestig die bevindinge van data-ontleding dat daar nie veel in Orlando-Wes gedoen is in vergelyking met wat beplan is nie. Dit impliseer dat die doelwitte om die toerismebedryf deur middel van SEB-implementering te transformeer, nie in Orlando-Wes haalbaar is nie. Om die toerismebedrywe in Orlando-Wes te transformeer, is vyf aanbevelings gemaak, naamlik die vestiging van die KMMO (Klein, Medium en Mikro-ondernemings) ondersteuningskantoor; padvertonings om SEB te bemiddel; herlewing van Soweto-bemagtigingsone, Monitering en Evaluering van programme geïmplementeer en bemagtiging en samewerking van die plaaslike gemeenskap van Soweto.

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LIST OF KEY TERMS AND ACRONYMS

| | |
|--------|---|
| AFCON | African Cup of Nations |
| AFI | African Fashion International |
| ANC | African National Congress |
| AsgiSA | Accelerated and Shared Growth Initiative for South Africa |
| B&B | Bed and Breakfast |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| BEEC | Black Economic Empowerment Commission |
| BRICS | Brazil, Russia, India, China and South Africa |
| BTE | Black Tourism Enterprise |
| CBD | Central Business District |
| CBITM | China Business and Incentives Travel Mart |
| CBM | Citizen-Based Monitoring |
| CEB | Conventions and Events Bureau |
| CCTV | Closed-Circuit Television |
| CoJ | City of Johannesburg |
| CSR | Corporate Social Responsibility |
| DEAT | Department of Environmental Affairs and Tourism |
| DCI | Development Cooperation Instrument |
| DMO | Destination Marketing Organisation |
| DPME | Department of Performance, Monitoring and Evaluation |
| DSBD | Department of Small Business Development |
| DTI | Department of Trade and Industry |
| DWAF | Department of Water Affairs and Forestry |
| EDP | Enterprise Development Programme |
| ED | Enterprise Development |
| EE | Employment Equity |
| EME | Exempted Micro Enterprises |

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| FHF | Fort Hare Farmers |
| FNB | First National Bank |
| GDP | Gross Domestic Product |
| GEP | Gauteng Enterprise Propeller |
| GLP | Good Laboratory Practice |
| GWME | Government Wide Monitoring and Evaluation |
| HDI | Historically Disadvantaged Individuals |
| ICTs | Information and Communications Technologies |
| IDP | Integrated Development Plan |
| IMEX | International Meetings and Events Exhibitions |
| ISBC | International Small Business Congress |
| ITMAS | International Tourism and Marketing Scheme |
| IUOTO | International Union of Tourism Organisations |
| JIPSA | Joint Initiative for Priority Skills Acquisition |
| JMPD | Johannesburg Metro Police Department |
| JTC | Johannesburg Tourism Company |
| MBFWJ | Mercedes Benz Fashion Week Johannesburg |
| MEC | Member of the Executive |
| M&E | Monitoring and Evaluation |
| MICE | Meetings, Incentives, Conferences and Events |
| MPAT | Management Performance Assessment Tool |
| NDT | National Department of Tourism |
| NPO | Non Profit Company |
| PDG | Previously Disadvantaged Group |
| PDI | Previously Disadvantaged Individuals |
| PP | Preferential Procurement |
| PPT | Pro-Poor Tourism |
| PPPFA | Preferential Procurement Policy Framework Act |
| PFMA | Public Finance Management Act, 1999 (No 1 of 1999) |
| PWC | Price Water House Coopers |
| QSE | Qualifying Small Enterprises |

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| RDP | Reconstruction and Development Programme |
| SAACI | South African Association for the Conference Industry |
| SABC | South African Broadcasting Corporation |
| SANAS | South African National Accreditation Systems |
| SATOUR | South African Tourism Board |
| SAT | South African Tourism |
| SD | Skills Development |
| SEDA | Small Enterprise Development Agency |
| SEDP | Soweto Economic Development Plan |
| SETE | Sports, Events and Tourism Exchange |
| SETA | Sector Education and Training Authorities |
| SMEDP | Small, Medium Enterprise Development Programme |
| SMME | Small, Medium and Micro Enterprise |
| SMTE | Small Medium Tourism Enterprises |
| SEZ | Soweto Empowerment Zone |
| TEP | Tourism Enterprise Partnerships/Programmes |
| THETHA | Tourism, Hospitality and Sport Education and Training Authority |
| | Transparency TI-Transparency International |
| TSA | Tourism Satellite Accounts |
| UJ | University of Johannesburg |
| UN-WTO | United Nations World Tourism Organisation |
| UYF | Umsobomvu Youth Fund |
| VSB | Visitors and Services Bureau |
| WTTC | World Travel and Tourism Council |

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CHAPTER 1: INTRODUCTION

1.1 BACKGROUND

The South Western Townships (Soweto) is one of the most well-known townships in the world, due to its involvement in the liberation of South Africa. Its involvement gave rise to popular leaders, such as Nelson Mandela; Walter Sisulu; Oliver Tambo and Bishop Tutu. It is the main reason why Soweto has become an emergent tourism destination. Christian (2004:249) indicated that in Soweto a major cluster of tourism products and tourism Small, Medium and Micro Enterprises (SMMEs) is to be found in the area of Orlando West, which contains the famous landmarks of the Hector Pieterse Memorial and the Mandela Museum. Those are the major landmarks, amongst others, which have turned Soweto into a driving force of local economic development; and through the Black Economic Empowerment (BEE) strategy, people can benefit from the development of the economy. The Broad-Based Black Economic Empowerment Act (53 of 2003) (herein referred to as B-BBEE Act) (RSA, 2003) was enacted to ensure that people from the Previously Disadvantaged Group (PDG) benefit from the BEE strategy.

The B-BBEE Act (53 of 2003) (RSA, 2003) initially provided seven elements of Good Practice which the companies or entities should adhere to, to gain BEE status or to be compliant. Those elements have been reduced to five, due to a number of challenges in the implementation process. BEE compliant companies have more opportunities in the form of getting access to tendering and preferential procurement by government. That is why it is imperative for local authorities to ensure that BEE implementation is a point of departure in their local economic development strategies.

According to the Good News Website (2013:1), the Johannesburg City Council's approval of the Five Year Economic Development Plan for 2008 to 2013 set in motion a bold vision for the transformation of Soweto's economy. In this plan, serious emphasis is made about BEE as one of the important policy imperatives to redress the imbalances of the past. The Soweto Economic Development Plan (2008–2013) prioritises projects complying with

BEE policy as currently implemented through the B-BBE Act (RSA, 2003). Through BEE people can be empowered, particularly through SMME development in the tourism sector. The enactment of the B-BBEE Act (RSA, 2003) has provided possibilities for SMME development.

The B-BBEE Act (RSA, 2003) is there to regulate BEE implementation. The BEE Tourism Charter is informed by the B-BBEE Act and comprises the Codes of Good Practice to regulate the implementation process. The Codes of Good Practice open opportunities for SMMEs to participate meaningfully in the socio-economic development, which is an advantage for Soweto residents. The aim is that people liberate themselves from economic participation deprivation and benefit from the implementation of the BEE strategy.

1.2 THE ESSENCE OF BLACK ECONOMIC EMPOWERMENT (BEE)

An objective of BEE is to introduce the previously disadvantaged people into the mainstream economy, thereby allowing them to share in the benefits of the capitalist system by which the Republic of South Africa is run (Jack & Harris, 2007:15). The BEE strategy is meant to ensure that poor people participate meaningfully in socio-economic development. Poor people are supposed to be the target group and the main beneficiaries, as the strategy is meant to close the economic gap between the Previously Disadvantaged Group (PDG) and the rich minority or elites. However, the implementation process has led to the formation of new elite groups.

The whole meaning of BEE is embedded in the popular term called Black people, which is a generic term for Africans, Coloureds and Indians. The definition of B-BBEE further adds some impetus to the meaning of BEE, as it encompasses all groups that were previously disadvantaged. B-BBEE means transforming the economy by empowering the majority (Black people), which includes women, workers, youth, people with disabilities, and people living in rural areas, by putting in place a variety of integrated socio-economic strategies that would include, but are not limited to-

- a) expanding on the number of previously disadvantaged people that manage, own and control enterprises and productive assets;
- b) making it easier for communities, workers, co-operatives and other collective enterprises to own and manage enterprises and productive assets;
- c) human resource and skills development;
- d) ensuring that all occupational categories and levels in the workforce have equitable representation;
- e) preferential procurement; and
- f) ensuring investment is directed towards enterprises that are owned and manage by the PDG (Jack & Harris, 2007:15).

Though these terms sound discriminatory, in essence the BEE strategy is intended to unite the black and white groups. The objectives of the B-BBEE Act (RSA, 2003) include the broad-based groups in the form of communities and collective investment groups playing an active role in the community; increased inclusion of Black women, rural and local communities participating in business and economic activities; promotion of investment programmes resulting in active participation in the economy of Black people; and promotion of access to finance, in order to facilitate BEE.

The definitions and objectives found in the Act (53 of 2003) (RSA, 2003) have included the seven BEE elements of good practice, which are meant to regulate the implementation process. Those elements are: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. These seven elements were later consolidated into five, in the revised Codes of Good Practice, to simplify the generic scorecard for measuring the Large Entities, which often found it difficult to obtain favourable points before the seven elements were consolidated. According to Odendaal (2012:2) one of the proposals entails the merging of management control and employment equity into 'management control', and enterprise development and

preferential procurement into 'enterprise and supplier development'. These integrations will eliminate double counting and will amount to 40 out of the total of 100 points.

1.3 THE REGULATORY FRAMEWORK: BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT (53 of 2003)

The B-BBEE (53 of 2003) (RSA, 2003) provides the Codes of Good Practice for the implementation of the BEE strategy. South Africa Business Guidebook (2008/09:53) indicates that "the fundamental principle of the government's 2003 BEE strategy was to increase the economic participation of black South Africans by creating jobs to alleviate poverty, which set the stage for the B-BBEE Act (53 of 2003)". (RSA, 2003).

There are fifteen sections in the B-BBEE Act (RSA, 2003); Section 1 provides the definitions, i.e., the definition of Black people and that of B-BBEE. Section 2, provides the objectives of the Act. Section 3 is the interpretation of the Act. Section 4 establishes the Black Economic Empowerment Advisory Council. Section 5 makes provision for the determination of the functions of the Council. Section 6 provides the composition of the Council and appointment of members. The Constitution and rules which the Minister must establish for the Council are provided by Section 7. Section 8 is a provision for remuneration and reimbursement of expenses. Section 9 provides the Codes of Good Practice (RSA, 2003).

Section 10 makes provision for the status of the Codes of Good Practice. The Codes of Good Practice are not legally binding on private sector, but are economically binding. It means that companies cannot be punished or fined for not complying, but they can lose business opportunities (e.g. government tenders). There are, however, parties that are legally obliged to apply the codes and Section 10 of the B-BBEE Act also makes provision for that (RSA, 2003). Those are the organs of state and the public entities that must determine the issuing of licences, concessions and authorisation for any law; preferential procurement policy; the sale of state-owned assets; and entering into partnership with private sector companies or entities. Section 11 then provides the strategy for B-BBEE.

Section 12 of the B-BBEE Act (RSA, 2003) provides for the gazetting of industry transformation charters developed with the industry stakeholders. Section 13 is a provision for support services and funding of the Council. The regulations which the Minister may make with regard to any matter that is necessary to prescribe, in order to ensure the proper implementation of the B-BBEE Act (RSA, 2003) are through the provisions of Section 14. Section 15 then makes provision for the short title and commencement of implementation.

1.4 TOURISM SMME EMPOWERMENT IN SOWETO

The majority of people in Soweto did not previously have an opportunity to acquire formal education and skills to run their businesses, under the apartheid system. That has a detrimental effect on the current implementation of BEE economic development strategies. There is especially a need for capacity-building in SMMEs.

Balshaw and Golberg (2005:13) identified three factors which create a fertile context for anti-business sentiment in South Africa. Those factors are defined as follows:

- The abnormal socio-economic divide;
- The transformation imperative; and
- The debilitating skills shortage.

A way to deal with the abnormal socio-economic divide is through capacity-building in SMMEs. The Soweto Economic Development Plan (SEDP) (2008:83) makes mention of the Soweto Empowerment Zone (SEZ) to support and develop BEE and SMME enterprises, and amongst other factors utilising procurement as a support instrument for the viability of SMMEs and BEE enterprises. This implies that SMMEs will acquire more skills and knowledge that will help them gain access to funding and more possibilities of earning BEE status. Funding leads to more efficiency, due to pressure from funders, and ensures that set goals and objectives are met. BEE compliance would provide sustainability and profitability, through meaningful participation in economic development.

Section 12 of the B-BBEE Act (RSA, 2003) makes provision for the development of transformation charters for the various sectors of the South African economy (DTI, 2007). In 2005 the government introduced the Tourism BEE Charter and Scorecard in terms of this legislation, to ensure the meaningful participation of SMMEs in the tourism sector. According to Department of Trade and Industry (DTI) (2007), Section 9 of the B-BBEE Act, 2003 makes provision for the development of the Codes of Good Practice. Therefore, the Tourism Charter and Scorecard were developed to be in line with the DTI's Codes of Good Practice which are defined in the Act (RSA, 2003). These codes provide SMMEs with BEE compliance requirements, which are important in promoting meaningful participation in economic development.

1.5 RATIONALE FOR STUDY

The implementation of Black Economic Empowerment remains a challenge in South Africa. It has been labelled as benefiting only certain individuals. According to the government the BEE strategy is a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy (DTI, 2007). However, opposition political parties complained on SABC News (2009) that the strategy is meant for the so-called elite groups of Black and White and not the poor. Funding is as accessible to the same Black and White elite groups in terms of BEE, than it is to the poor groups of people.

Few SMMEs have been benefiting from preferential procurement. One of the main reasons why few people benefit from the implementation of BEE, is corruption and a lack of skills, which prompt a need for SMME development. BEE compliance requirements are also difficult to meet. Priority action number eight of the Soweto Economic Development Plan (SEDP) (2008:107) outlines the need for assistance of SMMEs to access funding, which might be a solution to the funding problem. The implementation of this plan started in 2008, and priority action eight also provides support for enterprise development, with a timeline of two years.

According to the South Africa Yearbook (2012:513), it is estimated that the Soweto tourism sector, directly and indirectly, contributed R143 million to Gauteng's Gross Domestic Product (GDP). As the government strives to close the economic gap between the rich and the poor, the implementation of BEE should be the main contributing factor towards the GDP. However, the challenges in BEE implementation have prompted the government to amend the Act (RSA, 2003). A B-BBEE Amendment Bill was introduced in the National Assembly, and it was published in Government Gazette 35907 of 23 November 2012.

1.6 PRELIMINARY LITERATURE REVIEW

The preliminary literature study for the research topic was based on various studies done on the empowerment of SMMEs and BEE enterprises in the tourism sector. Case studies from different sectors also set the tone for the topic. The macro-economic policies and strategies, research writing sources and articles were also helpful.

1.6.1 Some of the case studies in the implementation process of BEE

Research has been conducted in the form of case studies on BEE implementation. These case studies include inter-alia the "Case Studies of Organizations Linking to Dynamic Markets in South Africa: The informal group of farmers called Fort Hare Farmers (FHF) group, South Africa" (Neven, Reardon & Hopkins, 2005:2). The first research report presented by Neven, Reardon and Hopkins in September 2005 was an analysis of how an informal group of emerging farmers (smallholder commercial farmers) in the Nkonkombe Municipality in the Eastern Cape succeeded in becoming a fresh produce supplier to a major domestic supermarket chain (Neven *et al.*, 2005:2).

It was clear in the report that the success of the project was based on sound skills and knowledge in strategic planning by the Fort Hare Farmers (FHF) Group. The commitment of the top management of the Pick and Pay stores, project administration by Michigan State University from the United States of America (USA) and the involvement of

scientists from Fort Hare University also contributed. If these stakeholders were not committed to this project, it would not be successful. The commitment by universities to such projects is of crucial importance to achieve the BEE goals and objectives.

The second research report presented by Neven *et al.* (2005:5) in October 2005 was on the linking of farm workers as shareholders. Eligibility criteria was used. The criteria targeted people who were between 25 and 55 years of age, with no criminal record. Those people should have had at least several years of experience working on the farm and a number of dependents in the household in order to participate. According to Neven *et al.* (2005:5) "the notion of linking farm workers as shareholders in farms where they can work with experienced commercial farmers as mentors, fitted perfectly in the human resource development aspect of BEE".

There are a number of advantages one can identify in this BEE aspect. Firstly, farm workers are likely to be unable to read, and therefore can only receive skills by listening and observing. Secondly, the transfer of skills and knowledge will happen faster when people learn by doing. In essence, the approach does not segregate a certain class of people, but is holistic in nature.

It was a challenge that the farm workers had on average, a low level of education and management experience (Neven *et al.*, 2005:6). This implies that there was therefore a lack of financial management skills. That may be one of the reasons why the farm workers at first were not willing to join the project. The government also did not have the necessary human resources to assist the PDG. According to Neven *et al.* (2005:6) the Department of Water Affairs and Forestry (DWAF) had to bring an independent consultant, Gus Pickard, to facilitate the partnership. In this case farm workers, meaning the PDG, could be easily robbed by their partners or farmers if the consultant was not involved.

These reports indicated that the PDG is still disadvantaged, as farm workers have a low level of education, which means there is a need for more enquiry into the implementation of BEE in South Africa. In terms of the Broad-Based Black Economic Empowerment

Strategy, it is a necessary intervention by government to address the exclusion of the majority of South Africans, which is the PDG, from full participation in the economy. According to Cloete, Wissink and De Coning (2006:339) no policy is complete in itself, but it is a changing and continuous process, which in this case implies that BEE as a policy may have some gaps that need to be dealt with, for its objectives to be achieved.

It is important to do a critical analysis of the implementation process, for the BEE objectives to be achieved. The five dependent variables for judging the success of policy implementation as identified by Miyakawa (1999:274) can be used, as follows:

- The conformity of policy outputs with statutory objectives.
- Target group compliance with policy outputs.
- The conformity of actual impacts with statutory objectives.
- The conformity of perceived impacts with statutory objectives.
- The amount and direction of policy feedback.

Clarke and Isaacs (2004:3), did some case studies of contractors in the forestry sector conducted in the 1990s, in KwaZulu-Natal. They noted that the purpose of that study was to investigate the contribution that forestry contracting could make to poverty alleviation in South Africa, through providing jobs and enterprise opportunities, and identifying opportunities for enhancing flows of benefits. If the implementation of BEE strategy in KwaZulu-Natal was in order, poverty levels would have dropped; but instead they were worsening. They indicated in their report the discrepancies in the value share, amongst other things, and warned that unless that issue was addressed head-on, there was a danger that black economic empowerment would continue to provide a disguise for cost-cutting by the grower-processor companies. This is an indication of the gaps that still prevail in the implementation of BEE, which calls for a need for more research.

There are some positives in BEE implementation though; private companies are coming on board, one of which is MASSMART, which has conducted a status review of BEE implementation in January 2006. MASSMART claims to be complying with the BEE principles and objectives and regards them as a vital element of prudent business

sustainability practice. These objectives and principles seem to be demanding to the PDG, because of lack of education and management experience (Neven *et al.*, 2005:6).

One should recall that the PDG was deprived of access to participation in the socio-economic development of South Africa; which means that this particular group may not be adequately competent in business. It will take time for those people to meet competence requirements in the business world, and some well-structured skills development mechanisms should therefore be put in place.

1.6.2 Why tourism SMMEs in Soweto should be empowered

There are numerous reasons behind the need to empower SMMEs in Soweto. According to the Johannesburg City Council (2008:35), there is an increasing need for skills and qualifications in today's economy than was needed in the past. That is why it is imperative to provide SMMEs with technical and business skills training, so that they can participate meaningfully in the socio-economic development. Actually the lack of skills and education was identified as the main contributing factor towards failure to reach the objectives of the Accelerated and Shared Growth Initiative for South Africa (South African Government Information website, 2008). The government then developed the Joint Initiative on Priority Skills Acquisition (JIPSA) to address the skills shortage. There is overwhelming evidence that resolving the skills shortage is one of the most critical interventions that will make a major difference in achieving the remaining Accelerated and Shared Growth Initiative for South Africa (AsgiSA) objectives (South African Government Information website, 2008). All the economic development strategies in the National, Provincial and Local government spheres are attempting to achieve these objectives.

The BEE Strategy, which informed the development of the BEE Tourism Charter, is a National Strategy that also seeks to achieve the same objectives as AsgiSA. The B-BBEE Act (RSA, 2003) has skills development as a code of good ethics, which links to JIPSA. That is why the Soweto Economic Development Plan also has skills development as a priority.

The intention of the Johannesburg City Council in formulating the Soweto Economic Development Plan is to promote growth, as required by AsgiSA, and the main requirement to achieve that is through skills development. Lack of skills can be a hindrance towards participating in preferential procurement and earning a BEE status. That is why the Soweto Economic Development Plan (SEDP) (2008:83) aimed to ensure BEE and SMME enterprises leverage empowerment charter opportunities. That will provide more opportunities for SMMEs in Soweto as an emergent tourism destination through the Soweto Empowerment Zone (SEZ). This is because the SEZ should build capacity for SMMEs to have more opportunities to get funding, as indicated in the development plan.

High profit can be made in the tourism sector, provided these small companies are supported. The South African government should invest more on tourism in order to boost the economy. According to Page (2003:2), tourism is of growing economic significance at a global scale, with growing rates in excess of the rate of economic growth for many countries.

Tourists like to experience the kind of food, houses, people, culture, and heritage that prevails in the particular area that they have visited. This implies that tourists are more likely to buy tourism products of that particular place. Soweto being the biggest residential area in the country (Soweto Economic Development Plan, 2008:15), can meet the needs and interests of the tourists. It has diversity of racial groups; tribes; culture and languages; which make it a unique place.

According to Booyens and Visser (2008:367), tourism is increasingly becoming a viable avenue for local economic development. That is why the South African government has come up with plans to develop tourism at local level. Museums, for instance, have been built in Soweto to preserve what happened during the struggle for liberation. In all these museums included on display are pictures taken by journalists. These pictures are displayed in a manner that makes visitors experience what happened at that time.

In 2004, Soweto received on average 107,000 international visitors. This number can probably double, due to the successful staging of the Soccer World Cup in 2010. The international world was excited to be in South Africa due to the spirit of "Ubuntu" displayed by South Africans. The most persuasive argument made by Danny Jordaan and government was that successfully delivering the Soccer World Cup would help change perceptions of the country and the continent (Theguardian.com, 2010). The 2010 World Cup was surely a success (Theguardian.com, 2010). This means more business opportunities were established in the tourism sector.

Tourism is a major business sector. It comprises individuals, small, medium and large businesses that provide the places where tourists stay, e.g. hotels, lodges and guest houses. Tourists would also need food from restaurants and fast foods outlets. They would move from one place to another, using transport such as airlines, coaches, trains, and any other suitable transport medium. Based on the needs of the tourists described above and the fact that South Africa hosted the Soccer World Cup in 2010, there are many business opportunities SMMEs have through the BEE strategy in Soweto.

1.7 PROBLEM STATEMENT

Soweto is a major township with significant attention from the international world, due to the history of its involvement in the liberation of South Africa. It is therefore a viable avenue for the development of local economies. SMMEs can play a major role in this regard, taking into cognizance the opportunities available through the Black Economic Empowerment Strategy. The problem is that there are a number of challenges that BEE implementation has been faced with. BEE has been labelled as benefiting few individuals, not the targeted group, which is the PGD. Those challenges include inter-alia, corruption in tendering processes and fronting. Some opposition parties even suggested that the process be stopped, but the government believes it is the right strategy to deal with the economic imbalances of the past.

The lack of skills and education also contributes towards failure to meet BEE objectives; hence the B-BBEE (RSA 2003) has skills development as an element to ensure the implementation process is successful. The problem is even worse in the tourism sector, when considering the skills audit conducted by Thornton (2007:1). A number of skills gaps that exist within specific tourism sub sectors were identified in the audit. BEE implementation started in 2003, and the Tourism Skills Audit was conducted only in 2007, which highlights the fact that BEE in the tourism sector has been given inadequate attention all along. Even the Soweto Economic Development Plan (SEDP) has less said about Tourism Development. Taking into cognizance the rich history Soweto has, tourism should be given the first preference in terms of SMME development.

Due to more challenges encountered in the process of BEE implementation, in October 2012 the Department of Trade and Industry (DTI) issued a revised BEE Code for comment. According to Odendaal (2012:1), implementation of the revised BEE Code means that many businesses that have embraced BEE and made the required changes to their structures to obtain a reasonable rating may be faced with a non-compliant status.

There has been neglect of tourism small enterprises in urban tourism (Rogerson & Visser, 2004:250). Rogerson and Visser (2004:250), raised the neglect of tourism small enterprises in the article titled "Urban tourism and small tourism enterprise development in Johannesburg". The annual report by the Tourism, Hospitality and Sport Education and Training Authority (THETA) (2006) raised the fact that also from the business side; support for SMMEs was a challenge particularly as many companies were no longer willing to pay the skills levy.

SMME development can lead to SMMEs meeting the requirements of BEE compliance. BEE compliance means more opportunities to get tenders and being considered for preferential procurement. The implementation of BEE started back in 2000; in 2003 the B-BBEE Act (RSA 2003) was passed for implementation. The Skills Audit done in 2007 in the tourism sector was four years overdue. This study will therefore determine the various challenges the SMMEs have in the implementation of BEE in the tourism sector

in Soweto. Due to a lot of challenges experienced in the implementation of BEE, the elements of Good Practice were reduced from seven to five.

1.8 THE AIM OF THE STUDY

The main aim of the study is to examine the implementation of BEE in small, medium and micro enterprises (SMMEs) within the tourism sector in Orlando West, a high-density township/suburb in Soweto.

1.9 OBJECTIVES

BEE implementation is a complicated process, with a number of challenges presented in different forms since its inception. There is therefore a need for a continuous critical analysis of the process to identify challenges. The study seeks to evaluate the BEE programme as it relates with the SMMEs in the diverse tourism sub-sectors located in Orlando West in Soweto. More than this, it intends to focus on modelling alternatives potentially beneficial for the tourism sector primarily and for other sectors countrywide. Thus, the objectives of the study are to:

- provide a literature overview of BEE in the tourism sector and economic empowerment;
- describe tourism development and BEE legislation in the Republic of South African context;
- determine the challenges facing tourism SMMEs in implementing BEE;
- examine the progress of SMME in tourism in terms of BEE;
- evaluate relevant legislation, literature and practices in terms of the case study: Soweto; and to
- propose a framework to enhance the implementation process of BEE through SMMEs in the tourism sector in South Africa.

1.10 RESEARCH QUESTIONS (BASED ON OBJECTIVES)

If the B-BBEE Act, 2003 (53 of 2003) (RSA, 2003) was passed into law in 2003, progress in BEE implementation in the tourism sector should be manifested. Unfortunately, that does not seem to be the case: challenges are experienced, hence the seven elements of Good Practice were reduced to five. The reduction of these elements is an indication that there is a problem. The Small Medium and Micro Enterprises (SMMEs) in the tourism sector may therefore have been also affected, if the elements had to be reviewed. If there is progress in BEE implementation, some questions should be answered by SMMEs in order to determine the extent to which progress has been made. The questions to be answered by SMMEs are linked to the objectives explained in 1.9, and include the following:

- in terms of paragraph 4.4 of the B-BBEE Act (53 of 2003) (RSA, 2003) as amended, Exempted Micro Enterprises (EME) are allowed to be measured in terms of the Qualifying Small Enterprises (QSE) scorecard to increase their points and be at higher B-BBEE recognition level. Are the EMEs finding it difficult to move to a higher level of B-BBEE recognition within the tourism industries?
- BEE has been labelled in many ways, including ‘fronting’, the minority of black and white people being the one benefiting resulting in a “New elite” group. What is the general unethical behaviour during the implementation of BEE and how does government ensure that SMMEs are not disadvantaged in the tourism sector;
- SMMEs will have to indicate the challenges in achieving their BEE rating, skills development and securing business through preferential procurement;
- SMMEs will explain their specific niches and how they branded their tourism business;
- as part of an evaluation of BEE, some questions will be based on the implementation of the Soweto Economic Development Plan (2008 – 2013). SMMEs will have to indicate if;
 - there was any branding done in Soweto;
 - any activities conducted through the Visitors and Services Bureau (VSB) to promote leisure tourism in Orlando West;

- any conventions, meetings and events with stakeholders were hosted from 2008, if any, how did SMMEs benefit from them;
 - any other SMME development and support programmes were implemented in Orlando West;
 - whether Soweto visiting sites and SMMEs are benefiting from E-marketing;
 - whether regular tourism meetings or forums and road shows were held with key stakeholders; and
 - the grading of non-hotel establishments and accreditation of Tour Guides was facilitated by the Johannesburg Tourism Company (JTC).
- Some questions will ask SMMEs to provide possible solutions to challenges in BEE, in order to propose a framework to enhance implementation.

1.11 RESEARCH DESIGN AND METHODOLOGY

The study is qualitative, which involves the review and analysis of primary and secondary data. According to Mouton (2005:164), typical applications of secondary data analysis include the “analysis of census data; survey data and market analysis”. Heaton (1998:01) indicates that, secondary analysis involves the use of existing data, collected for the purposes of a prior study, in order to pursue a research interest, which is distinct from that of the original work. Therefore, to get more insight into the meaning of BEE in the tourism sector, a variety of books, journals and official documents on tourism laws and BEE tourism charter are scrutinised to achieve this objective. There are interviews conducted for the validation of data collected through the review and analysis of data from the secondary sources.

The City of Johannesburg, National Department of Trade and Industry, tourism and BEE compliance agencies, have strategies and reports on progress made by government and SMMEs in implementing BEE in the tourism sector. The study of these strategies and reports is for the determination of the level of achievement of the BEE objectives.

Strategies and reports from government departments, tourism and BEE compliance agencies also have information on processes involved to become BEE compliant. Processes involved to become BEE compliant help the SMMEs understand the BEE compliance requirements.

The tourism laws and B-BBEE Act (53 of 2003) (RSA, 2003) are used as a guiding legislative framework in the evaluation of BEE implementation at Vilakazi Street in Soweto. Semi-structured interviews with roleplayers or individuals in the key SMMEs targeted in this study are conducted. A list of questions formulated considers the specific organisational context of the SMMEs selected to participate. Interviews assist in validating the findings on various challenges SMMEs have during the implementation process. The findings on challenges SMMEs have informs the development of the guiding framework recommended for BEE implementation in Soweto at Vilakazi Street.

1.12 DATA ANALYSIS

The study is based on content analysis and therefore the technique will be qualitative. Data analysis will eventually present the types of challenges SMMEs have, and will also include proposals and recommendations for BEE implementation in the tourism sector in Orlando West, situated in Soweto.

1.13 CHAPTER LAYOUT

This study comprises of five chapters;

Chapter 1 comprises the research introduction, which outlines the rationale for this study on BEE implementation in the tourism sector in Orlando West situated in Soweto. This chapter is also in itself an overview of the activities involved through the entire study process.

Chapter 2 reviews literature on BEE implementation and tourism in South Africa. The information from journals, books and articles from newspapers, magazines, internet and library archives is analysed and used as a point of reference.

Chapter 3 explains the guiding South African legislative framework of BEE implementation in the tourism sector in Soweto. Firstly, the history of South African tourism including the development and promotion of a transformed tourism sector is reviewed. Secondly, legislation regarding tourism in South Africa is explained. Thereafter the chapter examines the implementation of this legislation.

Chapter 4 details the challenges which SMMEs have in the tourism sector through secondary data analysis from official documents. The analysis also include determining the progress (i.e. attaining BEE status, skills development and gaining access to markets through preferential treatment) of SMMEs in benefiting from the Soweto Economic Development Plan of the Johannesburg Municipality. The relevant legislative framework will be a guideline in making recommendations for an enhanced implementation process. Chapter 4 further presents the case study of Vilakazi Street in Orlando West. The case study involves interviewing the owners or managers of SMMEs at Vilakazi Street in Soweto. The empirical data collected through interviews is presented for data validation. The chapter synthesises and discusses results of the evaluation of BEE in Orlando West, in the light of the contents of chapters 2, 3 and 4. The main findings are simultaneously analysed against the objectives set.

Chapter 5 presents a normative approach to BEE implementation through SMMEs at Vilakazi Street in Soweto. Recommendations to enhance the implementation process of BEE are also presented. Chapter 5 summarises and concludes the findings of the study.

CHAPTER 2: LITERATURE REVIEW ON TOURISM AND ECONOMIC EMPOWERMENT

2.1 INTRODUCTION

The complexity of the tourism industry has over the years posed a challenge in defining tourism. However, there are key components that have assisted in coming up with at least a worldwide accepted definition. Those components are the demand-side and supply-side; which cannot be separated from tourism as an integral system. These definitions are an important body of knowledge or theory that shapes the development of the tourism industry. This chapter therefore explains the meaning of tourism which forms an integral part of the development of the tourism sector.

There is an explanation of the meaning of the tourism core concepts such as mass, responsible, sustainable, pro-poor, and cultural and heritage tourism, tourism as a system and tourism industries, to create a broader understanding of tourism development. Tourism development has beneficiaries who contribute towards the local economic development, and those are the Small, Medium and Micro Enterprises (SMMEs). The chapter therefore explains the advantages and disadvantages of the SMMEs. The disadvantages are part of the challenges SMMEs are faced with in the tourism industries.

There are specific challenges in marketing and management of SMMEs in the townships, as the identified arena for local economic development. The significance of tourism and Tourism Satellite Accounts (TSA) to measure tourism's contribution in the economy is explained, in order to define its significance.

Tourism forms an integral part of economic development, both nationally and locally. Therefore, the chapter will also focus on economic empowerment. Economic empowerment takes place in communities; hence there is also a focus on community empowerment for economic development. Lastly, the role of government in the empowerment of communities as the main stakeholder is explained.

2.2 DEFINITION OF TOURISM

Due to the complex nature of tourism, various authors, researchers and proponents of tourism development postulate different interpretations and meanings of tourism as a sector. It has been difficult over the years to come up with a worldwide accepted tourism definition due to its complexity. The term often means different things to different people; thus causing lack of agreement as to the exact meaning of the word (Collier, 2006:2). According to Collier (2006:2), if in fact there can be one meaning, it is compounded by many varying definitions put forward by writers on the subject.

Cooper, Fletcher, Fyall, Gilbert and Wanhill (2008:11) describe tourism as a multidimensional, multifaceted activity, which affects many lives and influences many different economic activities. According to Cooper *et al.* (2008:11), from a conceptual point of view, tourism can be thought of as “[t]he activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”. This conceptual definition, possibly most widely accepted and cited in academic literature, suggests that tourism is a distinct activity, taking place away from the home area and for a period of 24 hours and more (George, 2007:3). The definition suggests that tourism consists of the following characteristics:

- people travelling;
- travelling to the destination and staying there;
- residing in places not of their usual environment;
- the travelling to a destination temporarily; and
- destinations visited for intentions other than permanent residence or employment.

The points above represent key characteristics of tourism, recognised universally in understanding tourism. They integrate all the elements of the tourism sector: however, there was criticism that the definition does not refer to the purpose of the trip (George, 2007:3), which should be an integral characteristic of tourism. Thus the above mentioned characteristics, including the purpose of travel, provide the reader with a broad definition of tourism.

Cooper *et al.* (2008:12) also made it clear that a distance consideration is sometimes included, on the grounds of delineating the term 'usual environment' and therefore the United Nations World Tourism Organisation (UN-WTO) came with a recommendation of 160 km away from the tourist's usual environment.

George (2007:3) argued that even though many definitions of tourism have been put forward over the years, the definition of tourism remains ambiguous. According to George (2007:3), no definition is universally accepted. However, Cooper *et al.* (2008:11) indicated that tourism definitions can be thought of as either demand-side definitions; or supply-side definitions. These two components cannot be separated from tourism as a system.

The supply-side definitions of tourism make it an even more difficult sector to define. Cooper *et al.* (2008:13) indicates that "the very nature of tourism as a fragmented, diverse product, spread over many industries and comprising both intangible and tangible elements, means that it is a difficult sector to define". The difficulty in an attempt to define tourism proves that it is one of the largest business sectors. Buhalis and Costa (2006:1) confirms this by noting that tourism is now the largest industry in the world. It has moved from the 'mere' 25 million international arrivals registered in 1950s globally, to the impressive 700 million international travellers by the turn of the century. That generated a considerable proportion of Gross Domestic Product (GDP) in most countries (Buhalis & Costa, 2006:1).

According to Cooper *et al.* (2008:13), "the tourism industry consists of all those firms, organisations and facilities which are intended to serve the specific needs and wants of tourists". The tourism industry therefore consists of all the businesses and organisations involved in the delivery of the tourism offering, from travel agents to car rental companies (George, 2007:15). A major challenge identified on technical supply-side definitions is that there is a variety of tourism businesses and organisations, from those which are wholly serving tourists, to those which also serve local residents (Cooper *et al.*, 2008:13).

The demand-side, according to Tassiopoulos, (2008:10), refers conversely to the tourism markets and buyers of the tourism products and services, namely, the tourists. Bennett, Jooste and Strydom (2005:36) simplify the demand side as representing tourist markets, comprising mainly of people who have interest, time and money to travel (primary consumers for tourism goods and services). The supply of tourism products and services depends on the demand by tourists. There are two types of tourists: domestic tourists and international tourists.

- **Domestic Tourists:** Wall and Mathieson (2006:14) define domestic tourists as those individuals travelling within their own country, but who remain away from home, for periods exceeding twenty-four hours. Saayman (2013:6) also refers to them as local or national tourists and identifies them as local inhabitants who travel from one province or area within a country to another, for vacation or business purposes. Flying from Johannesburg to Cape Town for a one-week holiday to visit the Table Mountain and Robben Island, for example, means one is a domestic tourist.

- **International Tourists:** 'International tourists' include those individuals travelling across an international border and who remain away from home for at least twenty-four hours (Wall & Mathieson, 2006:14). Applying for a visa to go to America for a holiday, and staying there for a week, means one is an international tourist.

The definitions portray tourism as one of the biggest industries; hence the expectation that it can contribute immensely towards economic growth. This in turn suggests why international agencies have turned to tourism in pursuit of better economic growth. The economic demands of and opportunities for tourism products have resulted in mass tourism internationally.

2.2.1 Mass tourism and its effects

There is difficulty in developing a specific definition for the concept of 'mass tourism', given that tourism itself is difficult to define. However, Cooper and Hall (2013:57) define it as the production of industrially organised tourism that supports the movement of large

numbers of people. It means that it is more motivated by huge demand and supply of goods and services. Thus tourism planners focus on meeting those huge demands and disregard the effects thereafter. This kind of approach is called boosterism. According to Cooper and Hall (2013:191), with the boosterism perspective 'growth is good'; and any negative effects of tourism development will be superseded by positive benefits.

Timothy (2011:262) describes mass tourism as a catalyst for ecological and social degradation. It has little regard for the protection of the environment, and minimally prioritises improving the quality of the lives of people. Instead, mass tourism is largely premised on fulfilment of consumers' needs and profit-making. Accordingly, Goodwin (2011:37) asserts that both the demand and supply-side economics, i.e. customers and suppliers, are motivated by profit-making; hence tourists are driven by a 'what is in it for me?' attitude. These are some of the effects of irresponsible tourism mentioned in the White Paper on Tourism (RSA, 1996:21) as the concentration of wealth in the hands of owners of tourism plant, and exploitation of local cultures and community groups. In essence, mass tourism mainly represents self-centredness at the expense of other people. Communities are not beneficiaries of the industry, but the industry benefits certain individuals.

The agglomerations of hotel developments form part of urban expansion, which has a detrimental effect on the environment. The building of larger aircraft implies more carbon emissions. These are some of the factors which are of utmost importance to consider in tourism development, either at local or at international level, to comply with responsible tourism norms. The issues of environmental protection are critical. Responsible tourism can therefore be a solution, or an alternative to Mass Tourism.

2.2.2 Responsible, sustainable and Pro-Poor Tourism (PPT)

Responsible tourism seeks to generate economic benefits for local people and enhance the well-being of host communities, improve working conditions and access to the industry (Goodwin, 2011:28). It is contrary to mass tourism, which mainly involves a few people enriching themselves. However, the government as a driver of economic

development should put systems in place for local people to have access to economic development.

Government should create a platform where the private sector and other community organisations can participate. Greenwood and Holt (2010:18) argue that instead of providing a low tax, pro-business climate, location incentives are targeted toward specific firms to encourage them to 'give-back' to the community. The expansion of operations to local communities is an advantage to SMMEs, because it provides local communities with an opportunity to do business with those firms, thereby facilitating sustainable tourism. According to Bennett *et al.* (2005:23), sustainability is inseparably connected to the concept of judicious use of natural resources; defined in the Brundtland Report of 1987 as "meeting the needs of the present without compromising the ability of the future generations to meet their own needs". Therefore, sustainable tourism should be tourism that meets the needs of the present, without compromising the ability of the future generations to meet their needs. Wearing and Neil (2009:9) emphasise that in order to expand the knowledge about the sustainability of tourism, it is important to define sustainable tourism as being developed or studied beyond the catch-all word 'sustainable'. This therefore means that sustainable tourism is broader than the word 'sustainable', as tourism is the driving force of economic development.

Sustainable tourism was adopted due to the effects of mass tourism. Timothy (2011:263) suggests that tourism planners must approach development from a perspective that is different from the long global tradition of boosterism. According to Timothy (2011:263), a different perspective will assist in meeting the objectives of sustainable growth. The long tradition of boosterism promoted and marketed destinations without considering the negative social, environmental and economic consequences. Sustainable tourism also has elements of Pro-Poor Tourism (PPT).

According to Briedenhann (2011:484) over the past decade, attention has increasingly focused on the concept of pro-poor tourism as the engine of development which unlocks opportunities for the poor, through the enhancement of tourism's positive and concurrent

reduction of its negative impacts. Cooper *et al.* (2005:26) define PPT as tourism that results in increased benefits for poor people. Bennett *et al.* (2005:405) indicate that benefits may be economic, social, environmental or cultural. By economic benefits Bennett *et al.* (2005:405) refer to the expansion of business opportunities availed for the poor through the creation of SMMEs; provision of employment and enhancement of community benefits. The environmental or cultural benefits may include improved living conditions, such as water supply, and social benefits are about the empowerment of the people.

PPT generally focuses on the alleviation or reduction of poverty. Cooper *et al.* (2005:25) describe poverty as an unacceptable human situation, a situation people want to escape. According to Cooper *et al.* (2005:25), dimensions to poverty include lack of shelter, hunger, sickness and powerlessness. PPT then responds to these dimensions to poverty, which means it has community-based tourism as its component. Binns and Nel (2002:237) indicate that community-based tourism initiatives aim to increase local people's involvement in tourism. According to Binns and Nel (2002:237) this is a useful component of PPT, although PPT involves more than a community focus – it requires mechanisms to unlock opportunities for the poor at all levels and scales of operation.

It is important to note that responsible, sustainable and PPT have one element in common, and that is, the empowerment of poor communities. These three types of tourism are important in ensuring that local communities, particularly previously disadvantaged individuals (PDI) in the townships, benefit from tourism development. Developing countries, in particular, have a majority of the PDIs due to many reasons, such as colonialism.

2.2.3 Cultural/Heritage tourism for developing countries

Timothy (2011:3) defines heritage as what people inherit from the past and use in the present. Timothy and Nyaupane (2009:3) view heritage tourism as one of the largest, most pervasive, and fastest growing sectors more especially in the developing countries. Heritage tourism typically relies on living and built elements of culture and refers to the

use of the tangible and intangible past as tourism resources (Timothy & Nyaupane, 2009:3). The tangible and intangible past as tourism resources in South Africa is undoubtedly the fight against apartheid and the pantsula jive, amongst other things, which started in the 1960s. Pantsula jive is still very popular and is one of the dances that make Soweto unique, for the international tourists. According to Richardson (2016:1), pantsula is not just a dance, but a way of life in Johannesburg's townships.

Heritage and cultural tourism mean the same thing. However, there are different suggestions on the meaning of cultural tourism. People define it as people visiting heritage sites or viewing historical resources (Timothy, 2011:3). The White Paper on Tourism (1996b:4) of the Republic of South Africa defined cultural tourism as the cultural aspects which are of interest to the visitor, including the customs and traditions of people, their heritage, history and way of life. Looking at the meaning of both heritage and cultural tourism, an overlap in definitions is evident.

According to Timothy (2011:5), other cultural tourism scholars suggested that it is about people trying to edify their cultural selves and satisfy their cultural needs by visiting places and observing built heritage, arts, performances, and living cultures. Timothy (2011:5) notes that none of these elements differs from the meaning of heritage tourism. That is why some scholars use the two concepts interchangeably. That has resulted in the formation of cultural/heritage tourism as the term that integrates both concepts.

Timothy (2011:6) then summarised cultural or heritage tourism, as tourism that includes the living lifestyle, ancient artefacts and modern art and culture. When international tourists visit townships their interest is more on the objects of historical or cultural interest that Africans make and their living lifestyle.

The development of cultural/heritage tourism usually enhances the local infrastructure. The latter condition in turn ensures maintenance of the local environment. Improving the local environment means better quality of life. Cooper *et al.* (2005:247) indicate that life in local communities is significantly enhanced through improved infrastructure. When

South Africa won the bid to host the Soccer World Cup in 2010 for instance, many destinations such as theme parks, stadiums, hotels, walkways and coastal environments were targeted for tourism development to meet the needs of an international tourism clientele. South Africa had also to develop an integrated public transport management system that would suit the event. This altogether positively affected the quality of the lives of the local people.

2.3 THE TOURISM SYSTEM

Tourism as an industry comprises of a business system. Scholars or academics have come up with different models on tourism systems but the most basic is the one by Leiper (1979) explained by George (2007:14). The system has three main features as shown in Figure 2.1 below, i.e. a traveller or tourist generating region, the transit route and the tourist destination region. Returning back the traveller will move from the destination region, travel via the transit route to the generating region.



Figure 2.1: Leiper's basic tourism model

Source: George, 2007:14

- **Generating, transit and destination region of tourism**

In terms of the general systems theory, any system is made up of interdependent and interrelated sub-parts. According to Collier (2006:13), tourism can be regarded as a 'system' and can be analysed against a framework established by the general systems theory. In tourism system terms, the sub-parts refer to the tourist generating region, where

tourists take decisions to visit a particular destination, travelling through certain transit routes.

The transit region consists of the places and areas that tourists pass through when they travel from the generating region to the destination region (George, 2007:14). Tourists, for instance, may transit through South Africa to different African countries. George (2007:14) highlighted the fact that the transit region may also be a destination of sorts – the places en route.

George (2007:15) defines the destination region as the ‘sharp end’ of tourism, which provides the ‘pull’ factors such as climate, natural attractions, and value for money to boost the whole tourism system. This is the region that consists of places to which the tourist is travelling. Without tourists demanding services and suppliers (hosts or destinations) supplying services, there is no tourism system.

The return to the generation region starts from the destination region going through the transit route ending at the generation region. Obviously, the generation region is home and therefore there is no demand and supply of services.

- **The geographic, human and business element of tourism as a system**

Collier (2006:13) views tourism as a system that has three macro-components or elements, and those are geographic element, human element and business element. The geographic element consists of the tourists generating country or region, the host country[ies] or region (s), and the transit route(s) that the tourist takes between host and generating regions, when there is more than one host region (Collier, 2006:13). The host region refers to the destination, whereas according to George (2007:14), the traveller or tourist-generating region is the place from which the tourist or traveller originates.

The human element of the tourism system consists of the citizens, residents or indigenous people of a place or country who then become tourists. The human element also comprises residents of the host region. The business element is that aspect of the system

that consists of the role players, people who keep the tourism system vibrant. Collier (2007:13) also indicated that the business element of the tourism system consists of all those who have a role to play in the development and delivery of the tourism product to the tourist. These are the people who develop and deliver the tourism products. The three main features discussed and shown in Leiper's model in Figure 2.1 provides a full description of tourism as a system.

2.4 THE 'TOURISM INDUSTRY' VERSUS 'TOURISM INDUSTRIES'

Since tourism gained international recognition as a driving force of economic development in the 1960s because of its political and economic importance, it has grown into a number of industries. There have been arguments around the concept of tourism which portray it as a single industry. Most scholars do not see 'tourism industry' as a singular concept but as a plural concept, which means 'tourism industries' should be used instead of 'tourism industry'. According to Alteljevic and Page (2009:16), the industry encompasses a range of tourism services, which inevitably questions the concept of tourism as a single industry. However, Alteljevic and Page (2009:16) argue that tourism industries as a generic term has never been based on any serious theoretical interpretations but mainly relied on simplistic propositions. According to them, it means there is not enough evidence to support the use of 'tourism industries' as a concept.

However, George (2007:15) defines and summarises the tourism industry as comprising of all those firms, businesses, organisations and facilities involved in the delivery of tourism offering, from travel agents to car rental companies in order to serve the specific needs and wants of tourists. Looking at these numbers of sectors and sub-sectors discussed by George (2007:15), one can deduce that these sectors and sub-sectors are industries. Accommodation, for instance, consists of a hotel industry, bed and breakfast establishments, lodges, guest houses, backpacker and hostelling, caravan and camping parks, and resorts. These are different industries tourism has, which qualifies the use of 'tourism industries' than 'tourism industry.' For the purpose of this thesis, therefore, the

use of the concept 'tourism industries' is appropriate because of the size of the tourism sector.

2.5 SMME IN THE 'TOURISM INDUSTRIES'

It is important to understand the meaning of the SMME in the tourism industries before deliberating on advantages and disadvantages. Rogerson (2005:627) provides a definition and examples that clarify the role of the SMME both in the tourism economy and tourism industries. Rogerson (2005:627) indicates that theoretically the definition of tourism SMME should include those SMME operations which fall within the scope of the travel and tourism economy, as well as those operating within the travel and tourism industries.

The examples by Rogerson (2005:627) of those SMME operations which fall within the scope of the travel and tourism economy includes inter alia, a laundry business dominated by servicing the needs of a large hotel and a specialist producer of furniture for game lodges or an exclusive producer of clothing. Obviously such services would require a well-established SMME, with capacity to deliver. Large hotels contribute immensely towards economic growth and therefore it makes sense to differentiate SMMEs servicing such hotels from those that operate within the tourism industries.

Rogerson (2005:628) categorises the SMMEs that operate within the scope of the tourism industries into three subsectors, i.e., accommodation, hospitality and related services and travel distribution system. Accommodation includes bed and breakfasts; guest houses and backpacker hotels. Hospitality and related services include amongst other things, restaurants, catering, attractions and arts and crafts. According to Page (2003:242), 'it is widely recognised that a range of factors impact upon the success or failure of visitor attractions as tourism enterprises'. Due to tourism being the driver of economic development globally, there is much competition because of high expectations. Attractions and tourism products should be improved from time to time. SMMEs should therefore be managed efficiently to keep up with the demands and visitor satisfaction.

Travel distribution systems would then include tour guides and tour operators. Tour operators also contribute towards visitor or customer satisfaction. Page (2003:241) raises two main factors that underpin the need to ensure customer satisfaction. The first factor is that visitor satisfaction encourages regular and repeat visitation, which is more cost effective, and secondly, the word of mouth recommendations work in favour of attraction operators since minimal marketing input is required to attract new visitors. In other words, for the tourism business to be successful, SMMEs must ensure that visitors are satisfied. Customer satisfaction relies more on efficient and effective management of the business. Effective and efficient business management also sustains the business for a longer period of time. The levels of efficiency and effectiveness would differ between the established and emerging SMMEs. Obviously the established SMMEs will have higher levels of efficiency and effectiveness as compared to their counterparts and advantages thereof.

According to Rogerson (2005:631) the group of established SMMEs in tourism enjoy a number of critical advantages over their emerging counterparts. The first advantage is that established SMMEs have access to capital than emerging SMMEs. Secondly, in addition to economic capital, these established entrepreneurs commonly enjoy high levels of social capital in terms of access to networks, sources of information and data to support their tourism business (Rogerson, 2005:631). Basically, these established SMMEs have more resources to strengthen their businesses. The levels of education are also a definite contributing factor. Rogerson (2005:631) attests to that when saying, “the high levels of social capital are enhanced by these entrepreneurs’ high levels of education, which result in high levels of managerial skill”.

The final advantage of the established SMMEs is their cultural capital. This has to do with their language proficiency when dealing with various types of tourists both domestically and internationally. According to Rogerson (2005:631), that is the general awareness of the tourism market (albeit not always acquired through formal training) and sound knowledge acquired, of the ‘tastes’ and ‘experiences’ that are generally sought out by

large segments of the tourism market. These advantages are a defining tourism business success factor of the established SMMEs. Without these advantages, challenges in tourism business are bound to increase, which is likely to be the case with emerging tourism SMMEs.

There are a number of disadvantages that the emerging SMMEs are faced with. Firstly, it is the competition from established SMMEs and tourism firms. Rogerson (2005:634) also makes note of the findings by other researchers on problems facing emerging SMMEs or entrepreneurs, more especially the emerging black-owned small-scale accommodation establishments. According to Rogerson (2005:634), the emerging black-owned small-scale accommodation establishments are largely confined spatially to poor townships. This limits the growth of these establishments due to the geography confinement to 'township tourism' niche. The business then cannot attract the wider mix of business and leisure tourists.

The other challenge noted by Rogerson (2005:634) is the fact that emerging entrepreneurs draw the start-up finance from their own pockets and ultimately have a problem to finance marketing. This challenge was identified during the 2002 Johannesburg World Summit as the major constraint on the emerging SMMEs' business development. A call was also made on a need to finance the upgrading of the accommodation facilities in response to the demands from the international tourists. The other constraint is "the lack of assistance with enhancing skills, in terms of both becoming aware of the tourism industry[ies] and of receiving information about running a business" (Rogerson, 2005:635). These challenges call on government to intervene.

2.6 CHALLENGES OF TOURISM MANAGEMENT IN THE TOWNSHIPS

There are certain characteristics of tourists that management specialists should know about, so as to understand the demand and market attributes. According to Timothy (2011:27), management specialists have traditionally segmented tourists according to

three characteristics. Those characteristics are demographics, psychographics and geographic segmentation.

Demographics segmentation results when visitors are grouped by certain social and socio-economic characteristics. Timothy (2011:27) identified the most common of these being age, gender, employment, marital status, education and income. The demographic segmentation enables managers to classify tourists and the types of activities they can be interested in thereof. Education is important to understand these classifications and collect relevant information, which may be a challenge for managers in the townships.

According to Timothy (2011:27), heritage tourists tend to be best educated, with a strong personal interest in various aspects of history, such as culture, migration, museums and various manifestations of heavy industry. In places such as Soweto, cultural or heritage tourism is predominant because of its diverse people and nationalities existing there. The political history makes Soweto, marketable to tourists. The challenge is that managers may not be informed of the certain specific interests tourists may have, which may compromise the quality of service.

Psychographic segmentation has to do with the attitudes and behaviours of tourists, and these are usually conditioned by their home surroundings, life styles and social networks. All these influence their expectations and desires during the visit. Timothy (2011:28) makes an example of outgoing personalities, shy demeanours or workaholics which are other ways people can be seen from a psychographic perspective. It is therefore important for management specialists to have knowledge of the kind of tourists they are expecting and to meet their requirements. In most cases tourism managers in the townships are not specialists in tourism, which may cause difficulty to meet those requirements.

It is also important to understand where the tourists come from and where they are going while in the destination, and this is called geographic segmentation. This is more of the destination visited as a transit region. Knowing where visitors come from therefore helps

in decision-making in terms of budgeting for the promotion of the destination. As well, where tourists go and what they do while in the destination helps monitor visitor impacts (Timothy, 2011:28). Monitoring visitor impacts forms an integral part of the evaluation of the effectiveness of tourism planning and assist in determining the most popular areas or attractions. All these segmentations require education, skills and understanding amongst staff members and managers, in order to meet the needs of the tourists, which may not be the case in the townships.

There is evidence found in some case studies in South Africa that there is lack of education in the tourism industry for instance, which affects performance. The study of the High Lands Meander on Tourism and Local Economic Development by Rogerson (2002:158) provides empirical data on the low literacy levels. Out of 18 enterprises surveyed, 12 complained of the difficulties encountered in recruiting local labour. According to Rogerson (2002:158), several interviewees complained the 'poor quality' of local labour, particularly in terms of levels of literacy, and with regard to 'bad work ethics' or 'poor service skills'.

Townships are part of urban areas. Rogerson (2002:245) indicates that in an urban context the cultural industries comprise a diverse group of attractions, including nightclubs, libraries, museums and art galleries. Nightclubs are popular in the townships and are mostly managed by people who are uneducated and unskilled. There is a growing need for education, training and management development activities to recognise the changing nature of attractions as business (Rogerson, 2011:245). The provision of training to equip managers with skills and knowledge in management is important for the success of tourism in the townships.

2.7 THE SIGNIFICANCE OF TOURISM SATELLITE ACCOUNTS (TSA)

Moswete and Darley (2012:369) indicated that the tourism industry is becoming a vital economic sector in several African countries because of its potential to create new opportunities for employment. It means that tourism is an important sector of the economy

as it contributes immensely towards the Gross Domestic Product (GDP) of the country. According to the World Travel and Tourism Council (WTTC), the global tourism industry is a (USD) \$5 000-trillion industry (George, 2007:7). Christopher and Taylor (2006:92) regard travel and tourism as probably the single most important industry in the world. It is therefore important to gather data on tourists in order to determine tourism contribution towards economic development.

Gathering data on tourists is a vital task for the government of a country, both for use by its own national tourist office and for the benefit of the providers of tourism services (Holloway & Taylor, 2006:99). Holloway and Taylor (2006:99) indicate that tourism organisations, whether in the public or private sector, need such data to enable them to forecast what will happen in the future. Having such data helps to determine the market trends, together with the patterns of growth and changing demand for destinations, facilities or types of holiday. The tool that is used by governments to gather data is called Tourism Satellite Accounts (TSA). It is imperative to have the TSAs as it is an important tool or concept to make the reliable estimates or measures of the economic magnitude of tourism in a country.

The fully developed TSAs would describe amongst other things, expenditures of tourism commodities by consumers, the value of the production of those commodities, and expenditures on collective consumption. TSAs also describe the net value of tourism activity; gross fixed capital formation; jobs created and other visitor measures. According to Frechtling (2008:136), the TSA is a method of measuring the direct economic contributions of tourism consumption to a national economy. Basically, the TSA is a method that can help in measuring the impact of tourism in an economy as the economy comprises of different sectors or industries. TSAs therefore also help to estimate how much visitors spend on goods and services produced by non-tourism industries.

Basically the economic impact of tourism can be measured only through the TSAs. TSAs are an indicator of tourism growth and developmental needs thereof. An indicator of tourism growth and developmental needs then inform future planning. The fully developed

TSAAs are therefore important for sustainable growth of tourism as it has become a significant tool for economic development.

2.8 ECONOMIC EMPOWERMENT THROUGH TOURISM

It is important to understand the meaning of empowerment, in order to define the meaning of economic empowerment in the tourism sector. Firstly, the reason to empower is derived from the state of being powerless. When people are powerless, they are not productive, and therefore cannot contribute in any way towards economic development. Sofield (2003:77) describes those who are powerless as alienated or marginalised. Hornby (2010:480) defines the word empower as to give somebody the power or authority to do something. In other words, to empower is to change the state of being powerless.

Sofield (2003:79) indicates that empowerment has entered the popular vernacular as a generic term denoting a capacity by individuals or a group to determine their own affairs. In terms of economic empowerment, people are involved in economic development initiatives. The tourism sector is earmarked for economic development worldwide. Therefore, governments, private sector and community organisations should allow for the participation of the civil society in the implementation of tourism.

Sofield (2003:79) argues that because empowerment is a process that involves relationships between individuals and or communities and others, it is a transactional concept nurtured by the effects of collaborative effort. According to Briedenhann (2011:488), empowerment occurs when people take greater control over the social and institutional context that affects their livelihood. This is what should be happening in tourism development as a driving force of local economic development. People should have greater control in order to participate meaningfully in economic development.

2.8.1 Community empowerment for economic development

There is an increasing need for community empowerment in developing local economies. The involvement of community stakeholders in tourism development has become a world

phenomenon. In other words, there is a move from centralisation to decentralisation, to empower people to deal with problems at local level.

Murphy and Murphy (2004:24) indicate that Naisbitt (1984), considers the real political power in USA – that is the ability to get things done – has shifted away from the USA Congress and the presidency to the states, cities, towns and neighbourhoods. The community empowerment approach for economic development is ideal for the development of local economies. This approach is in line with Pro-poor and responsible tourism and can close the economic gap between the rich and the poor.

Governments are of critical importance in community empowerment for local economic development. There are certain roles that governments should play in order to achieve the goals and objectives of local economic development.

2.8.2 The role of government in empowering communities

There are various roles governments play in developing the economy through tourism. According to Cooper and Hall (2013:145), the forerunner to the United Nations World Tourism Organisation (UNWTO), the International Union of Tourist Organisation (IUOTO) in their discussion of the role of government in tourism identified areas of public sector involvement as coordination, planning, legislation and regulation, entrepreneur, stimulation and promotion.

- **Coordination:** It is important to coordinate tourism activities between different levels of government to avoid the duplication of resources by various government tourism bodies and the private sector. Coordination helps in the development of effective tourism strategies. However, government takes a major coordination role by bringing various tourism stakeholders together. Cooper and Hall (2013:145) argue that the role of government has increased in recent years as a result of the focus on governance.

According to Hall (2008:47), tourism is subject to direct and indirect government intervention often because of its employment and income-producing possibilities and

therefore it's potential to diversify and contribute to national and regional economies. When government assumes the coordinating role of tourism development, it is clearly because tourism is an important tool to use when intervening in improving the economy.

- **Planning:** Demands for tourism planning and government intervention in the development process are typically a response to the unwanted effects of mass tourism in tourism development, particularly at the local level, as well as to make destinations more attractive and competitive (Hall, 2008:10). The government involvement in tourism planning in other words is mainly for macro-economic development and environmental protection. Page (2003:278) acknowledges the fact that in the USA “at the county level, USA governments have an interest in tourism because it is an environmentally damaging activity if it is left uncontrolled, and because it may affect the people and economies of areas in both positive and negative ways”. Environmental protection includes, putting some form of regulation in place for sustainable development.
- **Legislation and regulations:** The depletion of natural resources in particular is the one that triggered the consideration of the sustainable forms of tourism development worldwide. According to Hall (2008:19) since the late 1980s there has been an explosion in the number of text and articles, plus courses and consultants, concerned with sustainable forms of development and mitigation or managing tourism’s undesired effects. Governments therefore play an important role in enforcing tourism legislation and regulations to minimise those undesired effects.
- **Entrepreneur:** Government should act as an entrepreneur in tourism development for the local socio- economic development in particular. Cooper and Hall (2013:146), also argue that the local levels of government focus, has increased its entrepreneurial role, particularly in respect to financially supporting hallmark events or major urban development programmes as part of a regional competitiveness strategy.

- **Stimulation:** Government intervention by providing some stimuli to sustain the tourism sector is inevitable due to sometimes extreme cases where there may not be adequate flows of tourists to support a tourist attraction. Page (2003:280) indicates that “subsidies, grants and assistance to the tourism sector in this context are justified by arguing that without support the attraction may not survive”. Without stimulation by government, the tourists’ region may lose its attractiveness.

Cooper and Hall (2013:146) identify three major sources of stimulation that are in existence, which are of critical importance in the development of local economies. Firstly, it is the provision of financial incentives such as low cost loans and direct subsidies to private investors. Secondly, government funding of research, usually at low or nil cost, which is also made available to the private sector. The third one is the financial support or direct undertaking of marketing and promotion in order to generate tourism demand also to encourage investment in tourism attractions and facilities. Stimulation also links to promotion, which is normally seen as a separate function in the role of government.

- **Promotion:** Promotion is part of marketing and is an important feature of tourism sustainability. According to Cooper and Hall (2013:147), marketing and promotion has long been one of the main activities of government in tourism. This is because government also has a responsibility to stimulate the tourism sector. When taxpayers’ money is spent to ensure attractions are attractive, those attractions must be promoted to boost the economy. The areas of public sector involvement place the government as an important stakeholder in tourism development, particularly in developing countries. Looking at these areas, it is clear that the success of tourism in these countries rely mainly on government intervention.

2.8.3 The role of the private sector

The private sector has a role to play, more especially in terms of enterprise and supplier development, which is code series 600 in the BEE Score Card. In the Republic of South Africa (RSA), there are different perspectives in which big corporates approach enterprise

development. According to Trialogue Website (2013), while some of the big corporates include enterprise development activities within their Corporate Social Investment (CSI) function, others treat it as a distinct function, which is managed and draws funding from elsewhere in the business.

According to SME South Africa Website (2016), big corporates have a responsibility to help small and emerging social enterprises, as they play a vital role in accelerating innovation and economic growth in the continent and globally. The support provided by Sun International to SMMEs at Vilakazi Street, specifically bread and breakfast outlets, is an example of the support arrangement between the big corporates and small companies. Big corporates have an important role to play in the development of small enterprises, which is an advantage to SMMEs.

2.9 CONCLUSION

The difficulty in coming up with a meaningful definition of tourism proved that it is a sector with various industries. The geographic element, which comprises of the tourist-generating region, the transit route and the tourist destination region in tourism as a system, show the many sub-parts tourism has. The human element, which comprises of citizens or indigenous people, was the highlight of the size of the tourism industries. The business element which is the most critical part as it consists of people who drive or keep the tourism industries alive, was an indication of the variety of business role players. The rapid growth of the tourism sector due to business opportunities has led to mass tourism. Profit makers normally ignore any environmental degradation; hence the world today is struggling to fight global warming. Explaining mass tourism highlighted the exploitation of the majority by the profit makers in the tourism sector.

Responsible tourism, which seeks to involve local communities to improve the quality of lives and to enhance the environment, was defined. The definition indicated the possibilities of ensuring the majority of people benefit in the development of tourism. Sustainable tourism as one of the important concepts that counteract the effects of mass

tourism was discussed. Its focus is more on sensitising tourism planners to take cognisance of ways to avoid environmental degradation in their planning. Sustainable tourism indicates the importance of protecting the future in any tourism development initiative. Pro-poor Tourism as it targets the majority of the people who were previously disadvantaged was critical to form part of the discussion.

The explanation of cultural and heritage tourism as the most pervasive and fastest growing sectors in the developing countries added to the opportunities available in the development of tourism. These definitions of different kinds of tourism together qualified the use of “tourism industries” as a plural form than “tourism industry” as singular in the discussion of tourism system. The use of the plural form represents the abundance of economic development opportunities the tourism sector has due to its size.

The economic development opportunities within the tourism industries were a determination of the role tourism SMMEs can play in economic development. The advantages and disadvantages of SMMEs in the tourism industries were an awareness of the challenges SMMEs may have in their participation in economic development through tourism.

The international world regards tourism as the driving force towards the local economic development. It was for that reason that the significance of tourism and Tourism Satellite Accounts (TSA) as a tool to measure the impact of tourism in economic development was important to explain. The significance of tourism was explained mainly to highlight the role of tourism in job creation, which is the most important activity in economic development. Economic development through tourism requires the empowerment of the local communities, hence economic empowerment was explained. Economic empowerment depends on initiatives by government to ensure communities benefit from tourism development. The role of government was therefore explained to pinpoint the governments’ responsibility to ensure local communities are empowered when developing tourism.

Government cannot achieve its objectives without the support of the private sector. Therefore, it was important to describe the role of the private sector in local economic empowerment.

CHAPTER 3: TOURISM DEVELOPMENT AND BEE LEGISLATIVE FRAMEWORK IN SOUTH AFRICA

3.1 INTRODUCTION

This chapter firstly gives an overview of the tourism sector in South Africa, largely accounting for prominent developments in history. The next subsection details the legislative framework governing tourism since 1938. Of particular interest is the White Paper on Tourism, 1996 (RSA, 1996b), which effectively foregrounded subsequent legal and institutional arrangements. To determine the state of tourism in South Africa, Gauteng and, in particular, Soweto is reviewed, with special emphasis on the superstructure of tourism in each setting. Whilst the preceding section also appreciates the potential of tourism for local economic development, the latter section examines the BEE policy and its support arrangements for meaningful contribution to SMMEs in tourism, accelerating economic transformation.

3.2 BACKGROUND OF TOURISM IN SOUTH AFRICA

Tourism grew tremendously after South Africa achieved its non-racial democracy in 1994. Tourism enjoyed consistent economic growth and macroeconomic stabilisation, bolstering an accelerated growth rate. By 1996, the widely diversified sector of tourism contributed 10% of the national GDP (Ensor, 2013:1). Moreover, in 2012, 10.2% in-bound tourists visited South Africa (Ensor, 2013:1), reflecting its perpetuation of growth and importance in the economy. South Africa surpassed the average global growth rate of about 4% as estimated by United Nations World Tourism Organisation (UNWTO) (2017c). These figures show a strong year-on-year growth of 33.7%, with tourism mostly coming from the Asian market. Tourists from the African continent contributed 7.5% of tourists coming to South Africa in 2012. Overall, overseas tourist's numbers rose by 15.1%; which was among the highest growth rates in the world, signifying that South Africa took a leading role in the tourism sector in Africa.

In 2012, the G20 Heads of State recognised tourism as a driver of growth and development. These Heads of State also saw tourism as a sector that has potential to spur global economic recovery (SouthAfrica.info, 2013:2). South Africa is one of the countries that have capacity to develop the tourism industry. South Africa's scenic beauty, magnificent outdoors, sunny climate, cultural diversity and reputation for delivering value for money have made it one of the world's fastest growing leisure-and business-travel destinations (SouthAfrica.info, 2013:2)". South Africa caters for most tourism portfolios. Accordingly, SouthAfrica.info (2013:2) notes that the country caters for business, eco-and cultural tourism through to adventure, sport and paleo-tourism.

In terms of the tourism developing sectors, wine tourism was identified as one of the fastest-growing and most lucrative sectors of the global tourism market in South Africa. In 2009, wine tourism contributed an estimated R4.3 billion to South Africa's tourism revenue (SouthAfrica.info, 2013:4). Business tourism was identified as the fastest growing sector, whereas rural tourism was declared a priority area for government.

According to Hall (2008:9), the economic significance of tourism for developing countries is long established, noticeably in generating foreign exchange earnings, attracting international investment, increasing tax revenues and creating new jobs. Therefore, tourism has recently begun to be promoted as a powerful weapon for poverty alleviation (Hall, 2008:9). There is a global realisation that the significance of the tourism sector and its potential for increasing employment can create opportunities for economic development. Tourists take money from their home countries to spend at their destinations. Governments want to know how many people travel to and from their countries so that they can determine the effect of tourism on the balance of payments (Keyser, 2004:35). The world is a vast expanse of passive and active consumers of tourism products in local destinations, an activity which presents vast opportunities for economic gain for individuals, communities and profit and non-profit making enterprises

According to Keyser (2004:35), the money earned from the incoming tourists is classified as income, whereas the money spent by foreign nationals travelling abroad is

expenditure. Most tourists are looking for an experience—that is, something uplifting or out of the ordinary—while on holiday trips (Mak, 2004:9). Soweto is one destination out of the ordinary, which is because of its historical and political significance, i.e. it hosts many features associated with Nelson Mandela, Desmond Tutu and other liberation leaders, largely before 1994.

3.3 LEGISLATION ON TOURISM IN THE REPUBLIC OF SOUTH AFRICA

The history of South Africa is not appealing and many studies truncate the period before independence in its review. However, the sub-sections below describes the legislation relevant to tourism in South Africa from 1938-2014.

3.3.1 Tourism legislative history (1938 – 1993)

In 1938, South Africa instituted the Tourist Development Corporation Act (15 of 1938) (RSA, 1938). According to Vrancken, Brettenny, Carnelley, Fouri, Hocter, Lawack-Davids, Le Roux, Marx, Mukheibir, Verkuil and Woker (2002:295), the Act established a tourist development corporation. Corporation in this case meant a group of people recognised by the law as a single unit to deal with tourism marketing. The objective of the Act was to encourage, by means of advertisements and dissemination of information about Southern Africa, persons not residing in Southern Africa to visit it and travel in it. This legislation was made to provide for the marketing of the tourism industries between 1938 and 1946. The Tourism Development Corporation Act (15 of 1938) (RSA, 1938) was repealed by the Tourist Corporation Act (54 of 1947) (RSA, 1947) after the Second World War. Again, the goal of the new Act was to establish a corporation. The aim was to encourage the development of travel services to and within South Africa and so further stimulate the development and improvement of accommodation for travellers within South Africa (Vrancken *et al.*, 2002:295).

The Tourism Board Act (00 of 1983) (RSA, 1983) was passed by the legislature to abolish the South African Tourist Corporation and the Hotel Board. According to Vrancken *et al.* (2002:95), the Act also made provision for the South African Tourism Board to assume

the role and responsibility once borne by the two abolished bodies (South African Tourist Corporation and Hotel Board). The South African Tourism Board Act of 1983 was repealed by the Tourism Act (72 of 1993) (RSA, 1993).

- **Tourism Act (72 of 1993)**

The Tourism Act (RSA, 1993) was amended through the Tourism Amendment Act, 1996. Amendment Act, 2000 and the second Amendment Act, 2000 was designed to bring changes in the tourism business sector, to improve the services rendered to tourists. Section 2 of the Tourism Act (RSA, 1993) made provision for the establishment of the South African Tourism Board. The Board would comprise of not fewer than nine and not more than 15 members. The members would be, the Chairperson, Deputy Chairperson, one representative from the Department of Environmental Affairs and Tourism, and an administrator from each province.

The aim of the Board was, in consideration of the environmental resources, to market tourism by encouraging people to travel to and in the Republic, and with the goal to:

- a) regulate the services rendered and facilities made available to tourists;
- b) conduct research and manage information in tourism industries; and
- c) advise the Minister on policy matters.

3.3.2 White Paper on Tourism, 1996

When South Africa became a non-racial democracy in 1994, the new government had to formulate a policy on the development and promotion of tourism in South Africa. This is because tourism had strong potential for addressing the objectives of the Reconstruction and Development Programme (RDP). Nevertheless, the formulation process of the White Paper on the Development and Promotion of Tourism started in October 1994 and was adopted in May 1996. The White Paper on Tourism (RSA, 1996) basically envisioned the resolutions of developing tourism in a new socio-economic and political dispensation after 1994. Notably this latter effectively became a primary guideline for tourism development. The sections below detail the content of the White Paper on Tourism (RSA, 1996):

Part one highlights the potential of the tourism industry and the role it may play in economic development. As such, the tourism performance had to be reviewed in 1995 to establish where South Africa was, in terms of domestic and international tourism.

Part two of the paper reflects on tourism before 1994 and identifies key constraints militating effective implementation of tourism in South Africa. These key constraints include inter-alia an apparent inadequacy of resources and funds for tourism establishments, and a myopic private sector. Principally, it recognises the effect of apartheid on limiting the development, scope and involvement of local communities. The White Paper on Tourism (RSA, 1996) identified the unique local economic development opportunities for the PDG, such as; the operators of guest houses or bed and breakfast, taverns, shebeens, taxi services, township experiences, music and dance. These services are particularly popular in the South Western Township (Soweto) of Johannesburg.

Part three of the paper identifies inadequate training and education i.e. awareness and environmental management as key constraints or primary reasons for poor service delivery in these sectors.

There was also a concern that the tourism directorate under the Department of Environmental Affairs and Tourism (DEAT) was systematically neglected. DEAT was a national department with two directorates, environment and tourism; and a presumption was that there were significant staffing and resource deficits in the tourism Directorate. The environmental directorate dominated the tourism component (RSA, 1996). It is perhaps for this reason the South African Tourism Board (SATOUR) attempted to fill this gap by carrying out both the national government responsibility and its statutory body functions. This was an undertaking possibly occurring under the leadership of Dawie de Villiers, who was the Tourism Minister from 1994-1999. The national government responsibility and its statutory body functions included the grading and classification of hotels, issuing of licences, research and development, training, marketing, promotion and product development.

In Section 28 of Tourism Act (3 of 2014) (RSA, 2014) the Minister of Environmental Affairs and Tourism mandates to develop a national grading system, and establishes the Tourism Grading Council according to Section 29. This implies that the function of grading and classification of hotels is no longer a responsibility of the Tourism Board, but Tourism Grading Council with decentralising roles. The White Paper on Tourism (1996) (RSA, 1996), identifies the potential of tourism to provide jobs in that it can employ a multiplicity of skills and create opportunities for entrepreneurship. This underscores the clause that one of the key elements of tourism is building cross-cultural relations across the world.

Part four of the White Paper on Tourism (1996) (RSA, 1996) envisages the importance of the involvement of local communities in the plans to develop the tourism sector. Emphasis rested on the need for sharing information; training and finance, building partnerships between existing establishments, local communities and suppliers for optimum results. Perhaps interesting to note is that specific targets were outlined. The policy (White Paper on Tourism) (RSA, 1996) set out to increase visitor arrivals by 15% over the ten years from 1996, a target that has since been achieved. According to the Annual Tourism Report (2012:6), regional tourist arrivals (i.e. from other African Countries) grew by 10.2% (849 014) in 2012, reaching 9 188 368 million, while overseas tourist arrivals increased by 15.1% in the same period. Hanekom (2014:1), reviewing the successes of tourism, notes that tourism generated 9.7% of South Africa's gross domestic product, which accounts for more than 1,6 million jobs in the country. This was far more than what the policy, White Paper on Tourism (RSA, 1996) projected to achieve by 2005.

The last segment, namely Part five, explores the key policies and actions needed to "ignite the engine of tourism growth". Those policies would include education and training, financing tourism, access to finance, environmental management, transportation, product quality and standards. Education and training were important as the majority of the people had been deprived of quality education before 1994. Notably, the BEE Tourism Charter regulating BEE implementation in the tourism sector currently has skills development as one of the key elements of good practice. Financing tourism and providing access to finance focuses on the goal of SMME development is a clause recognised in the BEE

Tourism Charter as 'enterprise development'. Basically the principles implicit in the White Paper on Tourism (RSA, 1996) are upheld in the BEE Tourism Charter.

It is important to note that the White Paper on Tourism (RSA, 1996) informs the Provincial White Papers. This indicates that the vision and principles undergirding the National White Paper thus cascade to sub-national contexts, including the City of Johannesburg (of which Soweto is part).

3.3.3 Tourism Act (3 of 2014)

The Tourism Act (3 of 2014) (RSA, 2014) was passed into law on 3 April 2014. The Tourism Act (RSA, 2014) provides a broader legal framework to develop, grow and market the tourism sector. The Act makes provision for the promotion and practicing of responsible tourism; and for the effective domestic and international marketing of South Africa. One of the key objects of the Act is the enhancement of cooperation and coordination between national, provincial and local governments in developing and managing tourism. The provision is made to ensure quality products and services are promoted. The Act also aims to define 'responsible tourism', which has become important in protecting the environment. Section 4 of the Tourism Act (RSA, 2014) enunciates the Minister's authority to develop the National Tourism Sector Strategy, Norms and Standards and the Codes of Good Practice. More than this, the Minister is also required to establish the Tourism Monitoring and Information Management System.

In terms of sub-section 7(1) of the Tourism Act (3 of 2014) (RSA, 2014), the determination of the norms and standards is for the practising of responsible tourism, achievement of service excellence, promotion of the objects of the Act, and the provision of tourism information services to the public. Sub-section 8(a) refers to the issuing of the Codes of Good Practice to guide conduct relating to tourism services, facilities and products. Sub-section 8(b) makes provision for guiding the conduct of organs of state responsible for the development and management of tourism. These sub-sections materially ensure that tourism services and practices are regulated to maintain high standards.

Section 9 of the Act (RSA, 2014) provides for the continuation of the South African Tourism Board, which is mentioned in the review of Section 2 of the Tourism Act (72 of 1993) (RSA, 1993) above. Section 28 of the Tourism Act (3 of 2014) (RSA, 2014) makes provision for the development of the national grading system of tourism services, facilities and products by the Minister. This is to ensure optimum provision of services, facilities and products demanded.

Tourism protection is provided for by Section 45; where a suitably qualified individual appointed by the Minister as a Complaints Officer to perform the accreditation of schemes, i.e. such as the systems used in the grading of resorts, lodges and hotels. The accreditation of schemes therefore refers to arrangements for a particular tourism sector to resolve tourists' complaints. Section 48 provides for the appointment of the National Registrar of Tourists Guides. The names of both the Complaints Officer and the National Registrar after the appointment is made are published in the Gazette through a notice by the Minister. In this, a Member of the Executive Committee (MEC) should appoint the Provincial Registrar of Tourist Guides and publish the name in the Provincial Gazette.

Section 59 makes provision for offences and penalties; offences suggesting that any company or close corporation employing a non-registered tourist guide for instance, as contemplated in section 57(3) of Tourism Act (RSA, 2014), breaches the contractual expectations. The latter would be liable on conviction to a fine not exceeding R100 000. Delegations and assignments are provided for by Section 60, which connotes that the Minister may have executive rights to determine, delegate or assign to the Director-General any officer of the Department, any power or duty conferred on the Director-General in terms of the Tourism Act (RSA, 2014).

Section 61 makes provision for the regulations determining the dissemination of information and monitoring systems. The repeal of the Act is provided for by Section 62, and the Act repealed by this Act is the Tourism Act (72 of 1993) (RSA, 1993). Section 63 makes provision for transitional provisions and savings contained in Schedule 1, which

must be read and applied as substantive provisions of this Act. Section 64 is a short title and commencement date of the Act.

The latter provides a sketch of the tourism legislative landscape and provides the legal framework in which the development of tourism in South Africa is located.

3.4 EMERGENCE OF SMME TOURISM IN SOUTH AFRICA

Since the end of World War II, global tourism has increased steadily year after year, and by 2004, tourism emerged as an important economic activity for many countries (Keyser, 2004:34). According to Timothy (2011:16), global tourism has grown from an estimated 25 million international trips in 1950 to nearly a billion cross-border trips in 2010. This is a growth of more than 950 million international trips in a period of 60 years. The tourism sector is growing rapidly and proves to be a viable tool to boost the economy. This implies a high demand for tourism internationally which is an advantage to South Africa in particular.

It is essential to reiterate that after South Africa was liberated in 1994, the new government instituted policies to promote economic growth. Institutions were set up to implement programmes to meet policy imperatives. These provided complementary financial support instruments, which both directly and indirectly supported the tourism SMME economy in South Africa (Rogerson & Visser, 2004:225). The marketing of tourism is internationally regarded as of utmost importance. South Africa has therefore commissioned financing mechanisms to ensure effective marketing, among other goals. According to Rogerson and Visser (2004:225), an increased budget for enhanced marketing of Small Medium Tourism Enterprises (SMTE) is the priority of the International Tourism and Marketing Aid Scheme (ITMAS), which the Department of Environmental Affairs and Tourism (DEAT, 2001) implemented. ITMAS is a scheme the latter administered over a period from 1999 to 2003. Section 2 (1) (b) of the Tourism Act (RSA, 2014) makes provision for the domestic and international marketing of South Africa as a tourism destination, as it was required by ITMAS.

However, in 2004, the ITMAS acknowledged the fact that many of the SMTEs encounter cash flow problems as they strive to promote tourism activities. The ITMAS Programme existed partially to compensate SMTEs for costs incurred in activities which were aimed at promoting tourism in South Africa (Rogerson & Visser, 2004:225). Grants were to this end offered to SMTEs by the Programme. According to Rogerson and Visser (2004:225), these grants covered part of the total costs for entrepreneurs to attend international exhibitions, in addition to the costs of producing and distributing marketing materials.

The financing of SMTEs through the ITMAS Programme prioritised BEE businesses. Even though the Programme was open to qualifying entrepreneurs of all racial groups, funding support was first made available to operators of “emerging businesses”. Coincidentally, these were emerging businesses owned by black entrepreneurs (i.e. African, Coloured and Indian owners), and non-emerging businesses were not given priority. The Department of Environmental Affairs and Tourism conducted a review and assessment of the Programme; due to the negative findings, the Programme was discontinued (Rogerson & Visser, 2004:225). The ITMAS Programme was replaced by a more comprehensive tourism support programme called the Small, Medium Enterprise Development Programme (SMEDP). The SMEDP was established under the auspices of the Tourism Enterprise Programme/Partnership (TEP) established in 2000, operated through the Department of Trade and Industry (DTI).

TEP is a small business development agency focused on small and medium tourism businesses in South Africa (South Africa Yearbook, 2012:488). According to the South Africa Yearbook (2012:488), millions of Rands are invested each year by the TEP in the development of small and medium tourism businesses across South Africa. The TEP was established with the hope of facilitating job creation and transformation within the tourism industry. Former Tourism Minister Marthinus van Schalkwyk asserted that in order to achieve growth and sustainability for SMTEs, the National Department of Tourism (NDT) recognised the TEP as a key implementing partner and custodian of enterprise development of SMTEs (SouthAfrica.net, 2013:1).

Alteljevic and Page (2009:261) note that the SMEDP endeavoured to offer two-year cash grants to tourism-related businesses for investment in buildings, furniture, and equipment or tourism vehicles. This capacity is essential for any realistic attempt to penetrate the tourism industry. According to Alteljevic and Page (2009:261), the grants offered by SMEDP were tax free to businesses that had been in operation for less than six months, or planned to increase their current capacity by more than 25%. This was because the programmes under the TEP prioritised objectives of the BEE policy indicated by the requirement that businesses in operation for less than six months were exempted from tax.

In the South Africa Yearbook (2012:488), the National Department of Tourism indicates that it undertook initiatives to build its capacity in terms of growth and development of the tourism sector. One of the initiatives was the establishment of the Business Trust, a financial patron for tourism. The Business Trust, South African government and corporate South African organisations fund and develop the small tourism enterprises. This expresses TEP's BEE orientation by using capacity of government partners and the corporate sector to empower small businesses. There were more than 6400 small tourism businesses that were assisted to expand and improve business operations (South Africa Yearbook, 2012:488). According to the South Africa Yearbook (2012:488), the creation of over 57 000 jobs was facilitated in the tourism industry. However, people at grassroots level and in rural areas did not feel the effects of transformation, noted Bam-Magwanya from the National Department of Tourism (2012), justifying the need for recalibrating transformation that includes the most vulnerable populations.

The TEP Annual Report (2013:2) revealed the positive impact which enterprise development has had on small tourism businesses in South Africa despite challenges. According to the TEP Annual Report (2013:2), the TEP assisted 3600 businesses in tourism ventures, with assistance ranging from skills development and funding to market access. The businesses that received this kind of assistance were TEP registered businesses, which created about 4901 jobs in the 2012/2013 financial year. This

increased the combined revenue of these businesses by R775-million. The TEP Annual Report (2013) further reports that TEP trained 3261 tourism enterprises, mentored 104 tourism businesses, created 2416 market access opportunities locally and internationally, and made 673 funding provisions.

3.4.1 Tourism in the Gauteng Province: The visiting sites

Gauteng is a seSotho name meaning the “Place of Gold” in English. It is the smallest, richest and most dynamic province in South Africa. Gauteng is 17 010 sq. km in size with a population just over 13 million. One of the most popular cities in the world, the City of Johannesburg, is found in this region. Pretoria, the administrative capital city of the Republic of South Africa, is also in this province. One of the biggest townships in the World, Soweto is located in Gauteng. “Despite its size and vast areas of urbanisation, the province boasts many open spaces for recreation activities” (Du Plessis, 2000:40).

Gauteng may be the most populated, industrialised and built-up province, but it guarantees recreational day walks for visitors, such as; Suikerbosrand Nature Reserve in Heidelberg, Braamfontein Spruit Trust in Johannesburg, Kloofendal Nature Reserve in Roodepoort, Melville Koppies in Johannesburg, Gillooly’s Farm in Germiston, The Wilds in Houghton (Johannesburg), Walter Sisulu Botanical Gardens in Roodepoort, Westcliff in Johannesburg, National Botanical Gardens in Pretoria, Tswaing Crater Trail and Freedom Park in Pretoria, and Smuts House Museum, also in Pretoria (South Africa Yearbook, 2012:512).

According to Du Plessis (2000:40), the most important sectors found in this region include inter alia manufacturing, finance, insurance, business services, real estate and mining. The government has also adopted infrastructure development for big business to speed up economic development. This has resulted in world-class malls being built such as Maponya in Soweto; simultaneously adding to the superstructure of physical tourism attractions in particular.

Gauteng is characterised by a cosmopolitan, multicultural mix of people from all walks of life (South Africa Yearbook, 2012:512). According to the South Africa Yearbook (2012:512), the province's unique cultural and social legacy manifests itself in the many museums, theatres, and cultural precincts and craft markets. One of the well-known theatres is the Market Theatre, situated in Newtown in Johannesburg. It is one of the old theatres built in early 1900s, initially as a flourishing produce market. Du Plessis (2000:48) notes that the complex was saved from demolition by a group of actors who converted it into a theatre. More than this, it is also home for the French Cultural Institute, the Foundation for Creative Arts and the Newtown Art Gallery (Du Plessis, 2000:48). Other theatres include inter alia, the Civic Theatre in Pretoria and the Gold Reef City in Johannesburg Metropolitan Jabulani Theatre is a new theatre built and launched in 2012.

There are a number of museums in Gauteng; a well known one is the Johannesburg Apartheid Museum. According to Davie (2013:2) this museum was assembled by a multidisciplinary team of architects, curators, film-makers, historians and designers. The museum takes a visitor through an emotional journey into South Africa's past, bringing to life a story of a state-sanctioned system based solely on racial discrimination (Davie, 2013:2). That journey retells the events marking the progression of the liberation struggle against apartheid through the perspective of the victims. In short, it is a state-of-the-art tribute to the rise and fall of apartheid with 22 exhibition areas (South Africa Yearbook, 2012:513).

There is another popular museum located at Lilian Ngoyi Street in Newtown in Johannesburg, called Museum Africa. This location was once the city's fruit and vegetable market with a block-long façade, towering pillars and huge interior space. The museum uses cartoons to take tourists into the historical journey. "Its long-term exhibitions of social history include Cartoons in context, curated by Linda Chernis" (Gauteng Tourism, 2012:1). According to Gauteng Tourism (2012:1), "The exhibition draws from Museum Africa's vast collection of original political cartoons dating back to the 1700s, and running through the 2000s". "The exhibition shows how political cartoons can be used both as a means of oppression and as a means of protest and change". (Gauteng Tourism, 2012:1).

Museum Africa also has a long-term exhibition that attracts a lot of visitors called *Gandhi's Johannesburg: The birthplace of Satyagraha*.

The other interesting museums include inter alia Adler Museum of the History of Medicine, James Hall Museum of Transport, South African National Gallery, National Museum of National History and South African Transport Museum, (Du Plessis, 2000:47). There is also an over 100 years old Johannesburg Art Gallery (JAG) with 15 exhibition halls and sculpture gardens. It is situated on the outskirts of Hillbrow in Joubert Park, which is part of Johannesburg. Some of the work by international artists such as Rodin, Picasso, Dali and Monet is found in JAG.

The Constitution Hill, which is an old prison complex where leaders such as Nelson Mandela, Albert Luthuli and Mahatma Gandhi were once detained, was developed into a multi-purpose heritage precinct overlooking the City of Johannesburg. Daisy de Melker, the only woman executed in South African history, was also detained in Constitution Hill. Another extremely popular tourist destination in Johannesburg is the Johannesburg Zoo. According to Gauteng Tourism (2012:1), the Zoo gained international respect, particularly for maintaining a high standard of animal welfare, nutrition and ethical conduct. It was opened in 1904 and has 320 species of about 2000 animals.

There are also several tours from Johannesburg that form an important part of the Johannesburg tourism industry. According to Du Plessis (2000:45), popular tours from Johannesburg include:

- Johannesburg City Tour;
- Tour of Soweto;
- Gold Reef City;
- Cultural Villages; and
- Sun City/Lost City.

- **Soweto: The visiting sites**

On the 16th of June 1976, Soweto came to the world's attention due to the uprising that took place in protest against the government's policy to enforce education in Afrikaans rather than English or black African Languages. Police opened fire in Orlando West on 10 000 students who were marching from Naledi High School to Orlando Stadium. “The emergence of township tourism is largely a phenomenon of the post-apartheid period after South Africa’s democratic transition in 1994” (Rogerson, 2004:249). There are landmarks in Soweto that attained South African heritage status and have been converted into tourists’ attraction areas or visiting sites. A number of museums have been built to preserve the history of South Africa before 1994. Momentous and highly significant activities occurred during the liberation struggle against apartheid, several of which can be traced back to Vilakazi Street in Orlando West in Soweto. The google map (see Figure 3.1) depicts well-known tourists’ attraction areas situated in Vilakazi Street in Soweto.

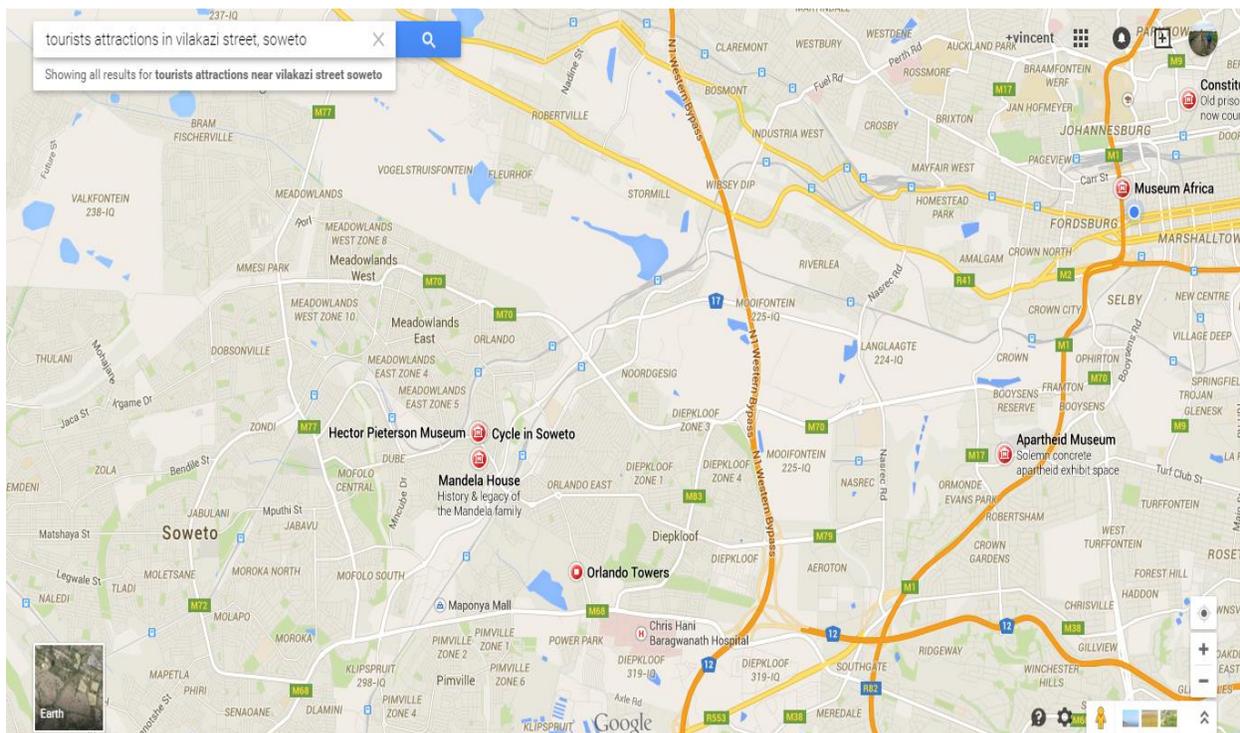


Figure 3.1: Attractions in Vilakazi Street , Soweto

Source: Google Maps, 2015

Rogerson (2004:250) argues that “until 1994, heritage tourism in South Africa was essentially synonymous with ‘white heritage’ and reflected exclusively the needs and interests of the country’s white minority”. Moreover, during the apartheid period many townships were regarded as ‘no go’ zones for people of a race other than black, thus reducing the flow of potential visitors (Rogerson, 2004: 250). Section 21 of the Bill of Rights in the Constitution of the Republic of South Africa, 1996 makes provision for the right to freedom of movement, which means that there were no townships regarded as ‘no go’ zones in the new political and social dispensation. Tourists are able to visit townships without fear and are in fact protected by law enforcement agencies. What makes Soweto a remarkable place is that it is the essential underside of Johannesburg as an ‘unequal city’ Beall *et al.* (2002) as cited in Rogerson (2004:251), and its name is synonymous with the anti-apartheid struggle in South Africa.

The popular visiting sites include amongst others; the Walter Sisulu Square in Kliptown, the famous Vilakazi Street in Orlando, where Nelson Mandela’s house and the Hector Pieterse Museum are found. According to SA-venues.com (2015), every tour through Soweto stops at Vilakazi Street, which is probably the most famous street in the huge Soweto Township in Johannesburg (SA-Venues.com, 2015), because of the two well-known museums depicted in figure 3.2



Figure 3.2: Hector Pieterse Memorial and Museum and Mandela House Museum
Source: SA-Venues.com, 2015

The Hector Pieterse Memorial and Museum was opened in Soweto in 2002, not far from the spot where the 12-year-old Hector was shot on the 16th of June 1976 during the Soweto uprising (SA-Venues.com, 2015). According to SA-Venues.com (2015), the number 8115 Vilakazi Street (Mandela House, as popularly known), is where the late Nelson Mandela used to live between 1946 and 1962.

According to the South Africa Yearbook (2012:513), preserved in the Mandela House are the boots Nelson Mandela used in Nigeria during the training of UMKhonto Wesizwe. UMKhonto Wesizwe was the military wing of the African National Congress (ANC), founded by Nelson Mandela in 1942 and trained to fight the apartheid system. Fortunately, Mandela's leadership helped to avoid a civil war when he was in office, as the first Black President of South Africa. Instead, he advocated peace and unity in diversity, a message earning him recognition as a 21st century icon.

Another popular site is Walter Sisulu Square in Kliptown. In 1955 the African National Congress signed the Freedom Charter in Kliptown. Post 1994, when South Africa was liberated, the government built the Walter Sisulu Square as a monument. It has a hotel, Kliptown Museum, retail outlets, restaurants and offices. Kliptown Museum features pictures of cadres who fought for the liberation of South Africa.

There is also a church called Regina Mundi, where a number of anti-apartheid organisations including the ANC met during the struggle. Funerals of many political activists who died fighting the apartheid system were hosted by this church. As already noted, the transition from apartheid was accompanied by purposeful economic redress policies, for the benefit of previously marginalised groups. Consequently, emerging black entrepreneurs were assisted to compete in bigger sectors of industry; thus the development of Maponya Mall.

Today, Maponya Mall, owned by Richard Maponya, a well-known black businessman, attracts shoppers from all over South Africa apart from tourist groups. According to Gauteng Tourism (2012), Richard Maponya acquired the land where the mall is now built,

back in 1979, on a 100-year lease deal. He struggled to secure the property entirely, and only achieved that objective in 1994. Maponya also struggled to secure finance for construction until his holding company participated in a business venture with Zenprop Property Holdings. The mall was then built at a cost of about R650-million, and opened on the 27th of September 2007. The opening of Maponya Mall was done by the late former President Nelson Mandela. Apart from the fact that it is within walking distance from Kliptown tourism precinct, its having been opened by Mr Nelson Mandela in itself makes it popular with the tourists.

Soweto has a community information centre that provides detailed tourism information to potential tourists. It provides information on accommodation and tour bookings, such as; bed and breakfast establishments (B&Bs), guest houses, hotels and self-catering establishments available in Soweto. There is also information on restaurants and pubs. Most of the restaurants are well known for providing delicious traditional food appealing more to international tourists. Guest houses, B&Bs and restaurants are popular in Soweto, particularly in Vilakazi Street. According to Soweto Empowerment Zone (SEZ) Event Space (2015), restaurants with best food selections are located in Vilakazi Street, including Sakhumzi, Nambitha and Nexdo.

The Orlando Power Station Towers in Soweto are popular for bungee jumping and mural painting. It is Bob Wood's design back in 2001 (Orlando Towers, 2014). According to Pillay (2009:1), bungee jumping involves a well-trained crew ensuring that jumpers are safe and enjoy the adventure. There is also a First National Bank (FNB) Tower embossed with the largest mural paintings in South Africa. There are a number of entertainment activities apart from bungee jumping; these include quad biking tours cutting across the dusty backyard roads of Soweto's squatter camps and rides down the famous Vilakazi Street.

There are other miscellaneous activities too, such as; paintballing, power swinging, Suspended Catch Air Device (SCAD) freefalling, abseiling, rap jumping, base jumping, adventure activities, camp fire concerts, township indigenous games, hiking and team

building. The FNB Tower has rock climbing which stretches an exciting 20 metres up, in this, climbing is made easy by the big grips against the wall.

3.5 LEGISLATION ON BEE

Broad-Based Black Economic Empowerment Act (53 of 2003) (RSA, 2003) is enacted in order to promote the achievement of the constitutional rights for equality. Achieving constitutional rights to equality, reducing the economic gap between the rich and the poor. The B-BBEE Act (RSA, 2003) is meant to increase broad-based participation of black people in the economy to foster higher growth, increased employment and more equitable income distribution. The Black Economic Empowerment (BEE) policy was instituted to accelerate an economic transformation of the nation, develop a market, and promote equal opportunity and access to government services.

The Black Economic Empowerment (BEE) policy in terms of B-BBEE Act (RSA, 2003) opens opportunities for black people to be involved in businesses such as tourism, amongst others. Earlier in 2001, the Black Economic Empowerment Commission (BEEC) was tasked to conduct a review of economic empowerment. According to Rogerson and Visser (2004:326), the report of this Commission highlighted the important role that can be played by tourism and the significance of addressing issues of empowerment. There were important issues identified by the Commission. The Report identified the tourism industry as a key growth sector for the South African economy. However, black empowerment at the level of ownership and operational control was identified as non-existent in the tourism sector (Rogerson & Visser, 2004:326).

According to Rogerson and Visser (2004:326), the 2001 Black Economic Empowerment Commission Report revealed that large hotel organisations such as Sun International, Protea and Southern Sun enterprises continued to dominate the South African tourism economy. It was premised that the BEE policy would transfer wealth from the minority (largely white) to the majority (non-white), thereby closing the economic gap between the current race-specific wealth and poverty status. It is not deniable that diverse tourism

industries provide a unique platform for the realisation of BEE objectives, due to the rich political history South Africa has. On the other hand, skills shortage is an inherent challenge in South Africa. George (2007:149) citing Phumzile Mlambo Ngcuka, the then Deputy President of South Africa remarks “South Africa needs a skills revolution in which tourism benefits”, suggesting the need to develop people with the necessary skills for sustainable growth. It is necessary to acknowledge, however, that the national government undertook to ensure that skills gaps are closed through the BEE policy, in which skills development is key element.

The BEE policy and the White Paper on Tourism (RSA, 1996) both seek to empower the previously disadvantaged communities. The White Paper on Tourism and the BEE policy create major opportunities for the empowerment of black people. The DEAT has on several occasions reiterated that the transformation potential of tourism is enormous (Rogerson & Visser, 2004:327). This is against the backdrop of the critical and vocal members of the public and government labelling tourism as ‘too white’ in terms of ownership, which is overly dominated by white people.

3.5.1 The Broad-Based Black Economic Empowerment Act (53 of 2003)

The B-BBEE Act (RSA, 2003) comprises fifteen sections. Section 1 of the broad-based black economic empowerment provides the definition of “black people” as a generic term which means Africans, Coloureds and Indians. The “broad-based black economic empowerment” denotes “the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies” that include, but are not limited to:

- a) “increasing the number of black people that manage, own and control enterprises and productive assets;
- b) facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- c) human resource and skills development;
- d) achieving equitable representation in all occupational categories and levels in the workforce;

- e) preferential procurement; and
- f) investment in enterprises that are owned or managed by black people

The Advisory Council is established through Section 4 of the B-BBEE (RSA, 2003) and it gives direction and advisory services in terms of BEE implementation on a continual basis. The Council reports directly to the President and Section 5 provides the functions of the Council. Section 6 of the Act is the composition of the Council and appointment of members. According to the Act, the Council should comprise the following:

- (a) the President, who is the chairperson of the Council;
- (b) the Minister, with the Minister's Director-General as an alternative;
- (c) three other Cabinet Ministers, appointed by the President, with their respective Directors-General as their alternatives; and
- (d) no fewer than 10 and no more than 15 other members, appointed by the President.

Section 7 authorises the Minister to establish the constitution of the Council and to amend it from time to time through consultation with the Council. Section 8 makes provision for the members' remuneration and reimbursement of expenses. The provision by the B-BBEE Act (RSA, 2003) makes it clear that "Council members will not be remunerated for their services, but will be reimbursed for expenses incurred by them in carrying out their duties, as determined by the Minister, with the concurrence of the Minister of Finance". This piece of legislation clarifies the fact that Council members volunteer their services.

Section 9 provides authority for the Codes of Good Practice, which are a regulation document in order to ensure the BEE objectives are realised. According to Jack and Harris (2007:30), the Act empowers the Codes of Good Practice to address the following issues:

- interpretations and definitions of BEE as discussed in Section 1, and BEE entities;
- qualification requirements for preferential procurement;
- measurement indicators and weighting compliance for broad-based BEE; and

- guidelines for the various economic sectors to comply with the requirements of the Act and the Codes of Good Practice.

Section 10 makes provision for parties legally obliged to apply the Codes, which are the organs of state and public entities (RSA, 2003). According to Jack and Harris (2007:30), this Section binds the organs of state and public entities determining qualification criteria for:

- the issuing of licences, concessions and authorisations for any law;
- preferential procurement policy;
- the sale of state-owned assets; and
- entering into partnership with private sector entities (RSA, 2003).

Section 10 does not legally bind private businesses to comply with BEE, and that has been one of the hindrances towards reaching BEE objectives. Impumelelo Business and Government Magazine (2010:50) expressly submits that there is no company in South Africa that can afford not to consider BEE as part of their strategic objectives. This clearly reflects the centrality of economic transformation in overturning the fortunes of the previously marginalised for the future stability of society (RSA, 2003).

Section 11 grants the Minister of Trade and Industry the authority to issue the strategy for broad-based black economic empowerment. In terms of this Section, the strategy must provide for an integrated, co-ordinated and uniform approach to broad-based black economic empowerment by all organs of state, public entities, the private sector, non-governmental organisations, local communities and other stakeholders. This is an integrated public management approach that brings the private and public sector together in order to achieve the BEE objectives. Section 11 further makes provision for the development of a plan for financing broad-based black economic empowerment. This Section also requires that the strategy provides a system for organs of state, public entities and other enterprises to prepare broad-based black empowerment plans and to report on compliance with those plans; and to be consistent with them (RSA, 2003).

Section 12 provides for the gazetting of industry transformation charters, which according to Jack and Harris (2007:31) are developed with the industry stakeholders and where such charters advance the transformation objectives of the Act (RSA, 2003).

Section 13 of the Act (RSA, 2003) makes provision for support services and funding of the Council. Sub-section 13 (1) of Section 13 indicates that “the Department of Trade and Industry must provide the Council with the necessary support services and funding out of money appropriated by Parliament for that purpose”. A ring fence is put in the utilisation of those funds through sub-section 13 (2), which clarifies that “the funds referred to in sub-section 13 (1), must be utilised for:

- The establishment and operating costs of the Council; and
- The development and implementation of a communication plan on broad-based black economic empowerment (RSA, 2003)”.

Section 14 grants the Minister authority to make regulations with regard to any matter that is necessary to prescribe, in order to ensure the proper implementation of the Act. Finally, Section 15 is for the short title and commencement, of which the title is called the B-BBEE Act (RSA, 2003).

3.6 ARRANGEMENTS FOR BEE IMPLEMENTATION

The descriptions below relate to the tourism BEE Charter Codes of Good Practice, which are a framework for BEE implementation.

3.6.1 The Tourism BEE Charter Codes of Good Practice

The Tourism BEE Charter was established through the B-BBEE Act (53 of 2003) (RSA, 2003) and passed in 2005. A Charter Council was also appointed in 2005 to ensure that BEE objectives are reached and consequently a five-year transformation strategy was developed. In 2007, the Tourism Charter was aligned to the B-BBEE Codes of Good Practice, which were launched in the same year. In 2009, the Tourism B-BBEE Charter

was gazetted as Section 9 Code under B-BBEE Act (RSA, 2003) in order to bind all stakeholders operating in the tourism Sector.

In a parliamentary committee briefing on Tourism BEE by the NDT (2012b:4), transformation was widely identified as one of the key pillars of the National Tourism Sector Strategy in 2011. The Preferential Procurement Policy Framework Act (PPPFA) (5 of 2000) (RSA, 2000) was aligned to B-BBEE in the same year (NDT, 2012b:4). This indicates how transforming the tourism sector may catalyse global competitiveness as envisioned by the NDT, which in turn is an objective of the Tourism Sector Scorecard or Code (explained below). The NDT accordingly emphasises human resource and enterprise development as key factors to achieve transformation. Essentially, the Tourism Scorecard or Code is used as a rubric to award points to companies for determining their levels of B-BBEE compliance.

According to the NDT (2012a:5) in the first five years of implementation, the industry will focus on the human development elements, which include; management control, employment equity, skills development, enterprise development and preferential procurement. The scorecard or Code applies to accommodation establishments such as hotels, resorts, properties and timeshare, B&Bs, guest houses, game lodges, and backpackers hostels. Additionally, it affects the food and beverage and other tourism intermediaries, such as; restaurants and conference venues, professional catering, attractions, consulting and professional services companies. Other industries are in travel distribution systems, such as; tour wholesalers, tour operators, travel agents, tourist guides, car rental companies, couch operators, organs of state; public entities, organised labour and communities involved with or interested in the tourism sector.

The Codes of Good Practice hinted above contain a code series for each element issued under Section 9 of the B-BBEE Act (RSA, 2003) to measure compliance of entities. Jack and Harris (2007:63) provide a clear interpretation noting that “within each Code Series are statements falling under the numerical denotation of that code”. The statements detail what the companies or organisations have to do, in order to meet the B-BBEE

requirements. For example, Table 3.1 presents the code series number 000 and framework for measuring B-BBEE. The statements under this code series from the regulation document are denoted in Table 3.1 as follows:

Table 3.1: Statement 000, 003,004 and its titles

| Statement number | Code Series | Statement Title |
|------------------|-------------|--|
| 000 | 000 | General principles and the generic scorecard |
| 003 | 000 | Guidelines for the development and gazetting of Transformation Charters and Sector Codes |
| 004 | 000 | Scorecards for specialised enterprises |

Source: DTI, 2007

Statement 100,102 and 103 under code 100 are denoted in Table 3.2 below:

Table 3.2: Statement 100,102,103 and its titles

| Code | Statement and statement title |
|--|---|
| Code 100: Measurement of the ownership element of B-BBEE (Measures the effective ownership of enterprises by Black people) | Statement 100: The general principles for Measuring ownership |
| | Statement 102: The recognition of sale of assets |
| | Statement 103: The recognition of equity equivalents for multinationals |

Source: DTI, 2007

Paragraph 3.1.1 of the Codes of Good Practice binds all public entities listed in schedule 2 or schedule 3 (Parts A and C) of the Public Finance Management Act (1 of 1999) (RSA, 1999) to be measurable under the Codes. Paragraph 3.1.2 binds those public entities listed in schedule 3 (Parts B and D) which are trading entities undertaking any business with any organ of State, public entity or any other enterprise; and 3.1.3 makes provision for any enterprise that undertakes any business with any organ of Sstate or public entity

to be measurable under the Codes. These two paragraphs focus on public and private enterprises, specifically such private enterprises wanting to benefit from B-BBEE. The private entities referred to are those that do not have business with government yet seek future beneficence. Paragraph 3.1.4 binds “any other enterprise that undertakes any business, whether direct or indirect, with any entity that is subject to measurement under paragraph 3.1.1 to 3.1.3 and which is seeking to establish its own B-BBEE compliance,” to be measurable under the Codes. Table 3.3 is a guide in terms of the elements of the generic scorecard used to measure entities.

Table 3.3: Broad-Based Generic Score Card Constituents

| Element | Basic Summary |
|----------------------------|---|
| Ownership | Who owns the business |
| Management control | Who controls the business |
| Employment equity | Who works in the business |
| Skills development | Who is trained by the business |
| Preferential procurement | Who the business purchases from |
| Enterprise development | The business’s effort to develop enterprises external to itself |
| Socio-economic development | Contributions made by business to social causes |

Source: Impumelelo Business and Government Magazine, 2010

Measured by the Broad-Based generic scorecard in Table 3.3 under ‘ownership’ is the number of blacks who are part of the percentage sharing in terms of ownership, and their voting rights thereof. The management control of the Broad-Based scorecard focuses on whether the highest authority, i.e. the Chief Executive Officer or Managing Director of the Company is a black or white man or black or white woman. Obviously the rule of thumb with BEE is that with black dominated ownership or management control there are more points earned during the BEE compliance verification process. Female dominated

business ownership and management control notably accrues more points. The BEE policy considers the fact that women and other blacks were most disadvantaged, and are therefore prioritised by the B-BBEE Act (RSA, 2003).

When there is balanced representation of black men and women in the organisation, then there is an advantage in terms of point-scoring. This also links to skills development, because the BEE policy also seeks to transfer skills to historically disadvantaged individuals (HDI). According to Jack and Harris (2007:13), the B-BBEE Act (RSA, 2003) is aligned to the Preferential Procurement Policy Framework Act (5 of 2000) (RSA, 2000) (PPPFA). Therefore, B-BBEE compliant companies are forced to procure goods and services from the other B-BBEE compliant companies (small enterprises) in order to score points; and vice versa. This arrangement assists small enterprises (mostly owned by HDIs) in particular to sustain their businesses. That maximises the chances of securing tenders on the side of the B-BBEE compliant corporates from government, as outlined in the PPPFA. Overall, all organs of state are compelled to align themselves with PPPFA, 2000.

When it comes to Enterprise Development, companies also earn points for building capacity in small enterprises or any other enterprise and the public sector. The socio-economic development element demands that companies invest in communities. According to Impumelelo Business and Government Magazine (2010:63) the corporate sector has become the driver of government's strategy to increase broad-based and effective participation of black people in the economy. When companies invest in the black community in any form adhering to B-BBEE principles, then they are increasing their effective participation in the economy. Some companies opt to adopt learners in schools, help them enhance their performance and prepare them for admission to a university. Those learners are then appointed by the same companies when they complete their studies.

In terms of paragraph 8.1.3 of the B-BBEE Act (RSA, 2003), Table 3.4 below provides the Code series reference with the weighting in points that specifies the measurement

and calculation of each of the elements of the scorecard (Code series 100-700), which is a generic scorecard.

Table 3.4: The Generic Scorecard

| Element | Weighting | Code series reference |
|--|-----------|-----------------------|
| Ownership | 20 points | 100 |
| Management control | 10 points | 200 |
| Employment equity | 15 points | 300 |
| Skills development | 15 points | 400 |
| Preferential procurement | 20 points | 500 |
| Enterprise development | 15 points | 600 |
| Socio-economic development initiatives | 5 points | 700 |

Source: DTI, 2007

Shown in table 3.4 is B-BBEE statement 100, Code Series 100 weighting 20 points, which provides general principles for measuring ownership; Statement 200 Code Series 200 weighting 10 points provides the general principles for measuring management control, statement 300; Code Series 300 weighting 15 points are the general principles for measuring Employment Equity (EE); statement 400 Code Series 400 weighting 15 points are the general principles for measuring Skills Development (SD); Statement 500 Code Series 500, weighting 20 points are the principles for measuring Preferential Procurement (PP); Statement 600 Code Series 600 weighting 15 points are the general principles for measuring Enterprise Development (ED) and Statement 700 Code Series 700 weighting 5 points are the general principles for measuring Socio-Economic Development. The statement under each Code Series is basically the statement of the principles of the Codes of Good Practice.

According to the DTI (2007:2), the objectives of the statements are to:

- specify interpretative principles of B-BBEE;
- specify the application of the Codes and the basis for measurement under the Codes;

- specify the qualification thresholds for businesses to qualify as Exempted Micro-Enterprises (EME) or Qualifying Small Enterprises (QSE);
- specify the method of measuring start-up enterprises;
- specify the elements of B-BBEE measurable under Generic Scorecard;
- specify the generic scorecard;
- specify the basis for determining compliance by entities with the Codes;
- provide for the Transitional Period before the compulsory use of the Generic Scorecard starts which applies only to companies or organisations that are newly registered to provide them enough time to establish; and
- define the duration for the applicability of the Codes.

The size of the business determines the complexity of the measurement process. Size refers to the turnover made by the business in a financial year, with the exclusion of Value Added Tax (VAT). The DTI therefore had to classify businesses, through the Codes of Good Practice. There are Exempted Micro Enterprises (EME), Qualifying Small Enterprises (QSE) and Start-up Enterprises (SE).

- **Exempted Micro Enterprises (EME)**

According to DTI (2007:3) an EME is any enterprise with an annual Total Revenue of R5 million or less, and that provision is made through paragraph 4 of the Codes of Good Practice. The DTI revised the Codes in 2012 and issued the revised one in October 2013. In terms of the Revised Codes, the thrust or threshold is now less than R10 million instead of R5 million for other sectors such as the financial sector. However, the Tourism Sector Code (TSC) did not change, as the threshold is still R5 million or less for EMEs. According to Impumelelo Business and Government Magazine (2010:62), the threshold means that the business has an automatic Level 4 rating with 100% procurement recognition.

Having 100% procurement recognition implies that government or public entities and other B-BBEE compliant enterprises can buy goods and services from the enterprise. It means better opportunities of securing tenders from government. These are some of the

benefits of having a B-BBEE compliant status. The EME category was introduced to minimise difficulties for micro enterprises during the verification process.

In terms of paragraph 4.4, of the B-BBEE Act (53 of 2003) (RSA, 2003) EMEs are allowed to be measured in terms of the Qualifying Small Enterprises (QSE) scorecard, should they wish to maximise their points and move to the next procurement recognition level. However, according to paragraph 4.5 of the B-BBEE Act (53 of 2003) (RSA, 2003), sufficient evidence should be provided through an auditor's certificate or similar certificate, issued by an accounting officer or verification agency. Empowerdex is one of the BEE compliance verification companies that issue certificates.

- **Qualifying Small Enterprises (QSE)**

In terms of paragraph 5.1 of the Codes of Good Practice, any enterprise with an annual Total Revenue of between R5 million and R35 million qualifies as a QSE. For the purposes of measurement, a QSE is required to select any four of the seven Elements of B-BBEE under the QSE scorecard contained in Code 800. In case the selection is not made, any four best element scores are used for the purposes of measurement. In terms of the Revised Codes issued on 20 November 2015, the threshold is now between R10 million and R50 million for other sectors, such as the financial sector (DTI, 2016a:14). However, the Tourism Sector Code (TSC) for QSE is slightly different, in that enterprises that make an annual revenue of more than R5 million but less than R45 million are classified as QSEs (National Department of Tourism, 2016a:21).

- **Start-up Enterprises (SE)**

In terms of paragraph 6.1 of the Codes of Good Practice, Start-up Enterprises must be measured as Exempted Micro-Enterprises (EME) for the first year following their formation or incorporation. This provision disregards the total revenue expected as those businesses are on their first year of formation and are regarded as new; hence they are declared Exempted Micro-Enterprises. Therefore, Start-up Enterprises have a B-BBEE status of "Level Four Contributor" and B-BBEE procurement recognition of 100% (refer to

table 3.7). However, a Start-up Enterprise is expected to provide an independent confirmation of its status, according to paragraph 6.3 of the Codes.

For the purposes of tendering for any contract, or seeking any other business covered by section 10 of the Act (53 of 2003) (RSA, 2003) with a value higher than R5 million but less than R45 million, Start-up Enterprises are required to submit a QSE scorecard. However, for contracts above R45 million, Start-up Enterprises must submit the generic scorecard, in which the preparation of such scorecard must use annualised data. This is a requirement of paragraph 6.4 of the Codes.

Due to a number of challenges in the implementation of B-BBEE policy, the DTI had to review the Codes of Good Practice in 2015. According Empowerdex (2016), the amended Codes of Good Practice for B-BBB came into effect on 1 May 2015 and reduced compliance levels to five. Basically, the number of elements was reduced from seven to five, and those are the elements in the generic scorecard in Table 3.4, which were reduced to five in Table 3.5 for measuring big companies and Qualifying Small Enterprises (QSE) in Table 3.6. The amended Tourism Sector Code (TSC) applies to all tourism enterprises and all parts of the value chain that includes accommodation, hospitality and travel (National Department of Tourism, 2016a:7).

The generic scorecard for large entities differs from the generic scorecard for QSE. The large entities in terms of the B-BBEE Act, 2003 (as amended) are the companies that make more than R45 million turnover at the end of the financial year in the tourism sector. The total weighting points for large entities is 111 points in the generic scorecard and 101 points for QSEs. The difference is on the ownership weighting in the generic scorecard: large entities, weighting is 27 points and QSEs, weighting is 26 points.

Table 3.5: The generic score card for large entities

| Element | Weighting | Code Series Reference |
|-------------------------------------|-------------------|------------------------------|
| Ownership | 27 points | TSC100 |
| Management Control | 19 points | TSC200 |
| Skills Development | 20 points | TSC300 |
| Enterprise and Supplier Development | 40 points | TSC400 |
| Socio-economic Development | 5 points | TSC500 |
| Total weighting | 111 points | |

Source: DTI, 2016b. Amended Tourism B-BBEE Sector Code

Table: 3.6: The generic score card for qualifying small enterprises (QSE's)

| Element | Weighting | Code Series Reference |
|-------------------------------------|-------------------|------------------------------|
| Ownership | 26 points | TSC601 |
| Management Control | 15 points | TSC602 |
| Skills Development | 25 points | TSC603 |
| Enterprise and Supplier Development | 30 points | TSC604 |
| Socio-economic Development | 5 points | TSC605 |
| Total weighting | 101 points | |

Source: DTI, 2016b. Amended Tourism B-BBEE Sector Code

This amendment is a further move in BEE implementation, as it started with the first move of a narrow-based empowerment, focusing on ownership and management. The second move was the seven elements which are in Table 3.4, and the third move is the five elements in Table 3.5. The amendment identifies the elements which companies should prioritise and focus on. Those elements are: ownership weighting 25 points, management control weighting 15 points, skills development 25 points, enterprise and supplier development 30 points, and socio-economic development weighting 5 points.

The generic scorecard explained in Table 3.6 is for Qualifying Small Enterprises (QSE) because QSEs are not exempt from being measured. However, if the QSE is 51% black owned, it automatically qualifies to be exempted from being measured. Start-up Enterprises (SE) also qualify as Exempted Micro Enterprises and are therefore exempt from being measured on a BEE scorecard (Empowerdex, 2015:01).

According to Empowerdex (2016), if companies that are not exempt from being measured fail to comply with the 40% sub-minimum in any of these priority elements, they lose one level in their contribution level. The identification of elements for prioritisation is one aspect that makes a difference in the amended Codes of Good Practice as the amendment reduced them to five.

The other aspect is the focus on human resources, emphasising employment equity and skills development, and females (black and white) now carry their own separate measurement indicator (Empowerdex, 2016). According to Empowerdex (2016), both the employed and unemployed are taken care of in skills development. The amendment has heavily weighted the procurement element towards procuring from black-owned businesses, as opposed to big businesses (Empowerdex, 2016). Support that facilitates income generating activities in the tourism sector is the main focus of the socio-economic development contributions. Clearly, the amendment of the Codes is giving small businesses a better opportunity to develop and grow.

3.6.2 The measurement process to determine B-BBEE compliance of tourism business

Table 3.7 provides the details of the recognition levels based on the qualification criteria, which are determined by awarding points through the generic scorecard, for the various levels of contributors:

Table 3.7: The revised recognition levels

| B-BBEE Status | Qualification | B-BBEE recognition level |
|----------------------------|---|---------------------------------|
| Level One Contributor | ≥100 points on the Generic Scorecard | 135% |
| Level Two Contributor | ≥95 but < 100 points on the Generic Scorecard | 125% |
| Level Three Contributor | ≥90 but < 95 on the Generic Scorecard | 110% |
| Level Four Contributor | ≥80 but < 90 on the Generic Scorecard | 100% |
| Level Five Contributor | ≥75 but < 80 on the Generic Scorecard | 80% |
| Level Six Contributor | ≥70 but < 75 on the Generic Scorecard | 60% |
| Level Seven Contributor | ≥55 but < 70 on the Generic Scorecard | 50% |
| Level Eight Contributor | ≥40 but < 55 on the Generic Scorecard | 10% |
| None-Compliant Contributor | <40 on the Generic Scorecard | 0% |

Source: DTI, 2016b

According to Impumelelo Business and Government Magazine (2010:61), measurement is done using scorecard ranges from non-compliance, where less than 30 points (now 40 points) is achieved, to level one where more than 100 points is achieved. The provision for this measurement process is made through paragraph 8.2 of the Codes of Good Practice, which provides the basis for the awarding of the B-BBEE status on the overall performance of a Measured Entity, using the recognition levels as in Table 3.7. The Levels shown in Table 3.7 are a determination of the extent to which a trading entity can claim B-BBEE points for doing business with other B-BBEE-compliant trading entities.

Where the supplier has a level one rating, the business can recognise 135% of its expenditure on the supplies or services purchased as B-BBEE procurement spend (Impumelelo Business and Government Magazine, 2010:61). In other words, 135% of the level one contributor must be spent buying from other B-BBEE compliant entities for the government to recognise that business as compliant and give it more business deals or tenders. This is because “the successful implementation of government’s B-BBEE

strategy depends on government's departments purchasing only from companies that choose to comply with the provisions of the Codes of Good Practice" (Impumelelo, 2010:63). This indication by Impumelelo Business and Government Magazine (2010:63) explains what is shown in Table 3.7 for trading entities falling under Level One Contributor in terms of the B-BBEE compliance status. It also means that a B-BBEE compliant trading entity doing business with another B-BBEE compliant trading entity also benefits its own B-BBEE scores.

Table 3.8 below provides details in terms of the measurement category and criteria in the ownership scorecard. As shown in Table 3.7, the weighting for ownership is 27 points for large entities and 26 points for Qualifying Small Enterprises (QSEs) as guided by the generic scorecard in Table 3.5 and 3.6 respectively.

Table 3.8: Ownership scorecard

| Indicator | Description | Weighting Points | Compliance Target |
|-------------------|--|------------------|-------------------|
| Voting Rights | Exercisable Voting Rights in the entity in the hands of black people | 4 | 30% |
| | Exercisable Voting Rights in the entity in the hands of black women | 2 | 15% |
| Economic Interest | Economic Interest in the entity to which black people are entitled | 4 | 30% |
| | Economic Interest in the entity to which black women are entitled | 2 | 15% |

| | | | |
|--------------------|---|---|----------------------------|
| | Economic Interest of any of the following Designated Groups in the enterprise | | |
| | <ul style="list-style-type: none"> - Black designated groups; - Black participants in employee share ownership plans (ESOP); - Black beneficiaries of broad based ownership schemes; - Black beneficiaries of broad based ownership schemes; - Black participants in cooperatives. | 3 | 3% |
| | - New Entrants | 4 | 10% |
| Realisation Points | - Net Value | 8 | Refer to Annexe TSC100 (E) |

Source: National Department of Tourism, 2016a

Shown in Table 3.8 are the descriptions of the measurement categories and criteria of the ownership scorecard for large entities with a total revenue of more than R45 million (National Department of Tourism, 2016a: 10). These are big enterprises as compared to QSEs, which is why it is important to measure the stake which black people own. The ownership scorecard in table 3.8 shows the exercisable voting rights with a compliance target of 30% that should be in the hands of black people. Voting rights refer to the rights

that black people have to vote on all important issues at shareholders meetings (National Department of Tourism, 2016a: 11). As shown in the score card (table 3.8), women have a compliance target of 15% in terms of the exercisable voting rights. In terms of economic interest, which refers to the rights black people have to receive dividends, capital gains and other economic benefits of shareholders, black people and women are entitled to 30% and 15% respectively (National Department of Tourism, 2016a:11).

The ownership scorecard also include designated groups, which consist of black people with disabilities, black youth, black people living in rural areas, black unemployed people and black military veterans. According to the B-BBEE Act (RSA, 2003), designated groups must form 3% of the beneficiaries of all the Elements of the Generic Scorecard. The new entrants, which refers to black people who hold rights of ownership in an entity, and who before holding those rights have not held equity with a total value of more than R50 million in any other entity, should form 10% of ownership (National Department of Tourism, 2016a:12).

Lastly, shown in the ownership scorecard is the net value. According to the National Department of Tourism (2016b:12), the net value refers to the accumulated net economic interest in the hands of black people after the deduction of monies owed on the debt. The points of ownership in different categories in a large entity and QSE can be calculated. The following example is a general calculation that is used throughout the scorecard, in a large entity using an ownership element.

In table 3.8, each category of the ownership element has a compliance target, which is used in a calculation of the points earned by the entity being measured. In a calculation, a company cannot earn points above the maximum set, but can earn points proportional to that of the set target. If the ownership element in the BEE scorecard is being measured then the following information is being used to calculate BEE compliance:

- The company has 2000 shares and decides to issue 1000 new shares to black people. The exercisable vote of black people can be calculated as follows:

- Suppose, 1000 new shares are given to black people;
- Therefore, 1000 new shares are split into
 - 800 shares to black men; and
 - 200 shares to black women
- It means that the number of shares held by black people will be 1000 out of a new total of 3000 (2000 shares the company originally had + 1000 new shares). Mathematically that will be,
 - $1000 \div 2000 \times 100 = 33,3\%$ compliance earned by the measured entity
(Source: First National Bank, 2017:1).

In table 3.8, the ownership scorecard shows that if black people have 30% of the voting rights, than the entity earns 4 points in that category. In the case of 33,3% therefore, the entity will earn 4 points , because it cannot earn more than the maximum points set.

The exercisable voting rights in the hands of black women can also be calculated:

- Of the black shareholders, black women hold 200 shares out of 2000. Mathematically, the calculation will be,
 - $200 \div 2000 \times 100 = 10\%$ earned by the entity

In table 3.8, the compliance target for black women is set at 15% and therefore women representation will be as follows:

- $10\% \div 15\% \times 2$ (weighting points) = 1,3 points.

Women in this case did not score 2 full points. This therefore minimises the possible BEE qualification for the large entity being measured.

3.6.3 B-BBEE verification agencies

Since the inception of BEE there are several verification agencies that help companies to comply. These agencies must be accredited by the South African National Accreditation System (SANAS). SANAS is an organisation that became a public entity on 1 May 2007 through the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice, 2006 (19 of 2006) (RSA, 2006). SANAS is a single body that gives formal recognition that Laboratories, Proficiency Testing Scheme Providers and Good

Laboratory Practice (GLP), Testing Bodies, Certification Bodies such as BEE Verification Agencies test facilities are competent to carry out specific tasks in terms of the Accreditation for Conformity Assessment, Calibration and Good Laboratory Practice Act, 2006 (19 of 2006) (RSA,2006).

The BEE Verification Agencies include inter alia AAA BEE Verification Agency CC, ABC for BEE (Pty) Ltd, ABEERate Verification Agency and many more. Companies, especially SMMEs, rely on these agencies for training and guidance towards achieving their BEE status.

3.7 CONCLUSION

Tourism has become a tool for economic development, globally. South Africa, as part of the global community, is moving forward in developing the tourism industry. However, it is still not clear if townships more especially Soweto, having been the centre of the struggle for liberation, are benefiting from tourism development. The rapid growth of the tourism sector has been highlighted, based on the 2011/2012 statistics which provide evidence that tourism can provide numerous economic development opportunities, locally and internationally.

The chapter gave a background of tourism in South Africa, indicating the sustainable and accelerated growth achieved since 1994. The chapter also presented the guiding legislative framework for Tourism development since 1938. All the Acts before liberation had limitations in the development of tourism, owing to apartheid laws at that time. Post 1994 gave hope as the new government started to look at incorporating democratic principles in developing Tourism. The chapter presented the latest Act on Tourism, Act, 2014 (3 of 2014) (RSA, 2014), which is in line with international standards, including Responsible Tourism. Responsible Tourism creates opportunities for PDIs to participate in local economic development. That is why the chapter also explained the White Paper on Tourism (RSA, 1996) as it prioritises the creation of opportunities for PDIs, as part of legislation.

The creation of opportunities for PDIs to have access to local economic development led to the emergence of SMME tourism in South Africa, which was also presented. The chapter explained the potential of tourism development in South Africa, particularly in Gauteng due to the Nelson Mandela legacy, and the progress made thus far. Gauteng Province has made some significant strides in developing the tourism industry. The conversion of the Mandela House into a museum in Orlando West, for instance, has provided impetus to attract more tourists. This is due to the history of the late President Nelson Mandela and other freedom fighters' contribution towards the liberation of South Africa.

The development of Regina Mundi church, Vilakazi Street, Hector Pieterse and Kliptown Square in Soweto as areas where people resisted the apartheid system has put it into the tourism spotlight. All this has provided business opportunities, particularly to the SMMEs in Soweto. All these developments should be empowering the SMMEs who are regarded as important players in the tourism sector. It is not yet clear if these developments do in fact empower SMMEs in Soweto in particular, where people sacrificed for freedom. The analysis of reports from role players in government focusing on tourism development in Orlando (Soweto) will help in drawing a final conclusion about the impact these developments make.

The tourism potential is ideal for South Africa to redistribute wealth in order to close the economic gap between the rich and the poor. It is for that reason that the chapter included the legislation on BEE and arrangements for its implementation. This chapter showed integration between the Tourism Act and Black Economic Empowerment policies. The B-BBEE Act (RSA, 2003) can boost the economy, when effectively implemented. There is policy integration between the BEE policies and the White Paper on Tourism (RSA, 1996) on the development of tourism as well. The BEE policy prioritises the poor as much as PPT in the White Paper on Tourism, 1996 (RSA, 1996b) does. The three core areas in which the PPT strategies focus on are also key priority areas of the BEE policy. The effective implementation of the PPT and BEE is hampered by the lack of funds by the

SMMEs; hence government has established the Tourism Enterprise Programme, as also discussed in the chapter. For government to provide grants to SMMEs raises questions about the self-sustainability of these enterprises.

CHAPTER 4: AN EVALUATION OF BEE IMPLEMENTATION IN SMMEs AND TOURISM IN SOWETO, ORLANDO WEST

4.1 INTRODUCTION

The evaluation of BEE implementation in Soweto is guided by the conceptualisation of the tourism sector and its economic development opportunities in SMMEs in chapters one, two and three. This assisted in providing a broad definition of the tourism sector and its industries and the sectoral economic transformation opportunities. The broad definition helped in identifying the policies, the legislative framework and plans put in place to transform tourism in South Africa, specifically in Soweto.

The review of the White Paper on Tourism (RSA, 1996) highlighted the good intentions the government has in transforming the tourism sector. The objectives of the White Paper on Tourism (RSA, 1996) clearly focus on the inclusion of the majority in the mainstream economy, which is why the BEE policy also does the same. The White Paper on Tourism, take into cognisance the laws that existed pre 1994 that were meant to exclude the majority in the mainstream economy, and hence these laws were also reviewed (RSA, 1996). The review of tourism laws also included the laws enacted post 1994 to correct the injustices of the past. The making of these laws for the transformation of the tourism sector, led to the emergence of SMME tourism in South Africa, which is also part of the literature in chapter three. The literature provides the information on opportunities that exist for transformation in Soweto in particular, hence it is a point of reference for evaluation.

For the effective implementation of the BEE policy, the government enacted the B-BBEE Act (53 of 2003) (RSA, 2003). It is for that reason that the review of the BEE policy and the White Paper on Tourism (RSA, 1996) in chapter 3 forms the basis for the evaluation of BEE implementation in Soweto. Secondly, the analysis of programmes and plans, which includes inter alia, the Soweto Economic Development Plan, 2008-2013 in chapter four, provides a clear indication of the achievements that should have been made in

Soweto. These programmes and plans are a platform for comparison to identify the contributions made by the national and local authorities, and the private sector.

The information put together in chapters two and three provided direction in evaluating reports and presenting data in this chapter. Chapter four also presents data collected through interviews of SMMEs at Vilakazi Street in Soweto. Interviews are the validation of data analysed from the Soweto Economic Development Plan (2008-2013); and annual reports from South African Tourism (2012); Johannesburg Tourism Company (2012/13); Tourism Enterprise Partnerships (2012/13); on BEE implementation in the tourism sector. Data validation forms the basis of argument in the evaluation process, when data is compared with the information from those reports and responses from the interviews.

4.2 EVALUATION PROCESS

There are five dependent variables, as identified by Miyakawa (1999:274), used for judging the success of BEE implementation in the tourism sector at Vilakazi Street in Orlando West in Soweto. The dependent variables considered were the following:

- any kind of support to tourism SMMEs is in accordance with the B-BBEE Act (53 of 2003) (RSA, 2003);
- SMMEs benefiting from tourism implementation comply with the B-BBEE Act (RSA, 2003) requirements;
- the impact of support provided to Tourism SMMEs is in line with the objectives of the BEE policy;
- the perceived impact is in accordance with the B-BBEE Act (RSA, 2003); and
- the amount and direction of the BEE policy implementation feedback by Tourism SMMEs provides evidence and helps in determining the gaps and in making recommendations.

Firstly, the evaluation process took into consideration the main objectives of BEE, which are to:

- enable the majority of black people to own and manage enterprises;

- succeed in substantially changing the racial formation of ownership and management structures of existing enterprises;
- advance human resource development and access to business funding amongst black people;
- increase the management and ownership of enterprises by women to a greater extent; and
- ensure SMMEs gain from preferential procurement driven by government.

The evaluation took into consideration the other aspects discussed in chapter 3, which included inter alia financing of tourism, education and training, product quality and standards raised as challenges in the White Paper on Tourism (RSA, 1996). The Tourism Act (3 of 2014) (RSA, 2014) and the B-BBEE Act (53 of 2003) (RSA, 2003), also explained in chapter 3 were used as guiding legislative framework in the evaluation process of BEE implementation.

Secondly, the evaluation process also considered the feedback from the interviews conducted with the SMMEs in Soweto at Vilakazi Street. The aim was to analyse and evaluate the Soweto Economic Development Plan (2008–2013), and the reports, which included the TEP, 2013 Annual Report; South African Tourism, 2012 Annual Report and the Johannesburg Tourism Company, 2012/13 Annual Report done in this chapter (chapter 4), in order to determine the amount of support received by SMMEs as part of BEE objectives.

The BEE objectives did not mean to take wealth from one group to the other. According to SouthAfrica.info (2016:4), BEE is a growth strategy targeting inequality. These objectives were a point of reference in the evaluation process and the process was guided by the above- mentioned dependent variables.

4.3 AN ANALYSIS OF TOURISM BEE IMPLEMENTATION PLANS, REPORTS AND PRACTICES IN SOWETO: SOUTH AFRICA

In 4.3, the plans to develop tourism in Soweto are compared to the reports in order to determine if the objectives of the plans were met.

4.3.1 Background of analysis

The plans and reports of Black Economic Empowerment (BEE) in Soweto are analysed in order to evaluate BEE implementation in the tourism sector. The analysis and explanation of the implementation of the BEE policy is directly linked to the types of challenges that Small, Medium and Micro Enterprises (SMMEs) are faced with in the tourism sector. The five-year Soweto Economic Development Plan (SEDP) informed by the Tourism Enterprise Partnerships (TEP), detailed the number of ways to empower SMMEs. The analysis of plans and reports evaluate the activities planned and what was achieved in order to meet the objectives or pillars of the SEDP (2008–013).

An analysis of the South African Tourism (SAT) Annual Report (2012), contributing a significant part of this chapter, is conducted. The main thrust of the analysis is the desirability of Gauteng as a tourism destination, detailing this by presenting past data. The analysis also determines the nature and extent of support SMMEs received from the Johannesburg Municipal Council. Thus, the contribution of the JTC based on data reflected in the 2012-13 Annual Report is analysed to check the progress made in marketing Soweto.

4.3.2 The objectives of the Tourism Enterprise Partnerships (TEP) and the pillars of the Soweto Economic Plan (SEDP (2008-2013))

The TEP is a Non Profit Company (NPC) and the flagship private-public-partnership in the tourism industry (TEP, 2013). It connotes a national organisation most successful in enterprise development partnerships for small business development in South Africa. As a result, the TEP has successfully boosted the Gross Domestic Product (GDP), and created jobs by developing sustainable SMMEs. TEP is designed to transform the South

African economy, hence the particular focus on businesses that are owned and managed by PDIs or groups. It is apparent that the TEP therefore aims to implement BEE policy objectives. Notably, the mining and financial services sectors can be used to drive the TEP's SMME development agenda, since both these sectors strive to comply with provisions of their own B-BBEE charters (TEP, 2013). In essence, the TEP explicitly aims to achieve the following objectives in Soweto:

- Creation of jobs through enterprise support of which the SEDP (2008-2013) also aimed to achieve in growing income and employment (details of which are highlighted below).
- Focusing on transformation through skills development, so as to increase participation of Black Tourism Enterprises (BTE). Pillar two of the SEDP also aims to achieve the same objective, namely developing a learning and skilful region.
- Ensuring Ensuring sustainability by increasing market access for SMMEs, as in pillar two of the SEDP (2008-2013) emphasising the narrowing of the skills gap and creating an entrepreneurial culture.
- Enhancing the impact and sustainability of the TEP, by actively sourcing programmes and grants and providing fee-generating services to the tourism sector. Incidentally, pillar two and three of the SEDP (2008 – 2013) also seeks to ensure equitable access to finance.
- Pillar 4 of the SEDP, 2008 – 2013 is also in line with the TEP objective of enhancing impact and sustainability, as it sought to build Soweto as a powerful 'tourism brand'.

4.3.3 The SEDP (2008-2013) analysis on BEE implementation and Tourism Development

The Soweto Economic Development Plan (SEDP, 2008–2013:17) highlights a number of key local developmental issues. Notably, the main focus of the analysis is to achieve BEE implementation and tourism development. The “Vision 2013” of the plan focuses on:

- firstly, to assert Soweto as a recognisable world class dynamic and competitive city region, in which to invest, work, learn, visit and live;
- secondly, to foster the creation of wealth shared widely; and in particular benefiting black people domiciled in Soweto.

Essentially, the Plan contains four core economic plan pillars developed to realise “Vision 2013”, these are detailed below:

- Pillar one aims at building a diverse regional economic base. This pillar purposes to put Soweto on a high productivity and growth trajectory. The plan recognises that it is important to develop local SMME sector and entrepreneurship in order to achieve tourism and community development, thus:
 - a) Improving the tourism business in terms of quality and competitiveness;
 - b) Growing income and employment;
 - c) Diversifying product-offering beyond the history assets;
 - d) Improving tourism infrastructure;
 - e) Crafting more positive and effective ways of branding the region’s tourism products; and
 - f) Developing links with other economic sectors.

Implications for this goal relate to ensuring the stimulation of Soweto tourism potential by improving facilities for tourists. Building capacity and an enabling environment will attract more tourists to the region.

- Pillar two is aimed at developing a learning and skilful region. This pillar is built on a strategic direction for skills development of the Joint Initiative for Priority Skills Acquisition (JIPSA). The goal here is achievable by focusing on the following key areas:
 - a. Closing the basic skills gap; this is to be addressed by working with Sector Education and Training Authorities (SETAs) and the educational institutions for accrediting and monitoring formal and technical qualifications.
 - b. Developing workforce skills in line with transformation and restructuring of the developmental path of the economy after (jobless growth) apartheid, to create a highly skilled workforce, wealth-creating businesses and minimising unemployment in Soweto.
 - c. Developing an entrepreneurship culture and enterprise. The SEDP (2008–2013:58) proposed an approach to SMME support in the form of the Enterprise Development Programme (EDP). The approach includes the provision of long term technical assistance to start-ups, potential turnaround strategies and the improvement of existing businesses. Mentorship is further provided to businesses and entrepreneurs as part of the technical support.

There is an additional provision to provide businesses with a grant-seed-capital to conduct market research, feasibility studies, initial pre-production activities and facilitation of investment funding. According to the SEDP (2008 – 2013:59), the approach enhances the growth of micro businesses to fully-fledged medium size businesses. To this end, a service provider was going to be appointed to implement the approach and was going to be allocated an office in the skills-hub called Soweto Empowerment Zone (SEZ), whose mandate is attracting, supporting and developing BEE and SME Enterprises through developing and strengthening links with established companies.

In essence, the SEDP intends to increase the entrepreneurial capacity (provision of training), by supporting and creating business opportunities, increasing the general economic growth and providing of funding. According to the SEDP (2008) the partners involved were, the Small Enterprise Development Agency (SEDA), Gauteng Enterprise Propeller (GEP), Umsobomvu Youth Fund (UYF), University of Johannesburg Centre for SMEs Development and the Department of Economic Development and Tourism (DEAT).

- d. Building a knowledge economy with a view to exploiting the available literature and the information and communication technologies (ICTs) for innovation and productivity growth. This is largely going to be made possible by availing the necessary resources to the region.
- Pillar three is aimed at creating institutional conditions for economic development; accordingly, the critical interventions were identified as improving economic management and governance, ensuring better access to finance, land use regularisation initiatives and strengthening accountability. The plan recognised that for proper implementation of interventions in economic development, improved leadership and governance support was required. The plan also acknowledges that without funding, projects and programmes cannot be implemented. An additional key resolution is the release of land for business, which would subsequently support the implementation of the BEE policy. All these proposed interventions were ideal for Soweto which was at the centre of the struggle against apartheid.
 - Pillar four envisions the building of Soweto as a strong brand. According to the SEDP (2008:90), the pillar aims at branding Soweto as part of an improved marketing strategy, to retain and positively implement its global appeal. Branding Soweto would also retain the loyalty of those investing resources and more specifically, the tourists. Branding would be done in partnership with the

Johannesburg Tourism Company. A number of options, however, are going to be considered when branding Soweto. According to the SEDP (2008) the options range from political history, tourism attractions, cultural diversity and creative attractions, and entertainment. Creating economic intelligence in order to guide future economic development planning and investment in Soweto is another aspect included under this pillar. This would inevitably bolster the capacity of the regional economy to interact with municipal, provincial, national and international partners.

Perhaps the most important undertaking here was identifying the key role-players in implementing the SEDP. These are, generally private regional institutions, the City of Johannesburg agencies and relevant municipal departments. The City of Johannesburg agencies are most importantly expected, amongst other mandates, to promote and facilitate the participation of SMMEs and new entrepreneurs in economic development projects. The City of Johannesburg departments are primarily responsible for supporting and assisting entrepreneurs by continuously monitoring environmental constraints that hinder business operations in Soweto. Whereas the private regional institutions, amongst other things, are largely tasked to focus on skills development by encouraging SMMEs, BEE beneficiaries and potential entrepreneurs to participate in economic development projects.

Notably, the SEDP, 2008 recognises that entrepreneurship, SMME development and support and skills development are for local economic development and that SMMEs and entrepreneurs were therefore due to receive necessary support as early as 2008. At least the 2012/13 Tourism Enterprise Partnership (TEP), the Annual Tourism Report and JTC, 2012/13 Annual Report highlight some evidence of the progress made.

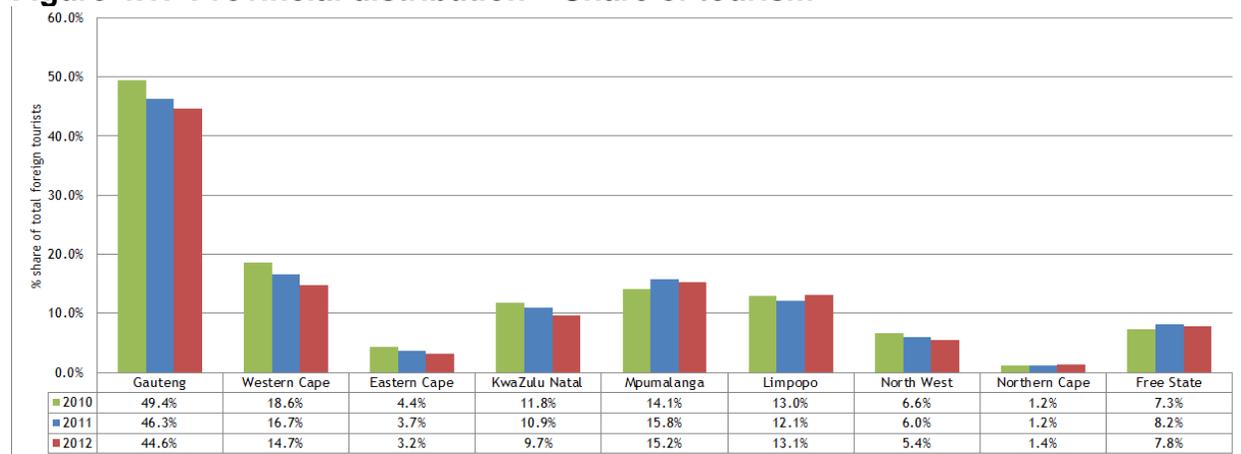
It is evident that the SEDP, 2008–2013 is in line with the objectives of the TEP. However, there is no evidence of the projects under the auspices of TEP implemented in Soweto, supporting the pillars of the SEDP. Surprisingly, the TEP exclusively reports ventures and case studies in other provinces. There are several case studies in the TEP, 2013 Annual

Report, which were proof that TEP - supported businesses, SMEs or firms had positive outcomes. Accordingly, owners of these businesses expressed their appreciation to TEP, for the support they received. These case studies suggest that businesses were successful largely because of the TEP assistance. Perhaps, TEP as a national programme had to focus on other provinces, hence SMMEs from Soweto did not benefit from the programmes implemented between 2008 and 2013.

4.3.4 Gauteng Province 2012 growth statistical analysis of Soweto

Analysis of the South African Tourism (SAT) Annual Tourism Report (2012) indicates growth of the Gauteng province tourism between 2011 and 2012. Universally, tourist arrivals at a destination i.e. South Africa; and the average number of bed nights spent are key indicators of tourism growth generalisable in a locale like Gauteng province. The analysis of such data was important in making the determination of what the Soweto Economic Development Plan (SEDP) 2008 ought to achieve in Gauteng. However, none of the details in the report provided the specific contribution of the Soweto tourism industry and in particular SMMEs. Figure 4.1 below is showing the share of foreign tourists in which Soweto might have had a contribution.

Figure 4.1: Provincial distribution – Share of tourism

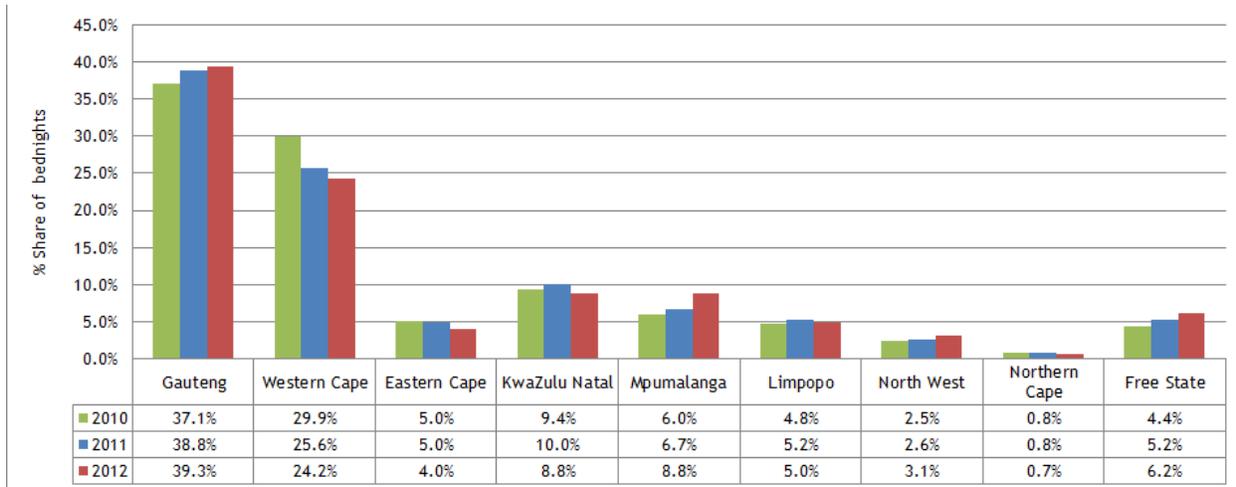


Source: Annual Tourism Report, 2012

Data shown above indicates that Gauteng was the strongest provincial contributor and destination i.e. for three consecutive years with 49,4%; 46,3% and 44,6% share of total

foreign tourists in 2010, 2011 and 2012 respectively. Gauteng also had most bed nights recorded, as shown in Figure 4.2 below:

Figure 4.2: Provincial distribution – Share of bed nights



Source: Annual Tourism Report, 2012

Given the considerable popularity of Orlando West, Soweto may have benefited from the number of bed nights achieved in 2012. However, on the data used to ascertain this assertion, it is interesting to note that from the estimates of the Gauteng provincial government statistics, Soweto residents' annual retail spending is worth more than R5 billion of which only a quarter of that spend is retained in Soweto (Dludla, 2014). In an attempt to create SMME development, as part of increasing the number of bed nights, the Soweto Festival Expo was organised in 2014. The partners that organised the expo were the Gauteng Enterprise Propeller and the Department of Small Business Development (DSBD). This annual event promises hope for increased interest in the consumption of music, dance and drama with an exhibition of arts and crafts, business and in particular tourism in Soweto, Orlando West. A more thorough description of marketing and exhibitions relevant to tourism SMMEs is detailed in subsequent sections.

4.3.5 The analysis of the Johannesburg Tourism Company (JTC), 2012/13 Annual Report

The Johannesburg Tourism Company (JTC) is mandated by the City of Johannesburg (CoJ) to promote tourism growth in the Greater Johannesburg Metropolitan area. The JTC manages and coordinates tourism initiatives and other programmes involving public and private sector stakeholders (JTC, 2012/13 Annual Report). In particular, the JTC's core function is promoting Johannesburg, marketing the multiplicity of attractions such as the business, lifestyle, sport and leisure orientations of the destination both locally and internationally. The JTC uses conventions, sport, retail tourism and events as key drivers for tourism growth. It is significant to highlight that this mandate had two components; firstly, to operate a Convention and Events Bureau (CEB) and secondly, to operate a Visitors' and Services Bureau (VSB). Accordingly, the CEB would tender for major international conferences and events for City of Johannesburg including mainly the branding Johannesburg as a leading international destination, while the VSB would promote leisure tourism to Johannesburg.

As would be the case in any other destination marketing organisation (DMO), the strategic objective of the JTC is to increase the length of stay of the visitors and the tourism spend (JTC, 2013). According to the JTC 2012/13 Annual Report (2013), this would then contribute to sustainable growth through job creation, and through the transformation and redistribution agenda. As already highlighted in the previous chapter, the transformation and redistribution agenda is the main objective of the BEE policy. This analysis of the JTC, 2012/13 Annual Report (2013) is important in evaluating the activities implemented in Johannesburg to meet objectives of the SEDP.

- **The JTC's performance in 2012/2013 financial year**

The analysis of the key performance indicators set out in the City of Johannesburg Integrated Development Plan (IDP) scorecard provides important benchmarking information. The Johannesburg Tourism Company (JTC) claims to have made significant progress against the set targets in the Annual Report, 2012/13. However little has been reported regarding development and support of SMMEs in the townships, particularly in

Soweto. What is unsubstantiated yet reported is that the ‘significant progress’ indicates important successes by the JTC and its partner organisations. These important successes as asserted improve conditions for economic performance particularly in the inner city. Yet, the focus seemed mainly on the inner city and less on outlying townships such as Soweto.

Table 4.1 below provided the Key Performance Areas (KPA) of the JTC in 2012/13 financial year that may have responded to the BEE policy and tourism needs of Soweto as part of Johannesburg Metropolitan. The Performance Indicators (PIs) are basically the activities or tools required to reach or realise the KPAs. The variance is the amount by which the actual outcome differs from the target. When the variance is 0% it means the actual is equal to the target, and a negative variance means the amount by which the target was not met. A positive variance means the extent to which the target was exceeded.

Table 4.1: JTC KPAs with implications for BEE and tourism in Soweto

| KPA | PI | 2012/2013 Financial Year | | | Comments on achievement |
|--|--|--------------------------|--------|----------|--|
| | | Target | Actual | Variance | |
| 1. Improve the profile of Johannesburg, regionally and internationally | Johannesburg hosts major summits | 9 | 5 | -44% | Target not met |
| | Tourism Packages and itineraries to include Johannesburg at discounted rates | 6 | 6 | 0% | |
| | E-marketing infrastructure development | 100 | | -95% | Minimal activity due to institutional review process |

| | | | | | |
|---|---|----|----|-------|--|
| | Regular meetings with key tourism stakeholders to be hosted by Johannesburg | 12 | 8 | -3% | Target was not met due to the number of opportunities available to Joburg Tourism |
| | International brand launches to be held in Johannesburg | 3 | 8 | 167% | Target was exceeded |
| | Regional and National trade/road shows | 6 | 5 | -17% | Target was not met |
| | Familiarisation trips for media and trade | 25 | 24 | - 4% | Target was not met |
| 2.Improving exports of goods and services | Exhibitions and Events | 12 | 18 | 50% | Target was exceeded |
| 3.Improvement global competence | Grading of non-hotel establishments | 10 | 8 | -20% | Target not met. The Gauteng Tourism and Grading Council of South Africa delayed the renewal of funding commitments |
| | Accreditation of Tour Guides | 10 | 0 | -100% | Target not met |
| | Participation of SMME associations i.e. in two major industry; promotion of exhibitions | 2 | 1 | -50% | Target was not met |

Source: JTC, 2012/13 Annual Report

The hosting of national conventions, meetings and events by the City of Johannesburg may present unique opportunities for business growth for BEE and SMMEs in townships like Soweto through networking. As such, SMMEs may render a meaningful contribution towards the development and promotion of tourism in Soweto, representing the previously disadvantaged Africans. However, the analysis in Table 4.1 outline that this performance indicator was not met, and this might even be worse for Soweto. Evidently, little has been done in terms of issuing and commissioning of new E-marketing infrastructure, which may diversify the interface small businesses have with their potential market abroad. The target was also not met on meetings with key tourism stake holders. The 3% achieved in terms of performance is too small, considering the number of opportunities that Joburg Tourism has. These forums, including relevant tourism intermediaries, are important in addressing challenges in the tourism sector.

Apart from the above, various other resolutions did not come to fruition. For instance, the national and regional trade road shows were not conducted. This is a disadvantage to tourism SMMEs in Soweto as it limits the resonance and engagement of the latter with potential consumers. Moreover, the target on familiarisation trips for the purpose of media marketing and trade were not met. Yet, these trips are important for Soweto to obtain access to the majority of the population, a domain of product/service demand. Another target unmet was the grading of non-hotel establishments. Non-hotel establishments include the bed and breakfast establishment; lodges and guest houses, which are popular in the townships. Graded establishments have more advantage than the non-graded establishments. Whilst accreditation of tour guides was also not facilitated, mediating the participation of the SMME associations in two major tourism exhibitions remained unfulfilled. Interestingly, during these exhibitions SMME tourism products and services were show-cased and advertised to the relevant clientele.

Fittingly, this analysis focused mainly on performance indicators that benefit SMMEs more, but unfortunately most of which were not met. This implies that the City of Johannesburg was not successful in achieving its main objectives for enterprise development in Soweto.

4.4 LESSONS FOR SOWETO: SMMEs IN TOURISM

With a conventions and events bureau, the JTC 2012/13, Annual Report (2013) wanted to achieve the following objectives as part of economic development:

- to maximise the visit of tourists to Johannesburg;
- to increase the amount of money tourists spend in Johannesburg;
- to increase the tourists' length of stay;
- to widen the geographical spread of travellers across Johannesburg;
- to ensure uniformity in the seasonality spread of tourists;
- to strengthen tourism SMMEs; and
- to ensure the world class tourism services are provided.

A number of activities were carried out by the JTC, according to its 2012/13 Annual Report (2013), in the bid to reach the above-mentioned objectives. However, the focus of this analysis is exclusively on objectives aimed at developing and supporting tourism SMMEs as part of the BEE policy in Soweto. Noteworthy is that the South African Association for the Conference Industry (SAACI) held a conference and exhibitions from the 29th to the 31st of July 2012 through the JTC in Johannesburg. One most significant activity at the conference, amongst others, was the tour through the Constitutional Hill, Apartheid Museum and Soweto, sponsored by JTC. This is significant for two main reasons; firstly, that tourism SMMEs would benefit as delegates, who were business tourism industry leaders. Secondly, the delegates on tour were key persons with the professional capacity to explore solutions for current challenges, towards suitable alternatives. However, it remains unclear what the net effect of this event would be for tourism SMMEs in as no literature on this exists in the public domain.

Looking at the tourism activities that can benefit tourism development through the JTC, it is therefore important to illustrate which opportunities are neglected, that can potentially enhance tourism in Soweto, as summarised below:

- **Sports events tourism**

The Sports, Events and Tourism Exchange (SETE) integrated programmes such as a combined one held on 12 to 14 September 2012 in Durban at the Albert Luthuli International Convention Centre are in themselves a micro-cosm for connecting similar businesses. The main objective for SMMEs is increasing the volume of tourists and expenditure and length of stay. Particularly, an increase in the volume of tourists may translate to heightened opportunity for SMMEs to benefit from such visits; more especially in townships like Soweto with invaluable struggle credentials. Moreover, on the 15 to 17 November 2012, the JTC participated in the 94.7 cycling challenge, which took place in Sandton to achieve the same objectives. It would be plausible to suggest that SMMEs, such as tour operating companies, would benefit from pre-or post-race tours for participants or event goers interested in touring Soweto. Earlier evidence suggests that BEE owned tour operators are emerging; yet they are confronted by challenges such as fleet financing; therefore undermining their competitive edge given other well established establishments, which are largely white owned (Rogerson, 2005:1).

- **Expo's and exhibitions**

The Summit Expo Africa was held at the Sandton Convention Centre from 13 to 14 February 2013, to strategise on the future of the African exhibition industry. Goals importantly, included strengthening relations with Brazil, Russia, India and China (BRICS member countries). In addition, the Beeld Holiday show and Cape Getaway show were held from 15 to 17 February 2013, Johannesburg as a destination was promoted in these two events. On 18 to 21 February 2013 Meetings Africa, which was a business- to-business marketing platform, was also held in Sandton. In all cases, these are high profile events which crowd-out SMMEs from exhibiting, because of their high fees and other strict preconditions.

The Tourism Indaba was held from 11 to 14 May 2013 in Durban; and continues to do so annually. Tourism management companies, tourism authorities and associations, media, general public, government leaders and officials, corporate lawyers and tour operators amongst others also attended this event. The Tourism Indaba is one of the biggest events;

its attendance and constituents is highlighted above. It was a vitally important marketing and networking opportunity particularly for the SMMEs as the event is attended by the general public. Collaterals such as Johannesburg maps, Newtown and Braamfontein brochures, investment brochures, tourism guides and city sightseeing tour brochures were distributed as part of conference marketing. The actual contribution of such events is not sufficiently articulated; they are not marketed widely enough, as mainly primary evidence exists such as is contained in annual reports from regional tourism departments.

- **Congresses**

According to JTC 2012/13 Annual Report (2013), on 15 to 18 September 2012, the 37th International Small Business Congress (ISBC) and Exhibition was held at the Sandton Convention Centre. This was in fact an inaugural congress, hosted by JTC in partnership with Osiba Research, a business analyst unit. The main thrust of this event was to support tourism SMMEs. Notably, Johannesburg-based SMMEs were furnished with five complementary conference tickets and 50 complementary exhibition tickets by JTC, thus assisting tourism SMMEs to gain knowledge and understanding of SMME development and to encourage Johannesburg enterprises to extend invitations to their members. The perceived challenge here is that the JTC may have not been impartial and objective in distributing tickets, as there was no unanimous agreement on SMMEs benefiting. The absence of details on benefits to SMMEs was not specified by location, substantiating the claim above. Data verification is therefore important to identify which SMMEs benefited from the conference.

- **Marketing**

Linked with expositions and exhibitions highlighted above are the overt marketing strategies employed chiefly by the JTC and other relevant intermediaries. For example, on 12 to 14 September 2012 the JTC participated in Chinese Business and Initiatives Travel Mart (CBITM). CBITM is the China's leading meetings, incentives, and business travel exhibition, which provides the ultimate platform for global business suppliers to the Meetings, Incentives, Conferences and Events (MICE) industry to meet top level buyers with strong purchasing power (JTC, 2013). The JTC participated, in order to market

Johannesburg and to meet with potential buyers so as to bring future meetings to Johannesburg (JTC, 2013). The JTC also participated in order to initiate bid leads to sustain relations with meeting planners and to protect the interests of the City, that is, of benefitting its market share in the meetings industry (JTC, 2013). Getting an opportunity to host such big events would increase the tourist visits to Johannesburg. However, the disadvantage is that this was a high profile gathering, so SMMEs would not have access. These meetings also have implications for international relations.

From 5 to 8 November 2012, JTC participated in the London World Travel Market held in London (JTC, 2013). The intention was to enhance the knowledge of the travel trade and the media about the Johannesburg tourism offerings, Soweto included.

On the other hand, from the 12th to the 15th of November 2012, the International Golf Travel Market was held in Algarve in Portugal, and JTC participated (JTC, 2013). This was part of marketing Johannesburg with its various offerings to both local and international buyers and event planners. The main thrust of this event was portraying Johannesburg as a destination of choice to host big sporting events. That was done through holding meetings with media and international buyers, mostly the golf tour operators. The core function of the golf tour operators was to market golf packages to their clients. Unfortunately, SMMEs are unlikely to benefit from this activity as golf is dominated by intermediaries offering premier products. Soccer events, by comparison, would perhaps incorporate tourism BEE SMMEs if included.

The JTC, 2012/13 Annual Report (2013) endeavoured to enhance stakeholder relations by inviting a representative from “Johannesburg Gems” to promote Johannesburg’s pristine golf courses. Perhaps the Johannesburg City Council should consider improving the golf course in Pimville, which is situated in Soweto. This could enhance the marketability of Soweto. Johannesburg’s packaged golf offering was presented to the visitors visiting the JTC stand (JTC, 2013). Buyers from across the world showed interest in expanding their product portfolio. Those buyers decided to include exciting Johannesburg golf offerings and leisure tourism services in their packages. SMMEs from

Soweto in this case would benefit from the marketing of leisure tourism services. The JTC participated in this activity to increase the number of tourists visiting Johannesburg and the length of stay and the tourist spend (JTC, 2013). All these events were a great opportunity to market Soweto.

The JTC attended the IMEX exhibition in Frankfurt in Germany (JTC, 2013). Amongst other things, the aim was to promote Johannesburg to various markets as a MICE destination of choice (JTC, 2013). The various markets referred to also included Soweto, as exceptional destination facilities and excellent service and support were showcased during the exhibition. The JTC managed to upload the electronic profile and to place the print profile of Johannesburg on the IMEX exhibitor catalogue (JTC, 2013). The lesson from this is that it is important for SMMEs to be technologically competent, so as to benefit from these marketing opportunities.

In March 2013, the Danish Prime Minister and her delegation visited South Africa. Amongst other things, they were taken to a tour by Johannesburg Tourism working with the City of Johannesburg International Relations Department. The Prime Minister was taken on an historic Soweto Tour, which included visits to the Hector Pieterse and Mandela Museums. These are the types of visits or tours that will put Soweto on the map and provide SMMEs a platform to market their product offerings.

As part of the Johannesburg Metro Police Department (JMPD) Safer City Programme, on the 18th of September 2012, Nazira Cachalia requested the hosting of the inner city tour for the German Institute. On the same day there was a One Young World 2013 summit, and the press conference for the summit was held at the Crown Plaza in Rosebank. It was 76 media and press items in terms of coverage in 2012/13 period which included a taste experience for the BRICS Media on 17 August 2012 and the Joburg Tourism welcoming the Joy of Jazz on the 22nd of August 2012 that were held (JTC, 2013).

- **Workshops, public campaigns, training and development**

The JTC also participated in a number of international workshops and road shows (JTC, 2013). On 27 to 30 August 2012, JTC participated in St Petersburg and Moscow Road show in Russia. The comments that were made from the trade were not good. Feedback generated from participants in this event cited the lack of sufficient information about Johannesburg's leisure offerings. With this possibility, SMMEs would be particularly disadvantaged; suggesting that heritage sites such as the Mandela and Hector Pieterse Museums, restaurants, B&Bs, hotels and guest houses surrounding such heritage sites may not have been marketed accordingly.

The JTC support package for SMMEs, which include the Gauteng Foreign Language Training, E-marketing Workshop and Online SMME Registration acts as a stimulus to transformation of the tourism industry. For instance, an E- Marketing workshop was hosted by Gauteng Tourism in partnership with e-Tourism Frontiers (Kenya) from the 9th to the 10th of July 2012 (JTC, 2013). The Mandarin (i.e. Chinese language) training for the Johannesburg-based tour guides and front line staff was organised and started in October 2012. The intention was to skill South African tour guides and front line staff to communicate better with Chinese tourism agencies. Better communication may mean improved resonance with SMMEs, thus attracting more Chinese visitors to Soweto. Currently, the Wits Business School is the sole service provider. Nine out of 20 delegates who registered to attend were from Johannesburg. The JTC could utilise this opportunity and pilot it in Soweto.

- **Stop-over destination**

It is encouraging to note that international tourists could use Johannesburg as a stop-over destination, while on transit to their primary destinations. However, the lack of sufficient information and understanding about Johannesburg's leisure offerings may frustrate this prospect. More marketing is therefore required to attract more tourists. Similar issues were also raised during the South African Tourism (SAT) Angola Trade show and the SAT Trade show, held in Nigeria in September 2012 (JTC, 2013).

There was also the SAT India show, which highlighted the fact that there were increased numbers of Indian tourists travelling to South Africa. The JTC aimed to attract Indian tourists. India was identified, amongst other countries, as an important, emerging travel source market with massive growth potential (JTC, 2013). This is the main reason why the JTC started attending the Indian Road shows. Yet, the ultimate impact of such events for tourism SMMEs, remains unknown.

- **Networking**

On 4 to 6 March 2013, the JTC (2013) participated in the 16th International Hotel Investment Forum held in Berlin to get an understanding of global tourism investment opportunities. During this event, the City of Johannesburg had an opportunity to meet with Reverend Makhenkesi Stofile. The meeting was aimed at discussing possible collaborations with German investment companies. The JTC also organised the SAT trade evening on the 6th of March 2013 in an exclusive venue in Berlin (JTC, 2013). The Johannesburg Tourism, Gauteng Tourism Authority, City of Tshwane, KwaZulu Natal Tourism and South African Airways had an opportunity to showcase their products. Johannesburg Tourism was able to promote the Hop-on and Hop-off bus (red bus) and the Mercedes Benz Fashion Week during this event.

The Mercedes Benz Fashion Week Johannesburg (MBFWJ) 2013 was held on the 7th of March. The MBFWJ was promoted as one of the highlights of the summer campaign event, which focused on attracting tourists during summer. The event was promoted in business collaborations with Africa Fashion International (AFI). Through this event, the JTC was able to successfully market Johannesburg in Berlin, as Africa's Fashion Capital (JTC, 2013). A number of branding opportunities (some of which were relevant to SMMEs) such as logo placement at all marketing collaterals, outdoor branding at all the MBFWJ venues and many more were used. According to the JTC 2012/13 Annual Report (2013), Johannesburg continued to attract its fair share of German's visitors during the MBFWJ. There was nothing mentioned about marketing Soweto in this event.

- **Online registration tool**

The JTC made available the online SMME low cost registration tool. According to the JTC 2012/13 Annual Report (2013), the tool facilitates the online registrations of SMMEs and other tourism products. This was a way of extending the SMME presence and visibility on the JTC website and online footprint. The tool was also a facility to be used by product providers or SMMEs to update their own information on a regular basis. Product providers or SMMEs have control to upload and edit their own establishment footage. These are information and communications technology tools that make it easier for SMMEs to market themselves, more especially abroad. However, the issues of computer literacy could be a problem particularly with SMMEs in Soweto, highlighting the importance of information technology training.

- **Visiting sites**

The red bus is a sightseeing double decker open bus that transports tourists through the Central Business District (CBD). It is a franchise that operates in 100 cities across the world. Buses therefore are branded the same worldwide. The bus stops at Ghandi Square, the Roof of Africa at the Carlton Centre, the James Hall Transport Museum, the Apartheid Museum and the Gold Reef City, the Mining District, the World of Beer, Newtown Precinct, Santarama Miniland, the Origins Centre, Wits Campus, Braamfontein and Constitution Hill. The tour route, however, does not cover Soweto. Considering the popularity of the late President Nelson Mandela and Hector Pieterse, the expectation was that the route of the tour would include Vilakazi Street, Nelson Mandela House and the Hector Pieterse Museum.

According to the JTC 2012/13 Annual Report (2013) the tourist bus service aims to make Johannesburg a tourist friendly place, to grow the tourism footprint within the CBD and to encourage residents to explore their city. It also aims to extend tourism spend and create jobs for local residents. The focus is on the CBD; townships are not benefiting at all from the tourist bus service. However, it was encouraging to note that out of eight establishments graded by the Gauteng Tourism Authority (GTA), two were from Soweto. Those establishments were RGH Bed and Breakfast (B&B) and Will B&B.

- **Media induced tourism**

South Africa had the privilege of hosting Africa Cup of Nations (AFCON) 2013 after it had successfully hosted the 2010 World Cup. On that note Johannesburg Tourism had an opportunity to host sports media from Super Sport channel 4. Super Sport 4 was covering the 2013 Africa Cup of Nations (AFCON). The JTC took a tour with channel 4 and visited various Soweto Heritage Sites including the Apartheid Museum, Hector Pieterse Museum, Mandela House and Vilakazi Street (JTC, 2013). According to the JTC, 2012/13 Annual Report (2013) the tour culminated in a local South African cuisine experience at the famous Sakhumzi Restaurant in Vilakazi Street. Super Sport has huge viewership locally, regionally and internationally and therefore products from visited areas in Soweto received a huge exposure to the world. Soccer fans travel all over the world to watch their favourite teams; and this opportunity placed Soweto at an advantage of a tourism destination.

Media and press are important in marketing the tourism products. However, it was evident from the analysis of the JTC, 2012/13 Annual Report (2013) that there was not much done to expose SMMEs to various media platforms.

- **The formulation of questions for the case study: Soweto**

The formulation of case study questions was based on the aspects found in the analysis of the White Paper on Tourism, 1996; Soweto Economic Development Plan (2013); South African Tourism, 2012 Annual Report (2012); TEP, 2012/13 Annual Report (2013) and Johannesburg Tourism Company, 2012/13 Annual Report (2013).

The objectives or pillars of the White Paper on Tourism (RSA, 1996) and the SEDP (2008-2013) had mainly focused on BEE implementation, which was inclusive of tourism development. Skills development, SMME or entrepreneurship support, including funding and mentorship were consistently mentioned in the pillars. Pillar four also included marketing, which the Johannesburg Tourism Company was mandated to do by the City of Johannesburg. The SEDP strategically aimed at improving the regional economy;

hence one of the focus areas of the plan was to grow income and employment. It was therefore important to formulate questions that cover the key aspects of the pillars or objectives of the White Paper on Tourism (RSA, 1996), SEDP (2008-2013) and those of the TEP.

The analysis of the TEP, 2013 Annual Report was done to assess whether the pillars of the SEDP were addressed by the national programmes. The TEP objectives covered most of the SEDP objectives. However, there was no specific information on what had been done in Soweto, hence there were questions concerning the validity of TEP implementation. Most of the information was provided at national level. Therefore, as much as the objectives of the SEDP correlated with those of the TEP, it was difficult to evaluate achievements in Soweto. Even the case studies conducted on TEP implementation, excluded Gauteng. However, the TEP prioritised the HDI which the BEE policy also emphasises. It is for that reason that some of the questions formulated in stakeholder interviews were informed by the TEP report.

The main focus on Gauteng in the South African Tourism, 2012 Annual Report helped in zooming into what might have been achieved in Soweto. Gauteng led the other provinces in terms of the share of foreign tourists and bed nights, and foreign direct spend. There were no specifics in terms of the share in Soweto. It was therefore important to formulate questions for the interviews that would gather information from the SMMEs to determine the share of foreign tourists and bed nights.

There was also the analysis of the JTC, 2012/13 Annual Report (2013) to verify achievements in BEE implementation in Soweto. The fact that the JTC was mandated by the CoJ to operate a CEB and a VSB gave Soweto an opportunity to be visited by high profile individuals. Historic Soweto places such as Hector Pieterse, Mandela House and Vilakazi Street were visited by channel 4 and the Danish Prime Minister. Such visits were evidence that Soweto has potential to attract foreign tourists. During the interviews it was important to have questions that addressed the CEB and VSB organised in Soweto by JTC.

The operation of these events (4.4) in Soweto would provide tourism SMMEs with developmental and business opportunities. However, there were critical key performance areas that were not met by the JTC, which may have disadvantaged the SMMEs. Some questions were therefore formulated for interviews to validate the findings from the report.

The JTC had more strategic focus on SMME development and support in its activities. However, it was difficult to identify specific information that benefited SMMEs in Soweto, hence the questions for interviews were aimed at getting specific information. The questions formulated are in Table 4.2 below.

Table 4.2: Interview questions

| | |
|--|---|
| <p>Targeted institutions: SMMEs from Orlando West at Vilakazi Street, which are: Sakhumzi; Vilakazi and Thrive/Vuyo's Restaurants, Mandela Side Walk Market Company, Soweto Accommodation Association representing ten B&Bs along Vilakazi Street, which are Dakalo; Backpackers; Zizwe; Ngwenya; Vhavenda; Thutos; Rose; Emthonjeni; Lihle; Nthateng and one guest house, which is Ekhaya.</p> | |
| 1. | What is the composition of ownership for your business? (Black and non-black composition and shareholding status) |
| 2. | Business establishments have specific niches; explain how the SMMEs branded their product/service in the tourism sector? |
| 3. | What challenges do SMMEs face regarding improving the quality of product/service? |
| 4. | Describe the current level of access to the primary target market. |
| 5. | BEE is a government initiative to facilitate transformation in the business sector for the meaningful inclusion of previously marginalised groups in industry. Strategies to achieve this outcome now include incubating enterprises, skills development and preferential procurement for products/services from compliant black owned enterprises. Briefly give details on how businesses achieve conditions/expectations; |

- i. BEE status (NB. Criterion now streamlined to only five indicators)
 - ii. Skills development
 - iii. Securing business through preferential procurement
6. In each occasion of the abovementioned targets, outline the challenges in reaching them.
 7. Describe how these challenges could be overcome.
 8. Given that B-BBEE status (i.e. an improved variation of BEE) reporting system is generally criticised for being merely a 'box ticking' undertaking, unable to capture the real progress and sustainable change registered by different industries it is implemented. Explain how this method of assessing compliance affects the SMMEs. What could perhaps be done in order to ensure that real progress particularly for businesses is monitored?
 9. What other challenges do businesses face in adhering to BEE resolutions within the tourism sector? Briefly explain.
 10. What then do you suggest as solutions to these problems?
 11. What mechanisms do you have in place to ensure sustainability of the business in terms of your observation as an SMME involved in BEE implementation?
 12. The pillars of the Soweto Economic Development Plan (SEDP) (2008-2013) ought to achieve the objectives of the Tourism Enterprise Partnerships (TEP) as a National Programme. On that note, are there any projects that have been done specifically in Orlando West through the TEPs? If not, what would be the reason?
 - 12.1 If there are any projects done, what can be the impact of the TEPs?
 13. Given the popularity of the Mandela and Hector Pieterse Museums in Orlando West where these visiting sites are situated, Soweto should be benefiting from the number of bed-nights and foreign direct spend recorded quarterly. What would be the number of bed-nights Soweto averagely benefits quarterly in a scale of 1 to 10? 1 meaning very poor and 10 being excellent.

14. Pillar four of the SEDP (2008-2013) aimed at branding Soweto, of which the City of Johannesburg (CoJ) was going to do it in partnership with the Johannesburg Tourism Company (JTC). There were two main responsibilities of the JTC, firstly was to operate the Convention and Events Bureau (CEB) to brand Soweto, and secondly to operate the Visitors and Services Bureau (VSB) to promote leisure tourism in marketing Soweto.
- 14.1 On that note, was there any branding done in Orlando West, from 2008 to date?
- 14.2 What were the activities conducted, if any through the VSB to promote leisure tourism in Soweto since 2008, specifically in Orlando West where the Mandela and Hector Pieterse Museum are situated.
- 14.3 Any national conventions, meetings and events with stakeholders hosted in Soweto, and if they are any, how did tourism SMMEs benefit from that?
- 14.4 Apart from branding, what are other SMME development and support programmes that were or are implemented in Orlando West?
- 14.5 How are the Soweto visiting sites and tourism SMMEs benefiting from E-marketing?
- 14.6 Were the regular meetings or forums and roadshows held with key tourism stakeholders as proposed in 2012/13 key performance indicators of the JTC, and what is the current state of affairs?
- 14.7 During the 2012/13 financial year the JTC was supposed to facilitate the grading of the non-hotel establishments and also the accreditation of Tour Guides. Are there any non-hotel establishments graded in Orlando West? What about the Accreditation of Tour Guides from 2008 to date?
15. In terms of paragraph 4.4 of the B-BBEE Act, 2003 (No. 53 of 2003) as amended, EMEs are allowed to be measured in terms of the QSE scorecard to increase their points and be at higher B-BBEE recognition level. Are the EMEs finding it difficult to move to higher level of B-BBEE recognition within the tourism industries? Please explain.

16. The implementation of B-BBEE has been labelled in many ways, namely, fronting, the minority of black and white people still being the one benefiting resulting in “New elite” group. What is currently the unethical behaviour generally during the implementation process and how does government ensure SMMEs are not disadvantaged in the tourism sector?

- **Rationale for the choice of interview participants at Vilakazi Street**

The niche chosen for the interviews were three SMMEs owning restaurants, one owner of a B&B representing Soweto Accommodation Association for bed and breakfast outlets and guest houses; and one street vendor representing Mandela Side-Walk Company because the side walk market has popular service offerings found at Vilakazi Street. According to Mamello Sejake (2016), a researcher from Food24.com, there are top five restaurants to visit on Soweto’s famous Vilakazi Street. Those top five restaurants Sejake (2016) mentioned are: Sakhumzi, Vilakazi, Nambitha, Nexdor and Vuyo’s restaurant. The reason why three of these restaurants were chosen, is because they are amongst the top five, and they are Sakhumzi; Vilakazi and Vuyo’s, which is 60% of the top five situated along Vilakazi Street.

An interview was arranged with a member of the Soweto Accommodation Association, Nthateng Motaung, to gather information on the support bread and breakfast outlets and guest houses received through the BEE implementation at Vilakazi Street. Motaung represents ten B&Bs and one guest house, and these B&Bs and a guest house are members of Soweto Accommodation Association. The ten B&Bs are Dakalo; Zizwe; Ngwenya; Vhavenda; Thutos; Rose; Backpackers; Emthonjeni; Lihle; Nthateng and Ekhaya Guest House. These B&Bs and a guest house are run as SMMEs, in order to benefit from BEE implementation, hence they were able to partner with the Sun International hotel group.

There is a handful of street vendors in the side walk market and Mr Ndelu Absalom who owns a stall was also interviewed. The street vendors sell African made hand crafts and

art; and a mixture of both international and African clothes. Therefore they are an important player in local economic development as they attract foreign and national currency.

A set of questions was formulated to explore the plans and reports analysed in the implementation of BEE at Vilakazi Street, by interviewing the above mentioned selected participants as part of a formative evaluation process.

The semi-structured interviews were used to collect data. According to Gill, Stewart, Treasure and Chadwick (2008:291) semi-structured interviews consist of key questions that help to define the areas to be explored. This method was appropriate to collect data in Soweto as “it allows the interviewer or interviewee to diverge in order to pursue an idea or response in more detail” (Gill *et al.*, 2008:291). In semi-structured interviews the order of questions varies, depending on the way in which the interview is developing (Welman, Kruger & Mitchell, 2010:165). The method was good for SMMEs as their education levels differed.

4.5 THE SMMEs’ PERSPECTIVE OF BEE IMPLEMENTATION IN THE TOURISM SECTOR, THE CASE OF VILAKAZI STREET IN ORLANDO WEST

4.5.1 Background

Vilakazi Street is one of the South Africa’s most well-known streets having been home to two Nobel Prize winners, namely the late Nelson Rholihlahla Mandela and Bishop Emeritus Desmond Tutu (Brand South Africa, 2016:1). The Mandela House at 8115 Vilakazi Street, which is now a Museum, contributes immensely to the attraction of tourists. Just a short distance away is the former house of Bishop Emeritus Desmond Tutu at the corner of Ngakane and Vilakazi Street. According to Brand South Africa (2016:1), the famous Vilakazi Street is about a kilometre long.

The tourism popularity of Vilakazi Street has resulted in the mushrooming of a number of SMMEs. Clustered around ‘Vilakazi precinct are bed and breakfast (B&B) outlets, guest

houses, side walk enterprises and restaurants to meet the needs of the tourists. Apart from meeting the needs of the tourists, this has created business opportunities and job creation for the local community members.

It is important, therefore, to do a case study of experiences of BEE implementation at Vilakazi Street, in order to measure the perceptions and impact of BEE implementation initiatives in SMMEs. These interviews for data validation provided perceptions on progress made in BEE implementation in the tourism sector in Orlando West.

- **Sakhumzi Restaurant**

Sakhumzi Restaurant is situated at 6980 Vilakazi Street, Orlando West, Soweto, right next to Nelson Mandela's House Museum as shown in the Figure 4.3 below.

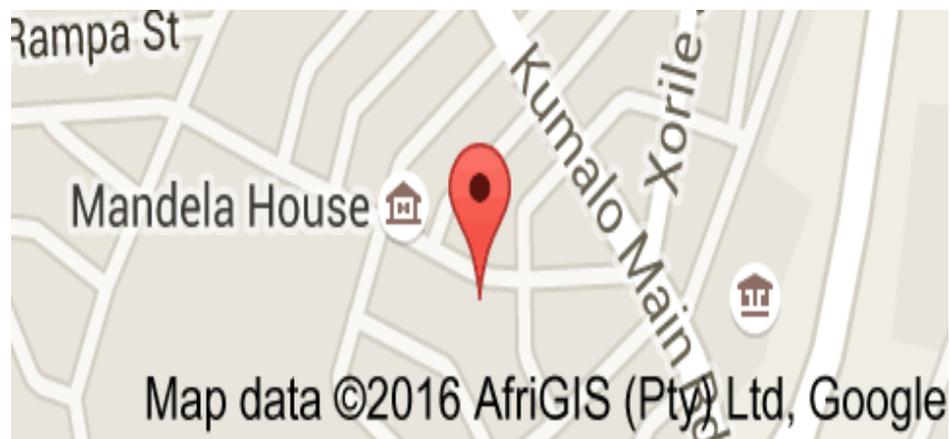


Figure 4.3: Sakhumzi Restaurant

Source: Map data 2016 AfriGIS (PTY) Ltd, Google

There is an indoor seating of about 120 and outdoor seating of 330 people. There is also a conference venue, seating 10 people. The interview was conducted with Sakhumzi Maqubela (owner) on 7 February 2016. He shared his perspective on BEE implementation in Orlando West tourism. Sakhumzi Restaurant was established in 2001. When the B-BBEE Act (53 of 2003) (RSA, 2003) was enacted, the restaurant was in existence. Sakhumzi Restaurant is a QSE in terms of its BEE status and owned by one black man. It has 95 black employed people from Soweto.

➤ **Maqubela's perspective of BEE implementation in tourism**

Firstly, Maqubela (2016: Interview) regards tourism as “never been a black man’s thing”, meaning, black people find it difficult to do well in the tourism sector because they don’t understand it. Being difficult as it may be, having the Mandela House Museum right opposite Sakhumzi Restaurant has an advantage as people come from all over the world to see the House.

Maqubela (2016: Interview) argued that the lack of education, more especially in the townships, hinders the implementation process of BEE. The BEE policy has a skills development element, which is also not helping. The Soweto Empowerment Zone (SEZ) established for skills development in Soweto is not helping at all. People do know it. The people who are managing SEZ don’t know what they are doing. They were appointed based on their political credentials. Maqubela (2016: Interview) said that he does training of employees as a QSE, without any assistance from government or corporates. That has helped the business to make more than R5 million turnover per financial year. That has not been achieved through BEE, as it is not working at the moment.

He continued to say that at the moment there are few people who are benefitting from the B-BBEE arrangement, mainly due to political connections. Benefits are especially from government tenders and preferential procurement. Also, corporate companies are not willing to support SMMEs in terms of preferential procurement. The BEE reporting system for compliance, which should be assisting, is just a ‘ticking box’ undertaking, in his view.

According to Maqubela (2016: Interview) “The Tourism Enterprise Partnerships (TEP) has not done anything since 2008 to support SMMEs in Soweto. TEP only assisted back in 2002 when the business was starting. It is certain people who are benefitting from TEP, corruption is a problem. Conferences are organised in upmarket places and it becomes difficult for SMMEs to access such events”.

Maqubela (2016: Interview) stated that “The Johannesburg Tourism Company (JTC) also organises conferences in upmarket places, there is not even a single big event or conference organised in Soweto since 2008. There was neither the CEB nor VSB conducted in Soweto as part of marketing the precinct. There was supposed to be R200 million for branding Soweto, but no one knows how it was spent. Corporate companies are the ones helping SMMEs in terms of branding. The JTC is not doing much in marketing. The JTC has a calendar of events, but SMMEs have to fund their own trips to attend and market their products”.

Maqubela (Interview: 2016) concluded that “the marketing of tourism SMMEs in Soweto is still a challenge. Looking at the booklets of information distributed to consumers of tourism products, Soweto gets a very small space. It is not surprising that the majority of the Europeans who sleep in Soweto are university students who mainly look for accommodation because they don’t have enough money. Those who are rich sleep in Sandton and are transported by luxury buses and shuttles to Soweto and are accompanied by tour guides. Maqubela (2016: Interview) also indicated that most of the international tourists brought by tour guides come to use the bathrooms and leave.

Maqubela (Interview: 2016) stated that “The one good thing that was done is the accreditation of Tour Guides. Every Tour Guide accompanying the tourists has a badge clearly denoting accreditation. These Tour guides assist in marketing the tourism products of SMMEs in Vilakazi Street”.

The Hector Pieterse Memorial and Mandela House are well marketed. According to Maqubela (2016: Interview), these two visiting sites are more benefiting from E-marketing than the SMMEs. However, when the tourists visit these visiting sites they also eat in restaurants found at Vilakazi Street, which is therefore beneficial to the SMMEs.

- **Vilakazi Restaurant**

Vilakazi Restaurant is also along Vilakazi Street, just about 100 metres away from the Mandela House. It is also one of the most popular restaurants. There is indoor seating for about 80 people. An interview was conducted with Dave Mathangana, the manager, who started the business in 2010. The business is owned by one black man. It is a QSE as it makes more than R5 million turnover even though at the beginning the business was struggling. According to Mathangana (2016: Interview) the restaurant manager, “the community did not understand dining, people had to be taught about wine and tipping for instance. The community’s lack of understanding of dining made it difficult for Vilakazi Restaurant to move from being an EME to being a QSE”.

He stated in the interview (2016) that “The growth of the business has led to the shortage of space. The only way to deal with the space shortage is to build up, which the business cannot afford. Having an easy access to the market contributed to the business growth. The market comprises mainly of 90% of black local people. Some of these people use to stay in Soweto, they normally come and relax at Vilakazi restaurant over the weekends and hold their business meetings during the week. It has not therefore been difficult to access the market, hence the business reaching the QSE status. The business makes at least more than R950 000 per month, and more than R1,1 m in November and December. However, the support from government is still lacking, particularly from B-BBEE implementation”.

- **Mathangana’s perspective of BEE implementation**

Mathangana (2016: Interview) stated that “The people benefiting the most from BEE are those politically connected, mainly from preferential procurement in the form of tenders. Vilakazi Restaurant hosted the Gauteng Department of Housing only once in 2015. That was the only business received from government since the restaurant was established. There is too much corruption in the tourism industry, some government officials have their own tourism businesses”.

Mathangana (2016: Interview) confirmed that “Nothing has been done to up skill the employees through the skills development element of BEE as well. The Soweto Economic Empowerment Zone established as a skills hub is not helping at all. The only department that once provided a coaching course is the Gauteng Enterprise Propeller (GEP)”. GEP is an agency for the Gauteng Department of Economic Development (GEP Website, 2016). According the GEP Website (2016), the main objective of GEP is to develop Small Medium and Micro Enterprises, financially and non-financially. Coaching is the non-financial support that Vilakazi Restaurant received from the GEP in 2011. Mathangana (2016: Interview) indicated that “all the SMMEs were involved and each manager was assigned a mentor and the project worked very well. However, the Gauteng Enterprise Propeller did not do any training for the junior staff members”.

Mathangana (2016: Interview) stated that “Vilakazi Restaurant organises training for its employees, and it is not easy. Having been in the industry for 18 years helps in putting together training courses and systems for the employees. The newly employed personnel get orientation. The restaurant employs casual staff as learners during weekends and holidays, to give them experience and some form of income. Training is also given to young people. The Restaurant has 42 staff members who are permanently employed and 15 learners are employed on a casual basis during Saturdays and holidays”.

“Vilakazi Street is turning into a commercial area. Rich people, mostly the black elite, come and buy houses which are along the street, to do business. Owners of those houses are able to double the price as such houses are in demand. The business is growing, therefore the employment rate as well. Tourists coming to Soweto are increasing and B&Bs are getting tourists locally and from Europe who come and sleep for a week or two just to experience life in Soweto. Local tourists are the ones coming in numbers. About 95% of the tourists are local, who sleep in those B&Bs. However, the B&Bs are not graded. With Europeans, it is mostly students who sleep in Soweto. More marketing is required to attract European business people. Even though the JTC as mandated by CoJ does something to market mainly Vilakazi, but it is too minimal” (Mathangana, 2016: Interview).

Mathangana (2016: Interview) concluded that “The JTC brings people to Vilakazi once in a while. When it comes to branding as promised in the SEDP (2008–2013), nothing has been done. Roadshows were also not conducted between 2008 and 2013. There is no tangible evidence on whether something is done to improve exports of goods and services. It is not tangible because in terms of e-marketing, there are not enough details about the tourism products found in Vilakazi Street. Clearly, the JTC has not delivered to its mandate from the CoJ as indicated in the SEDP (2008)”.

- **Thrive Restaurant, now called Vuyos**

Thrive Restaurant used to be owned by a black lady and a white man. According to Khumalo (2016: Interview), one of the senior staff members, “the partnership failed and the business has been sold. A new management is about to take over. The Restaurant sells African dishes, steak, oxtail, lamb chops and one traditional home brewed drink called Soweto Gold which is enjoyed by international tourists in particular. The Restaurant is right opposite Sakhumzi Restaurant, and is struggling to get customers, hence the new management is about to take over. Thrive Restaurant is therefore struggling to become a QSE”. It is important to change the brand for the Restaurant to be sustained. Following business principles is very important. What led to the downfall of the business was the lack of business ethics which led to the change in management” (Khumalo, 2016: Interview).

- **Khumalo’s opinion of BEE implementation (Thrive Restaurant, now called Vuyos)**

“BEE is not benefiting the SMMEs. There is no assistance from preferential procurement and skills development. People do not even know about the Soweto Empowerment Zone (SEZ) as the skills hub. Marketing is also not attended to, no branding. SMMEs have to do everything by themselves. Perhaps if there was support Thrive (now Vuyos) would not be struggling to get customers, which led to the change in management. For one to benefit from BEE, political connections are needed” (Khumalo, 2016: Interview).

“In terms of the TEP as a National programme, nothing has been done. Not aware of any projects implemented in Soweto particularly Vilakazi Street through the TEP. Perhaps SMMEs are not trying hard to benefit from projects from government institutions” (Khumalo, 2016: Interview).

Khumalo (2016: Interview) concluded that “The SEDP (2008-2013) had good intentions, but nothing has been done in terms of implementation. None of the events has been brought to Soweto as promised by the plan. Branding was also not done, and SMMEs are not benefiting much from E-marketing. Even the roadshows have not been done. Therefore, nothing is being achieved in improving the export of tourism goods and services. Even the grading of B&Bs was not done. However, B&Bs do get tourists who come and stay in Soweto for a couple of weeks, but mostly the locals”.

- **Mandela Side Walk Market**

There are those SMMEs that sit next to the street and sell products such as craft, caps, hats, t-shirts, traditional gear; and Mr Ndelu is one of them. According to Ndelu (2016: Interview), they buy the stock and sell and do not have money to buy enough as tourists want a big variety of tourism products. In 2003, these SMMEs grouped themselves and registered one company called Mandela Side Walk Market. They did it hoping they were going to get support from the government. They approached the JTC, and one of the requests made was the building of shelters, apart from funding. According to Ndelu (2016: Interview) the company was an Exempted Micro Enterprise (EME). At that time, in 2003, an EME was an SMME that makes below R5 million turnover. Unfortunately, the company could not sustain growth, as it did not get assistance and SMMEs continued to work individually.

- **Ndelu’s perspective on BEE implementation (Mandela Side Walk Market)**

“Ordinary people do not understand BEE and therefore are not benefiting. SMMEs are not getting funding, it is only certain people who are benefiting. No one comes and trains SMMEs about BEE and on other skills and knowledge required to sustain the business.

The Soweto Empowerment Zone (SEZ) is not known by people, no one knows it is a skills hub” (Ndelu, 2016: Interview).

In terms of the events organised at Vilakazi Street, there are none (Ndelu, 2016: Interview). “Most of the SMMEs do not know anything about the TEP. The government institution visited Vilakazi Street in 2015 and proposed a meeting about events is the JTC. Apparently there was an upcoming event to where SMMEs were going to be taken. However, on the day of the meeting, JTC never pitched up. After that JTC called individuals indicating other SMMEs were chosen for the event. It depends on the connections for one to get any form of assistance, which is not fair” (Ndelu, 2016: Interview).

- **Soweto Accommodation Association**

The Soweto Accommodation Association was represented by Nthateng Motaung during the 2016 interviews. Nthateng Motaung is one of the members of the Soweto Accommodation Association and owns Nthateng bed and breakfast (B&B) outlet, situated at Vilakazi Street.

- **Nthateng (Motaung) B&B and (Soweto Accommodation Association) on BEE implementation**

The Soweto Accommodation Association comprises the owners of bed and breakfast outlets and Guest Houses in Soweto. It was an initiative by B&B owners of Vilakazi Street. Nthateng Motaung (2016: Interview) shared the experience of running this accommodation business at Vilakazi Street since 2002. The experience shared included those of other accommodation owners who are members of Soweto Accommodation Association. According to Motaung (2016: Interview), the owner of Nthateng B&B who is one of the founders of the association, the association initially comprised of Nthateng; Ekhasya; Vhavenda; Dakalo and Zizwe B&B, the other B&Bs and guest houses joined later. “The B&B owners decided to organise themselves due to the lack of support from government” (Motaung, 2016: Interview).

Nthateng B&B provides tours, accommodation and shuttling from and to the airport as a service in tourism. Nthateng Motaung, who is 45 years of age, is the sole owner of Nthateng B&B. Nthateng B&B has five en-suite rooms, costing R695 with breakfast sharing, and R595 without breakfast. The prices are the same for both local and international tourists and Nthateng is a three-star B&B in Soweto. According to Motaung (2016: Interview) “The fact that prices are the same for both local and international tourists makes it a unique accommodation found in Vilakazi Street. Affordable prices have attracted more international tourists and have made it easy to access the international market. It is about 40% international and 60% local tourists who are using Nthateng B&B as accommodation. Average it is three tourists per day who sleep at Nthateng B&B in terms of the number of bed nights from January to September. Between October and December, all the rooms are full. There is therefore a need to build up, in order to have more rooms”.

➤ **Nthateng Motaung’s perspective on BEE implementation**

“At the moment, Nthateng B&B is an EME and for the BEE rating, the B&B’s bookkeeper charges R5000. There is no assistance from government, which makes it difficult for SMMEs to understand the requirements. What normally happened was government officials coming and threatening to close the B&B in case of non-compliance. The business is sustaining itself without any support. Also, packages work better, Motaung has a travel distribution system, which has vehicles that transport her visitors from and to the airport. Where needs be, they are also driven around to visiting sites. Owners of accommodation have been seeking funding from the DTI, but none of the SMMEs from Vilakazi Street have been funded. Our applications are always declined,” said Motaung (2016: Interview). Motaung (2016: Interview) also stated that “There is no benefit when it comes to preferential procurement from both the national and provincial government”.

According to Motaung (2016: Interview) “The Tourism Enterprise Partnerships (TEP) as a national institution has done nothing for B&Bs and Guest Houses in Vilakazi Street. There is not even a single project from the TEP office that has been implemented”. Motaung (2016: Interview) indicated that “Tsogo Sun International has adopted the B&Bs

and Guest Houses of Vilakazi Street. The partnership was secured by five B&Bs in 2002, i.e., Nthateng, Vhavenda, Dakalo, Zizwe and Thutos. The owners of these B&Bs organised themselves and approached Tsogo Sun, the deal did not come through government. When tourists book at Tsogo Sun they also have an option of taking either a B&B or a Guest House as a cheaper option”.

“The deal between Tsogo Sun and B&Bs and Guest Houses has made it easier for the SMMEs to access the international market. B&Bs and Guest Houses are also provided with marketing material, which include business cards. The business cards provided have the Tsogo Sun International logo. Tsogo Sun assists in marketing these adopted SMMEs and that sustains their businesses. Tsogo Sun International extended its support to five more SMMEs or B&Bs and those are, Rose; Emthonjeni; Lihle; Ngwenya and Back Packers” (Motaung, 2016: Interview).

“Apart from marketing, Tsogo Sun International also does training for SMMEs in cleaning, cooking, and administration and management. From the side of government, nothing has been done. The other corporate company that assisted with boards for branding is Tongaat Hulett Sugar” (Motaung, 2016: Interview). According to Motaung (2016: Interview), “Tongaat Hulett Sugar helped in providing boards for the names of each B&B and Guest House. The only thing that government has ensured is done, is road signage available to direct tourists in terms of where the B&Bs and guest Houses are located”. However, according to Motaung (2016: Interview), there is nothing much done to brand SMMEs.

“The SMMEs normally go to Durban Tourism Indaba, but when checking on the Gauteng Tourism stand, none is said about B&Bs and Guest Houses of Vilakazi Street. The brochures and pamphlets of these SMMEs are not displayed. Their trip to Durban Tourism Indaba is also not funded. Since 2002, Tsogo Sun has done a lot for B&Bs and Guest Houses, stated Motaung (2016: Interview). According to Motaung (2016: Interview), there are no events organised at Vilakazi Street.

Motaung (2016: Interview) complained that “the promises made in the SEDP (2008-2013) have not been met. JTC was supposed to have done marketing and branding, but nothing was done. There is also not even a single event that was organised in Soweto for SMMEs to market their products. Roadshows to guide SMMEs on new developments in tourism are not done as well. BEE is not really for the PDG, the same black and white elite is becoming richer. However, it is important to acknowledge the support of Tsogo Sun International, it is making a lot of difference. Otherwise it would have been very difficult to sustain accommodation business if it was not because of assistance from Tsogo Sun International”.

4.6 FINDINGS FROM INTERVIEWS OF BEE IMPLEMENTATION IN SOWETO AT VILAKAZI STREET

The questions of interviews with 5 people focused on the benefits that tourism SMMEs have gained and the kind of support they received through BEE implementation as part of local economic development. Below are the findings from the responses, which were guided by the objectives of the B-BBEE Act (53 of 2003) (RSA, 2003) and the White Paper on Tourism (RSA, 1996) discussed in chapter 3; the reports analysed in chapter 4, i.e., the TEP report; the SEDP (2008-2013), and the JTC report.

The first question focused on shareholders or composition of the SMME ownership. The White Paper on Tourism (RSA, 1996) as discussed in chapter 3, identified the local development opportunities as, the operators of guest houses or bed and breakfast. It is for that reason Nthateng, the owner of Nthateng B&B, who at the same time represented the members of Soweto Accommodation Association, was interviewed. There were 5 SMMEs interviewed including Nthateng B&B at Vilakazi Street. Four of these SMMEs are owned by Black people, and that is in line with the B-BBEE Act (53 of 2003) (RSA, 2003) which aims to increase the number of black people that manage, own and control enterprises and productive assets. Only one SMME out of five had black and white ownership, and that is also in line with the B-BBEE Act (RSA, 2003). Basically, all the SMMEs comply with the B-BBEE Act (53 of 2003) (RSA, 2003) in terms of ownership

composition or shareholders. The advantage blacks have at Vilakazi Street is that they own the property.

In the literature, Rogerson (2005:634) indicated that the emerging black-owned small-scale accommodation establishments are largely confined spatially to the apartheid designated townships. This limits the growth of these establishments due to the geographical confinement to 'township tourism' niche. When question 2 was asked, which was about the SMMEs' tourism niche that provides accommodation, none of them currently provide conferencing due to spatial confinement. In terms of the challenges regarding improving quality of product or service, which was question 3, Motaung (2016: Interview) indicated that she wanted to add more bedrooms to her B&B. Motaung (2016: Interview) said she can only build up and that would require a lot of money which she does not have. The same thing applies with the restaurants, there is no space to extend.

The White Paper on Tourism (RSA, 1996) discussed in chapter 3, identified the key constraints militating against effective implementation of tourism in South Africa. The key constraints identified amongst others included the inadequacy of resources and funds for tourism establishment. The government enacted the Tourism Act (3 of 2014) (RSA, 2014), which inter-alia makes provision to ensure that quality services and products are promoted. Unfortunately, the lack of funding from government was mentioned by all the SMMEs as the major challenge which prevents them from improving their products or service offerings. This means the government has not delivered on its promises made through the White Paper on Tourism (RSA, 1996) and the SEDP (2008-2013). In addition to that, it means government also did not respect the law, namely the Tourism Act (3 of 2014) (RSA, 2014) which was made to ensure that such promises are met.

In question 4, SMMEs had to describe the current level of access to the primary target market, and they all started complaining about lack of marketing. Lack of marketing is contrary to the Tourism Act (3 of 2014) (RSA, 2014) discussed in chapter 3, which provides a broader legal framework to grow and market the tourism sector. However,

SMMEs regard their primary target market as the international tourists who would normally come to visit Mandela House and Hector Pieterse Museum.

The Johannesburg Tourism Company (JTC), 2012/13 Annual Report (2013) described in chapter 4, has shown a negative variance of 95%, meaning there was underperformance on the E-Marketing Performance Indicator. This confirms the responses from SMMEs that it is about 90% of the local tourists and 10% of the international tourists that visit Vilakazi Street and spend their time at the restaurants. In terms of those that seek accommodation, it is at least about 40% of international tourists and 60% of locals that book to spend a night in Soweto. Evidently, SMMEs benefit more from local tourists than international tourists. Wall and Mathieson (2006:14) referenced in chapter two, defines domestic tourists as those individuals travelling within their own country, but who remain away from home exceeding 24 hours.

Question 5 (i) is related to question 1, which addressed the ownership composition. The SMMEs at Vilakazi are BEE compliant as they are owned by black people. Thrive Restaurant is also in line with BEE requirements as 1 black female was in partnership with 1 white male.

The B-BBEE Act (53 of 2003) (RSA, 2003) also makes provision for skills development, which is addressed by question 5 (ii), and pillar two of the SEDP (2008-2013) also aimed at developing a learning and skilful region. However, none of the SMMEs seems to be benefiting from skills development. Maqubela (2016: Interview) trains employees by himself as a Qualifying Small Enterprise (QSE). Vilakazi Restaurant is also a QSE as it makes R5 million and above in terms of the turnover, and trains employees as required by the B-BBEE Act (RSA, 2003). Unfortunately, SMMEs owning bed and breakfast outlets and guest houses make less than R5 million and are classified as Exempted Micro Enterprises (EME) and therefore do not train their employees. According to Maqubela (2016: Interviews), the Soweto Empowerment Zone (SEZ) which was established to up skill SMMEs is not delivering, and poses a challenge because EMEs do not have a budget for skills development.

The B-BBEE Act (53 of 2003) (RSA, 2003) emphasises preferential procurement as a means to empower SMMEs, hence question 5 (iii) was about SMME business secured through preferential procurement. However, corruption and favouritism was raised as a problem, and this was also a response to question 6, which addressed the challenges. Corruption is unethical behaviour and is raised in question 16. In response to question 7, which was about how challenges could be overcome, SMMEs felt that government intervention, and monitoring of public servants is required. Maqubela (2016: Interview) also recommended that BEE implementation be reviewed in terms of preferential procurement. All the interviewees felt that there is a need for workshops and roadshows by government departments involved in BEE implementation.

Question 8 required SMMEs to explain how the methods of assessing compliance affect them. Motaung (2016: Interview) indicated that most SMMEs do not understand BEE, and Ndelu (2016: Interview) also shared the same sentiment. Training and workshops on BEE implementation was recommended in terms of what could be done to make good progress. SMMEs also strongly recommended that after training and workshops have been conducted, funding should then be provided. In response to question 9, which was about other challenges, corruption was raised as the main challenge. Question 10 was also about solutions to these problems which were already addressed in question 8.

Question 11 was about the mechanisms SMMEs put in place to sustain their businesses. Maqubela (2016: Interview) advertises the business on Trip Advisor, and conducts training to improve the quality of the service. Mathangana (2016: Interview) also conducts training to improve the quality of the service and that helps to sustain the business. According to Motaung (2016: Interview), she designed a package, which includes transport from and to the airport and accommodation to sustain the business. Khumalo indicated that the owners of Thrive (now called Vuyos) Restaurant could not sustain the business, hence it was sold. Motaung (2016: Interview) said that the partnership they have with Sun International is assisting and make it easy for owners of accommodation to sustain their businesses.

Question 12 enquiring on Tourism Enterprise Programmes (TEP) done in Orlando West. There was no TEP programme done in Soweto from 2008 to 2015 (2016: Interview). There was therefore nothing said about the impact of the TEP. Question 13 was based on the discussion in chapter four of the TEP being a Non Profit Company (NPC) and the flagship private-public-partnership in the tourism industries. In response to question 13, the general feeling of the interviewees was that TEP funds could be easily raised to develop SMMEs at Vilakazi Street, due to the prevalence of rich political history. It was therefore 6 out of 10, in terms of the rating of the number of the average bed nights by SMMEs in Soweto, quarterly.

The analysis of the South African Tourism (SAT), 2012 Annual Report done in chapter 4 depicted Gauteng with a higher percentage, in terms of the share of bed nights. Motaung (2016: Interview) also confirmed that at least three out of five (60%) rooms are being used by domestic tourists per week and two out five (40%) rooms by international tourists. According to Maqubela (2016: Interview), international tourists sleep in places such as Sandton and come to Vilakazi by shuttles during the day.

The SEDP (2008-2013) pillars had good intentions as they were also aligned to those of the Tourism Enterprise Partnerships (TEP) and B-BBEE. However, based on the analysis of the Johannesburg Tourism Company (JTC), 2012/13 Annual Report (2013), which was assigned to market projects for Soweto by the City of Johannesburg (CoJ), its objectives were not achieved. Also, there is no evidence in the TEP 2013 Annual Report (2013) that there was any TEP project done in Soweto. The analysis of the plans and reports provided more details. The findings from the analysis of those reports were validated by the interviews conducted at Vilakazi Street. The validation of reports indicated that there was not much done to support the SMMEs directly.

Question 14 was divided into 6 sub-questions (14.1 to 14.7) to address the marketing and branding of Soweto, which was the responsibility given to Johannesburg Tourism Company (JTC). Pillar four of the Soweto Economic Development Plan (2008-2013), as

discussed in chapter four, aimed to brand Soweto. The City of Johannesburg was going to brand Soweto in partnership with the JTC. Branding Soweto would retain the loyalty of those investing their resources, especially tourists. Visitors and Services Bureau (VSB) and Convention and Events Bureau (CEB), amongst others, would be used mainly to brand Johannesburg as a leading international destination. This would benefit SMMEs in Soweto, because Soweto is part of Johannesburg in a Metropolitan area. The responses to questions 14.1 to 14.7 by SMMEs are the following:

Unfortunately, no branding was done (Question 14.1) that specifically benefited SMMEs at Vilakazi Street between 2008 and 2015 (2016: Interview). However, according to Motaung (2016: Interview), Tongaat Hulett Sugar helped in providing boards for the names of each B&B and Guest House. The only thing that government has ensured is done, is road signage available to direct tourists in terms of where the B&Bs and guest houses are located.

There were no events organised (Question 14.2) either at the Mandela House or Hector Pieterse Memorial during the period 2008 to 2013 (2016: Interview). There were neither a visitors and services bureau nor a Conventions and Events Bureau (CEB), (Question 14.3) events and meetings conducted in Soweto between 2008 and 2015.

The White Paper on Tourism (RSA, 1996) discussed in chapter 3, recognised the limitations in terms of resources, funds, scope and involvement of local communities imposed by the apartheid government prior to 1994. The White Paper on Tourism (RSA, 1996) identified the unique local economic development opportunities for the PDG such as the operations of bed and breakfast outlets and guest houses, amongst other things. Part of chapter four, which was the analysis of the Soweto Economic Development Plan (2008–2013), which aimed inter alia at increasing the entrepreneurial capacity, was going to be a mitigating mechanism of the limitations of resources and lack of involvement of local communities in local economic development. Unfortunately, government did not keep to its promises at Vilakazi Street in terms of capacity building as part of the SEDP (2008-2013). Lack of capacity (Question 14.4) is the reason why the changes in the

Codes of Good Practice become a disadvantage to SMMEs. If SMMEs lack an understanding of the new generic scorecard, then they are unlikely to benefit from the B-BBEE.

There is a B-BBEE partnership arrangement identified between Tsogo Sun International and the bed and breakfast outlets and guest houses during the interviews of SMMEs (2016: Interview). The arrangement is informed by Section 9 of the B-BBEE Act (53 of 2003) (RSA, 2003), which provides authority to the Codes of Good Practice as a regulation document. The Codes of Good Practice, as amended in 2013, provide for skills development, enterprise and supplier development and socio-economic development. As explained in chapter 3, skills development and enterprise and supplier development were identified as a priority, and if companies do not comply, they lose one level of their contribution level. It may be for that reason that Tsogo Sun developed SMMEs owning accommodation at Vilakazi Street. This is one aspect of B-BBEE which proves to be successful. Tsogo Sun provides training and business partnership to SMMEs, hence the 10% share of bed nights, from the international tourists, is counted at Vilakazi Street.

Tsogo Sun International helped the B&Bs and Guest Houses to build human capacity and to get more clients to Vilakazi Street. The fact that these SMMEs are accommodated in the Tsogo Sun's website proves that some of the corporate companies are doing something for tourism. Business cards for the marketing of these SMMEs are printed by Tsogo Sun and bear its logo. The BEE arrangement as stipulated in the B-BBEE Act (53 of 2003) (RSA, 2003) is yielding some positive results in the form of enterprise and supplier development from the partnership between SMMEs and Tsogo Sun.

According to Mathangana (2016: Interview), there was nothing much done to ensure that SMMEs benefit (Question 14.5) from E-marketing. However, Maqubela (2016: Interview) indicated that the tourist visit sites, which are Hector Pieterse Memorial and Mandela House in particular, do benefit from E-marketing. Maqubela (2016: Interview) pays for advertising on Trip Advisor and that is one of the ways to sustain the business.

According to Maqubela (2016: Interview), the government does not conduct road shows (Question 14.6) to communicate new developments in tourism and BEE implementation. The challenges of BEE implementation led to the review of the Codes of Good Practice as explained in chapter 3, which is implemented under Section 9 of the B-BBEE Act (53 of 2003) (RSA, 2003). The review of the Codes of Good Practice led to the reduction of the seven elements to five, in order to simplify the generic scorecard, and roadshows by the DTI are important to communicate these changes. Changes in the Codes of Good Practice can be a disadvantage to the SMMEs if road shows are not conducted to workshop the SMMEs.

The B&B outlets and guest houses are graded (Question 14.7) as required by Section 28 of the Tourism Act (3 of 2014) (RSA, 2014) discussed in chapter 3. However, the government did not contribute anything on the grading of venues. According to Motaung (2016: Interview), SMMEs had to pay their accountants R5000 for the grading services. The Johannesburg Tourism Company (JTC) was the one mandated to do the grading of the non-hotel establishments. According to the JTC (2012/13) Annual Report (2013) analysed in chapter 4, the Gauteng Tourism and the Grading Council of South Africa delayed the renewal of funding commitments, hence grading was not done.

In terms of the Codes of Good Practice as provided for by Section 9 of the B-BBEE Act, (53 of 2003) (RSA, 2003), the Exempted Micro Enterprises (EMEs) are those enterprises that make less than R5 million turnover. The Qualifying Small Enterprises (QSE) make R5 million and more. In other words, for the EME to become a QSE it should make at least R5 million turnover, which can be difficult without necessary support from government or corporates. During the interviews of SMMEs at Vilakazi Street, the people interviewed from guest houses and bed and breakfast outlets made it clear that they were not making R5 million turnover per annum and therefore they are EMEs. Amongst the restaurants, it is Sakhumzi and Vilakazi Restaurant that make R5 million and more and are therefore classified as QSEs. Thrive restaurant (now called Vuyo's) was not making a profit and was sold to the new owners, hence it was an EME.

Question 15 was addressing funding of SMMEs by government. According to Motaung (2016: Interview), none of the SMMEs from Villakazi Street received funding from government. The lack of funding partially responded to question 6, which was about challenges. Basically, lack of assistance from government was raised as the main challenge.

Through the White Paper on Tourism (RSA, 1996), Government identified inadequate funding as one of the key constraints militating against effective implementation of tourism. The City of Johannesburg through the SEDP (2008-2013) as discussed in chapter 4, aimed to ensure better access to finance. According to Motaung (2016: Interview), there is a lack of support from government. That is why EMEs find it difficult to move to the QSE level.

The Vilakazi precinct has potential to attract tourists globally if more attention can be given to the marketing and capacity development of SMMEs. The SEDP (2008-2013), which is aligned to BEE would have improved the local socio-economic situation if implemented accordingly. According to the B-BBEE Act (RSA, 2003), skills development is supposed to be contributing to the achievement of the country's economic growth.

As explained, in chapter 3, when South Africa was liberated in 1994, significant changes were planned, to transform tourism. The White Paper on Tourism (RSA, 1996b) on the Development and Promotion of Tourism in South Africa, 1996 was put in place highlighting those envisaged changes. To realise the objectives of the White Paper on Tourism, the City of Johannesburg did a complete makeover of Vilakazi Street (RSA, 1996).

Question 16 was about the ethical conduct in the implementation process of BEE and has always been questioned since its inception. Listening to the comments and responses during the interviews (2016), one could easily conclude that corruption is still rife. SMMEs raised a concern about unethical conduct in the implementation of Black Economic Empowerment (BEE). Notably, there is more unethical conduct in the government

departments than in corporate industry. This is because all the managers and owners of SMMEs interviewed (2016) at Vilakazi Street were complaining about corruption. This is true as it is only five years since Transparency International (TI) conducted a survey on whether corruption had increased and 62% said yes (Irwin, 2011:09).

Maqubela (2016: Interview) is not satisfied with BEE implementation at Vilakazi Street. Maqubela (2016: Interview) as well as Mathangana (2016: Interview) said that the only people benefiting from BEE implementation are the politically connected ones. Motaung (2016: Interview) also expressed unhappiness regarding BEE implementation. Khumalo (2016: Interview) indicated that BEE is not benefiting SMMEs. Ndelu (2016: Interview) said that ordinary people do not understand BEE and therefore are not benefiting.

4.7 CONCLUSION

From analysis of the plans which are in the White Paper on Tourism (RSA, 1996) and the Soweto Economic development, there are good intentions by government to develop tourism in Soweto. However, the South African Tourism, 2012 Annual Report (2012); TEP, 2013 Annual Report (2013) and JTC, 2012/13 Annual Report reflect that not much that was done to meet the objectives of those plans. The findings from the plans and reports were validated through the interviews conducted at Vilakazi Street in Soweto. The implementation of BEE therefore, still has some challenges that need to be addressed.

CHAPTER 5: A NORMATIVE APPROACH TO BEE IMPLEMENTATION THROUGH SMME AT VILAKAZI STREET IN SOWETO

5.1 INTRODUCTION

The recommendations on BEE implementation at Vilakazi Street in Soweto were informed by the findings of the evaluation conducted in chapter 4. The evaluation process was guided by the literature review in chapter 2, and tourism legislation and BEE legislative framework in South Africa, as explained in chapter 3. The review of the literature in chapter 2 was mainly the theory in tourism that has guided the implementation of tourism, globally. The findings of an evaluation guided the determination of the model, which is outlined in Figure 5.1. Firstly, chapter 5 recommends the incorporation of SMMEs by corporate companies and government departments in the B-BBEE Act (53 of 2003) (RSA, 2003) as part of the Codes of Good Practice. This chapter presents the details of the meaning of incorporation of the SMMEs by the corporate companies and government departments.

The second recommendation is the establishment of a Tourism support office at Vilakazi Street. The chapter details the functions of the tourism support office to enhance BEE implementation. Thirdly, is the recommendation of road shows to communicate amendments in the B-BBEE Act (RSA, 2003) also to communicate strategies, programmes and projects as part of BEE implementation.

Government support in organising funds through the TEPs and grants is essential to realise the objectives of BEE and is therefore one of the recommendations made in this chapter. The lack of business skills and education has in chapter 1 been identified as a hindrance in achieving the objectives of the Accelerated and Shared Growth Initiative of South Africa (South African Government Information Website, 2008). It is therefore important to revive the Soweto Empowerment Zone (SEZ) to close the education and skills gap in Soweto. The implementation of programmes and projects should be

monitored to measure the impact, and therefore performance monitoring and evaluation is part of the recommendations.

Lastly, the chapter includes the empowerment of women and collaboration, as part of the enhancement in BEE implementation at Vilakazi Street in Soweto.

5.2 TOURISM THEORY, BEE AND TOURISM LAWS AND STRATEGIES INFORMING RECOMMENDATIONS

The review of literature in chapter 2 provided an understanding of the economic development opportunities that exist in the tourism industries. Looking at the definition of tourism as described in chapter 2 by Cooper *et al.* (2008:11) as a multidimensional and multifaceted activity which affects many lives and influences many economic activities is enough to deduce that there are many economic development opportunities in tourism industries. This is deduced from the use of the words, 'multidimensional', meaning several dimensions (Hornby, 2010:970) and 'multifaceted' meaning many different aspects to be considered (Hornby, 2010:970).

The definition of responsible, sustainable and pro-poor tourism in chapter 2 is an indication of the local economic development opportunities that exist in Soweto based on its community involvement in the struggle against apartheid. According to Goodwin (2011:28), responsible tourism seeks to generate economic benefits for local people and to enhance the well-being of host communities. Sustainable and pro-poor tourism also supports the development of the local economies.

The political heritage that exists in Soweto, particularly Vilakazi Street, is of the potential economic benefit to the locals. Timothy (2011:3) defined heritage as what people inherit from the past and use in the present. Soweto is therefore well placed to do well in cultural or heritage tourism, due to the struggle stalwarts of the African National Congress (ANC) that lived in Soweto during the anti-apartheid struggle.

5.2.1 International and domestic tourism for Soweto economic development

Tourism is regarded as a driver of economic growth, internationally. The United Nations has United Nations World Tourism Organisation (UNWTO), an agency responsible for the promotion of responsible, sustainable and universally accessible tourism (UNWTO Website, 2017b:1). International arrivals are expected to increase by 3,3% worldwide between 2010 and 2030 to reach 1,8 billion by 2030 (UNWTO Website, 2017a:1). This is how important tourism is in terms of driving economic growth internationally.

The UNWTO has a funding mechanism for different countries of which South Africa is one of the beneficiaries of the Development Cooperation Instrument (DCI). DCI is a UNWTO thematic programme launched in January 2007, and is administered by the European Commission (UNWTO Website, 2017a:1). The DCI has the Global Public Goods and Challenges Programme, which revives the development of local crafts that serve to maintain the local cultural heritage and supporting culture as a promising economic sector for development and growth (UNWTO Website, 2017). According to UNWTO Website, the total financial resources of the DCI amount to EUR 19,661,64 for the period 2014 – 2020. These are the type of financial resources South Africa should access, in order to stimulate local crafts in Soweto to preserve the cultural heritage. South Africa became a member state of the UNWTO in 1994 and is therefore one of the beneficiaries of the funds available at the UNWTO.

According to Statistics South Africa (2016:1), the visa rules that required visitors to apply in person at South African Embassies to record biometric information affected the number of visitors. The rules had a negative impact on the economy and that forced South Africa to drop the requirements (Statistics South Africa, 2016:1). After the visa requirements were dropped, the number of international tourists improved. According to Statistics South Africa (2016:1), the number of tourists increased by 14% from 731 248 in August 2015 to 833 638 in August 2016. The number of overseas tourists increased by 22,6% over the same period. The increase in visitor numbers is encouraging for the small tourism businesses at Vilakazi Street, because Nelson Mandela is a well-known figure and an

icon, and therefore visitors are likely to visit Vilakazi Street to see the Mandela Museum and Hector Pieterse Memorial.

In terms of domestic tourism, there was a decline in the number of trips taken by South Africans travelling domestically in 2015 (Statistics South Africa, 2016:1). The findings of the decline were from the Domestic Tourism Survey 2015 conducted by Statistics South Africa. According to Statistics South Africa (2016:1), the total number of day trips taken decreased from 54,4 million in 2013 to 48 million in 2014 and decreased further to 44,3 million in 2015. Overnight trips also declined from 50,8 million in 2013 to 47,3 million in 2014 and 45,4 million in 2015 (Statistics South Africa, 2016:1). Surely, the decrease in domestic trips was not affected by the change of visa rules, because travelling internally does not require a visa application.

In Chapter 2, Bennett, Jooste and Strydom (2005:36) simplify the demand side of tourism as representing tourism markets, comprising mainly of people who have interest, time and money. This means that the decline in domestic tourism may be caused by less interest in domestic travelling, and lack of time and money. One of the possible solutions to the decline in domestic tourism is intense marketing in order to make travellers aware of the tourism products and to raise interest amongst them. If tourism offerings found at Vilakazi Street are not marketed, travellers will not know about them and will not have interest. When travellers have interest, they make time to travel.

5.2.2 Booming hospitality industries at Vilakazi Street

The political heritage that exists in Soweto has given SMMEs an opportunity to benefit through the hospitality industries, which includes accommodation, restaurants and travel services.

- **Accommodation**

As explained in chapter 3, the emergence of township tourism in South Africa is a phenomenon of the post-apartheid period after the democratic transition in 1994 (Rogerson, 2004:249). This is due to the highly significant activities that occurred during

the liberation struggle against apartheid, of which many can be traced back to Vilakazi Street in Orlando West in Soweto. Vilakazi Street comprises of the houses of the well known freedom fighters, namely, the late Nelson Mandela and Bishop Desmond Tutu, and other landmarks in the surrounding which include Hector Pieterse Memorial. Those houses were converted into heritage sites, hence Vilakazi Street has high potential hospitality industries, in the form of accommodation, restaurants and travel distribution.

Accommodation at the Vilakazi precinct is popular, and that was guided by pillar two of the White Paper (RSA, 1996) explained in chapter 3 that identified bed and breakfast operators as amongst the local economic development opportunities for the PDG. The tourists coming to visit the Nelson Mandela House or Museum, Hector Pieterse Memorial and Bishop Desmond Tutu's House, amongst other tourism attractions, are a reason why accommodation exists as an element of the tourism industries. It is therefore not surprising that hospitality business in the form of accommodation and restaurants is thriving.

According to SME South Africa Website (2017), on the 14th of May in 2015, Price Water House Coopers (PWC), the world's leading professional services network (PWC Website, 2017), released a report on the hospitality outlook from 2014 to 2019. The report assessed the accommodation sectors, which consist of hotels, guest houses and guest farms, game lodges, caravan sites, camping sites and other overnight accommodation (SME Website, 2017). The SME Website (2017) indicated that in 2014, the accommodation market in South Africa was on its third consecutive year of strong growth, with an overall spending on rooms rising by 9,1% to R18,9 billion. The SME Website, 2017 projected that by 2019, the overall occupancy rate across all sectors in South Africa will continue to increase, rising to an estimated 58.3% from 54.4% in 2014. The projected overall competency rate is an indication of the opportunities owners of accommodation have in growing their businesses at Vilakazi Street. Motaung (2016: Interview) indicated in chapter 4 that there was a need for her to build up, meaning a need to extend her accommodation by adding more bedrooms. Surely, based on the report, extending the

accommodation will have good return on investment for Motaung and other owners of tourist accommodation.

- **Restaurants or dining**

Apart from accommodation, the hospitality industries at Vilakazi Street also comprise dining in a number of popular restaurants along the street. Vilakazi Street gained popularity for being the only street in the world where two Nobel Peace Prize winners lived; today it is a social hub, constantly abuzz and brought to life by a string of some of the finest restaurants in Soweto (Sejake, 2016:1). The popularity of Vilakazi Street makes it easy for SMMEs to grow their businesses. However, in chapter 4, the limitations in terms of space and lack of funding by government were raised by Mathangana (2016: Interview) as a concern. Based on the popularity of Vilakazi Street, SMMEs can take the risk of borrowing money from the bank, rather than wait for government to fund them, in order to expand their businesses.

- **Travel distribution**

In terms of the travel distribution, Maqubela (2016: Interview), teamed up with the tour guides to make travel distribution packages. The package includes transporting tourists to visiting sites and bringing them to Sakhumzi Restaurant. Motaung (2016: Interview) does the same, as part of the travel distribution system; she advertises accommodation, which is inclusive of transport. Packaging tourism offerings in the form of travel distribution is a better way of doing tourism business.

5.2.3 Importance of understanding characteristics of tourists

As discussed in chapter 2, management specialists have traditionally segmented tourists according to three characteristics (Timothy, 2011:27), i.e. demographics, psychographics and geographic segmentation. These are the characteristics that SMMEs at Vilakazi Street should understand, in order to sustain and develop their businesses. When tourists are given quality services, they are likely to recommend the business to other people. SMMEs are unlikely to render quality service if they are unable to group visitors by certain social and socio-economic characteristics (demographics). Owners of restaurants and

accommodation should have WiFi, for instance, which is the lifestyle of most of the visitors. However, small businesses or SMMEs will not understand these characteristics, unless training or experienced mentorship include them.

Knowing where visitors come from (geographic segmentation) is important so as to package the tourism service offerings accordingly. Having knowledge of these characteristics can help SMMEs sustain and develop their businesses. The relevant departments such as the DTI, City of Johannesburg and Department of Economic Development should work together to ensure mentoring and managerial training is provided for SMMEs to sustain their businesses.

5.2.4 The meaning of responsible, sustainable and Pro-Poor Tourism (PPT) for Vilakazi Street

Responsible, sustainable and Pro-Poor Tourism are an important tourism phenomenon worldwide, which is mainly promoted by the UNWTO. According to the UNWTO Website (2017:1), UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

Responsible, sustainable and Pro-Poor Tourism are in favour of generating economic benefits for local people (Goodwin, 2011:28). Therefore, the Provincial Department of Economic Development should put systems in place to ensure people benefit from local economic development. Local economic development strategies should be developed and implemented accordingly. The Soweto Economic Development Plan (SEDP) (2008–2013) did not achieve most of its pillars. Therefore, a new strategy is required that will be in line with the principles of responsible, sustainable and Pro-Poor Tourism (PPT).

In developing the strategy, the City of Johannesburg and the Department of Economic Development should engage people from Soweto. Firstly, this will help in ensuring that the gaps that existed in the implementation of SEDP (2003–2013) are avoided. Secondly,

people within the Soweto community will be able to take ownership and monitor effective implementation.

5.2.5 The importance of Soweto cultural and heritage tourism in the economy

The cultural and heritage tourism formation in Soweto was a result of the liberation struggle that took place during apartheid. According to the United Nations World Tourism Organisation (2017c:3), between 2010 and 2030, arrivals in emerging destinations are expected to increase by 4,4%, which is twice the rate increase of those in advanced economies, which is forecast at 2,2%. With the cultural and heritage tourism existing at Vilakazi Street due to Hector Pieterse Memorial, Mandela House and Desmond Tutu's House, Soweto should benefit from the projected percentages in terms of the international arrivals. The increase in arrivals implies an opportunity for tourism businesses to grow, particularly at Vilakazi Street.

As discussed in chapter 2, part of cultural heritage tourism in Soweto, is pantsula jive. Pantsula jive is not just a dance but a way of life in Johannesburg's townships (Richardson, 2016:1). According to Richardson (2016:2) performances of pantsula, like many art forms rooted in street culture, are typically responses to cultural and political issues in the communities. When a state of emergency was declared in South Africa in the mid-1980s, pantsula allowed male dancers to bond over their shared experiences under apartheid (Richardson, 2016:2).

Soweto has a rich political history with the world icons, which include inter-alia, the late President Nelson Rholihlahla Mandela, late Walter Sisulu, and Bishop Desmond Tutu. The political heritage, particularly at Vilakazi Street, is an added advantage to promote tourism business in Soweto.

The fact that the City of Johannesburg has installed the Closed-Circuit Television (CCTV) camera system at Vilakazi Street to enhance the safety of business owners, the public and tourists is also an added advantage (Daily Southern African Tourism Update,

2017:1). The cameras will assist in convincing international visitors to visit Vilakazi Street and witness the cultural heritage.

5.2.6 Gathering data

Holloway and Taylor (2006:99), as explained in chapter 2, indicated that gathering data on tourists is a vital task for the government of a country, both for use by its own national tourist office and for the benefit of the providers of tourism services. Gathering data is important to track the details of visitors that visit the tourism business. When Motaung (2016: Interview) responded to the question on the number of bed-nights per week, she also added that she would want to extend her accommodation. If the number of bed-nights was not tracked, she would not be able to determine whether she needed more bedrooms. Therefore, data should not only be collected at National level for Tourism Satellite Accounts (TSA) but SMMEs themselves should be able to keep data, so as to manage their business performance.

5.3 RECOMMENDATIONS INFORMED BY TOURISM ACT, 2014; B-BBEE ACT, 2003; WHITE PAPER ON TOURISM, 1996 AND SOWETO ECONOMIC DEVELOPMENT PLAN (2008-2013)

The analysis of the legislation of tourism in chapter 3 was an indication of the use of the laws by the apartheid government to deprive the majority of meaningful participation in economic development in the tourism sector. However, post 1994, the ANC government enacted national legislation to turn around the situation. That is why the focus for recommendations is on the application of Tourism Act (3 of 2014) (RSA, 2014) passed by the current government. Tourism Act (RSA, 2014) repealed Tourism Act (72 of 1993) (RSA, 1993) and provided a broader legal framework to develop, grow and market the tourism sector locally and internationally.

Tourism Act (3 of 2014) (RSA, 2014), which puts emphasis on responsible tourism is the latest Act passed by government to provide the PDIs with access to the mainstream economy. Responsible tourism prioritises the PDIs in the implementation of tourism. It is

therefore clear that local government should prioritise SMMEs in Soweto, as they are black owned. The Broad-Based Black Economic Empowerment Act (53 of 2003) (RSA, 2003) also put emphasis on the empowerment of the PDI. These laws should be applied to ensure accountability in the implementation of tourism programmes in Soweto.

As described in chapter 3, one of the key objectives of the Tourism Act (RSA, 2014) is to enhance cooperation and coordination between national, provincial and local government spheres in developing and managing tourism to meet the objectives of the White Paper (RSA, 1996). That is why recommendations made in this chapter have considered the objectives of the White Paper on Tourism (RSA, 1996); the Codes of Good Practice as provided by the B-BBEE Act (RSA, 2003) and those of government support programmes.

The White Paper on Tourism (RSA, 1996) clearly articulated the socio-economic development opportunities in the tourism sector. At the same time, the White Paper (RSA, 1996) indicated the constraints that can hinder the implementation process. Those constraints included visible inadequate resources and funding for tourism establishments, and a myopic private sector. Inadequate resources and lack of funding directly affect SMMEs owning B&Bs, guest houses, restaurants and any other SMMEs with service offerings in the tourism sector situated around Vilakazi Street in Soweto. The White Paper (RSA, 1996) identified key policies which included amongst others, policies in education and training, financing tourism, environmental management, product quality and standards to promote tourism growth. That is why the White Paper on Tourism (RSA, 1996) is a point of reference in making recommendations.

In terms of the local economic development plans, the Soweto Economic Development Plan (2008-2013) had key pillars that aimed at transforming the tourism industries in Soweto. However, when the TEP, 2013 Annual Report, SAT, 2012 Annual Report, and the JTC, 2012/13 Annual Report were analysed in chapter 4, there was not enough evidence that the pillars of the SEDP (2008-2013) were achieved. Also, the analysis of the JTC 2012/13 Annual Report provided evidence that little had been done to meet the objectives of the SEDP (2008-2013). That is why as part of recommendations, the

objectives of the SEDP (2008-2012) were a point of reference in designing the recommended model. The key performance areas of the JTC 2012/13 Annual Report (2013) as analysed in chapter 3, also formed the bases for recommendations.

The interviews conducted at Vilakazi Street meant for data validation of the reports also indicated that the objectives were not met. It means that the tourism legislation enacted, which included the B-BBEE Act (53 of 2003) (RSA, 2003) and Tourism Act (3 of 2014) (RSA, 2014) have not assisted much in the transformation of tourism industries. Government should implement Citizen-Based Monitoring (CBM) at Vilakazi Street to ensure that the objectives of Black Economic Empowerment are met. The Department of Planning, Monitoring and Evaluation should be consulted to ensure that CBM is implemented accordingly in Soweto.

The White Paper on Tourism (RSA, 1996); Tourism Act (3 of 2014) (RSA, 2014) and the Codes of Good Practice as informed by the B-BBEE Act (RSA, 2003) and the Soweto Economic Development Plan (2008-2013) were therefore integral in determining the recommendations model for BEE implementation in Soweto discussed in 5.3 below.

5.4 FRAMEWORK RECOMMENDED FOR BEE IMPLEMENTATION IN SOWETO

The framework recommended for BEE implementation in Soweto is based on the analysis of reports and tourism legislative framework done in chapter 3 and the interviews with Small Medium and Micro Enterprises (SMMEs) done at Vilakazi Street.

5.4.1 Introduction of the framework

The framework provides guidance in which BEE implementation can be enhanced at Vilakazi Street. Firstly, an SMME support office should be established at Vilakazi Street. Secondly, it is important for government entities involved in BEE in the tourism sector to conduct road shows in order to workshop SMMEs on BEE implementation. Thirdly, government support in the form of grants is important to develop tourism SMMEs and their service offerings. The fourth recommendation is the revival of the Soweto Economic

Empowerment Zone (SEZ), in order to up skill employees and owners of tourism business in Soweto. The fifth recommendation is to ensure that all the government BEE related programmes implemented at Vilakazi Street undergo performance monitoring and evaluation to measure the impact and hold government accountable. The sixth recommendation is that collaboration between all the stakeholders involved in BEE implementation is important. Lastly, women empowerment should be a priority. The recommended model, which is a guiding framework for BEE implementation, is summarised in Figure 5.1 below,

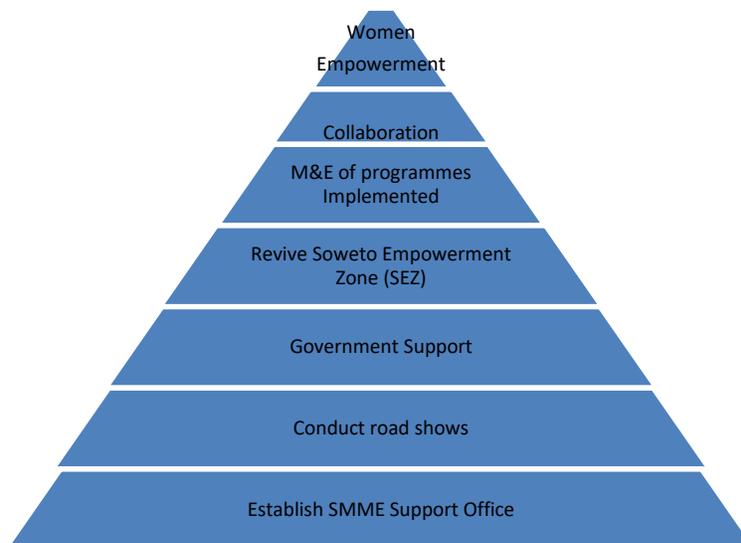


Figure 5.1: Framework for BEE Implementation at Vilakazi Street

Source: Compiled by Author, 2017

5.4.1.1 Establish the SMME support office

The SMME support office should be established to enhance BEE implementation in the tourism sector at Vilakazi Street in Soweto. The establishment of the SMME support office at Vilakazi Street as a precinct has potential to attract international tourists by providing relevant information. This will include information such as tourism offerings available at Vilakazi Street to tourists. The SMME support office should provide SMMEs with information on marketing, funding and government departments involved in tourism.

- **Tourism management and funding**

The support office should help SMMEs on tourism management and funding by organising local training, workshops, conferences and seminars. At least there is an institution of higher learning, the University of Johannesburg (UJ) campus situated in Soweto, which can be of great assistance in training and skills development of managers of SMMEs to assist in improving their management skills and knowledge. Basically, UJ in partnership with government should build a local knowledge economy by exploiting available literature and Information and Communications Technology (ICT) for innovation and productivity growth. UJ is therefore a potentially key role player in the tourism industries in Soweto. Generally, UJ should play a key role in improving tourism business and competitiveness in Soweto. Apart from training, UJ can also do research that will assist SMMEs to improve their tourism businesses.

The support office should also assist SMMEs in drawing up business plans and refer them to relevant government offices or departments and corporates for funding. There are companies such as Suregro Investments Holdings that fund tourism business. The support office should organise funding requirements from such companies and guide SMMEs accordingly by doing workshops to secure funding.

- **Marketing**

The Johannesburg Tourism Company (JTC) was given the responsibility by the City of Johannesburg (CoJ) to market and brand Soweto as indicated in the SEDP (2008-2013), but only some was done. There was not a single big event organised in Soweto between 2008 and 2013. Even the hosting of major summits as a key performance indicator was not met. The Soweto Accommodation Association as a recognised structure, and SMMEs should request a meeting with the CoJ to organise events in Soweto. The Gauteng Enterprise Propeller, in partnership with the Department of Small Business Development (DSBD), organised the Soweto Festival Expo in 2014. The expo was organised as part of SMME development and to increase the number of bed nights in Soweto. These are the partners that must also be engaged to continue organising such events.

There were some media induced tourism activities which included the visit by the Danish Prime Minister as part of international relations in 2013, organised by the JTC. Hopefully that may have assisted in attracting Danish tourists to Vilakazi Street. These are some of the activities that can market Soweto, which the JTC should be requested to continue organising.

The use of social media in marketing tourism is important. Cooper and Hall (2013:80-81) provides different types of social media in the marketing of tourism. Those are face book, twitter, Wikipedia, user generated sites such as Trip Advisor and the online communities of like-minded travellers called the True Traveller Society. These types of social media are an advantage to promote marketing heritage or cultural tourism in the townships in particular. However, lack of understanding of these benefits of the use of social media in marketing by managers in the townships could be a challenge. The support office should assist SMMEs in the cost-effective use of social media as a marketing tool.

There should also be marketing of the tourism services available at Vilakazi Street by keeping and distributing pamphlets and brochures in the support office. The office should also have an electronic advertising board where the various tourism products and services are shown. The support office should ensure tourism products for SMMEs are well packaged and are given a platform on E-marketing. There should be a stall for marketing products from Vilakazi Street in all the local and international events and the support office can achieve that by working closely with Johannesburg Tourism Company (JTC).

One of the exhibitions events explained in chapter 4 was the Tourism Indaba, held from 11 to 14 May 2013 in Durban. Evidently, having looked at the Indaba Website (2017), none of the pictures or images is about Soweto tourism products. This confirms what Maqubela (Interview: 2016) said in terms of Tourism Indaba not marketing SMMEs from Soweto but only big companies. According to Indaba Website (2017), the tourism marketing event is owned by South African Tourism and it is a concern that Vilakazi Street

is not marketed during this event. “INDABA is one of the largest tourism marketing events on the African calendar and one of the top three ‘must visit’ events of its kind on the global calendar,” (Indaba Website, 2017). It is therefore important that SMMEs from Vilakazi Street in Soweto are marketed during this event. According to Indaba Website (2017), the companies apply to exhibit and there are selection criteria. To assist SMMEs meet the selection criteria, workshops through Soweto Empowerment Zone (SEZ) should be arranged by the City of Johannesburg (CoJ).

The Johannesburg Tourism Company (JTC) mandate by the City of Johannesburg (CoJ) to market the Johannesburg region, should be met by the SMMEs through the support office to discuss programmes to market local tourism SMMEs. This is one of the responsibilities of the support office ensuring that relevant departments are engaged. Ideally, it will be good to have a marketing and communications manager appointed by the City of Johannesburg to take charge of the support office. The marketing and communications manager should work with the JTC to organise information of the local and international events for SMMEs to market themselves.

In terms of international relations, South Africa is part of Brazil, Russia, India and China alliance (BRICS). This presents an opportunity for SA to market tourism in these countries through the BRICS New Development Bank (NDB) regional office opened in Sandton, and to increase the number of international visitors. According to Faku (2017:01), the NDB committed \$1,5 billion, which is R19,86 billion towards South Africa’s development projects. These development projects should include the marketing of tourism and benefit SMMEs in Soweto in particular, due to its popularity. This may strengthen relations with BRICS at the same time.

The JTC should take the responsibility of branding Soweto. Prime media such as fully rapped taxis (Quantums), for instance, is popular in South Africa and can assist in marketing Soweto in upmarket areas such as Sandton and Rosebank where international tourists are typically found. Soweto tourism must be on the billboards along the highways

and at the airport, and fully rapped taxis to increase the number of visitors. The increase in number of visitors will benefit SMMEs at Vilakazi Street.

The marketing and communications manager from the support office should be key in arranging mentoring of managers of tourism SMMEs. The managers of SMMEs should be paired with the managers in the tourism corporate companies for mentoring. This will help the managers of SMMEs understand the marketing of their tourism business.

The support office should also guide the SMMEs in cost-effectively packaging their service offerings. Once the service offerings are properly packaged, the information can be sent through pamphlets and brochures to the airport, car rental companies such as Avis, Bidvest, Europe Cars, and hotels and relevant events. The information must include contact persons from the SMMEs at Vilakazi Street. Surely, the number of tourists visiting Soweto will increase, if Soweto hospitality is well marketed.

The cultural heritage in Soweto, as explained in chapter 2, provides a unique tourism experience for international tourists. The pantsula jive danced at Vilakazi Street make Soweto unique. The history behind the fight against apartheid amongst other things, is the epitome of the South African heritage. If marketed properly, the South African heritage can improve the number of local and international tourists visiting Soweto. Effective marketing means the JTC ensuring sufficient information and understanding about Soweto's tourism offerings is distributed in all the major events across the world. Platforms such as International Meetings and Events Exhibitions (IMEX), Conventions and Events Bureau (CEB), Meetings, Incentives, Conferences and Events (MICE) and Visitors and Services Bureau (VSB) should be used to market tourism offerings found in Soweto.

The demand for the tourism products and services is dependent on marketing and management. It was for this reason that chapter 2 also discussed tourism marketing and management, and current challenges in the townships. The use of social media, generated sites such as Trip Advisor and online communities were mentioned in chapter

2, as important to market tourism products. The departments tasked with marketing, discussed in chapter 4, must do more to put SMMEs on the map by providing SMMEs with platforms on Trip Advisor and online communities. Those are departments such as Gauteng Tourism, JTC and the Department of Economic Development, which should integrate their activities to achieve this objective.

In terms of tourism management, the City of Johannesburg (CoJ) should organise courses through the Soweto Empowerment Zone (SEZ) and UJ to improve tourism managers skills in tourism. That is one of the reasons why the SEZ should be revived.

- **Implementation**

The SMME support office should guide SMMEs on BEE implementation by explaining the clauses and amendments of the B-BBEE Act (53 of 2003) (RSA, 2003). When the Codes of Good Practice were reduced to five for instance, the support office would have explained the implications in terms of BEE ratings and how SMMEs would benefit. According to Van Zyl (2015:1), the biggest impact of the revised BEE codes that came into effect on 1 May 2015, will be on smaller companies. This is the reason why the tourism support office should explain the biggest impact of tourism as explained by Van Zyl (2015:1), so that SMMEs can prepare themselves.

The BEE policy, like any other policy, is implemented through strategies. The support office should guide SMMEs on opportunities and requirements to benefit from such strategies. On the other hand, the support office should also assist government departments and agencies that are accountable for interventions in economic development to ensure those interventions are implemented accordingly. Those are departments such as National Department of Tourism, DTI, Department of Economic Development and agencies such as JTC and Gauteng Enterprise Propeller (GEP).

The role that can be played by the National Department of Tourism is arranging the Tourism Enterprise Partnerships for SMMEs in Soweto. DTI can assist in providing funding. The Department of Economic Development can help in ensuring the local

economic development plan is effectively coordinated and implemented, and that its objectives are met. The JTC can assist in marketing and branding Soweto, particularly Vilakazi Street. The GEP can assist in small business development, which includes financial and non-financial support (GEP Website, 2017).

- **Liaison**

The support office should liaise with the tourism department and corporate companies on the needs of tourists and SMMEs. Liaison with tourism departments will help in ensuring that SMMEs from Soweto benefit from tourism strategies. Those are tourism strategies such as the Strategic Partnership Programme (SPP), which is intended to support the B-BBEE policy and to facilitate memoranda of agreements between government departments, corporate companies and SMMEs.

In terms of training and development needs of the SMMEs, the support office will have to liaise with Soweto Empowerment Zone (SEZ) as a support facility for small businesses, and University of Johannesburg (UJ) to arrange relevant training courses in tourism such as tourism management.

5.4.1.2 Road shows

Creation of awareness and mediation of regulations and strategies in order to reach the objectives of BEE implementation in the tourism sector is imperative. This can be achieved by conducting road shows in Soweto. Road shows should be conducted by the government departments involved in BEE and tourism implementation. The Department of Trade and Industry (DTI) can use roadshows to promote the BEE policy and workshop SMMEs on funding and/ or grants available to grow their businesses. The promotions should be in a language which local people understand as it is difficult for some people in the townships to understand English because of low literacy levels.

The Department of Economic Development should facilitate local economic development strategies for SMMEs to explore business opportunities. Gauteng Tourism should

workshop SMMEs on improving their tourism offerings. The City of Johannesburg (CoJ) should communicate the business opportunities available within the city and how to access them. The Johannesburg Tourism Company (JTC) should do road shows to create awareness on marketing and branding strategies to be implemented. This can be a great opportunity for JTC to communicate and create awareness of Conventions and Events Bureau (CEB) and Visitors and Services Bureau (VSB) events by conducting SMME meetings in Soweto.

5.4.1.3 Government support

In chapter 2, the role of government in empowering communities was explained. It is therefore important to explain how the role of government can be used in Soweto for the success of BEE implementation.

- **Planning**

South Africa is a member of the United Nations World Tourism Organisation (UNWTO). The UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability (UNWTO Website, 2017a:1). Therefore, The National Department of Tourism should consider inclusive development and environmental sustainability in planning for socio-economic growth. According Gupta and Vegelin (2016:435), inclusive development builds on social roots, which leads to the articulation of social inclusiveness. Furthermore, Gupta and Vegelin (2016:436) indicate that social inclusiveness aims at empowering the poorest, which is the marginalised group, by investing in human capital and enhancing the opportunities for economic participation. The marginalised groups in the South African context are the PDG's and who are mainly black people, through which the government is empowering through the black economic empowerment policy. Therefore, government planning should prioritise the tourism SMMEs in Soweto, using the rich political history in places such as Vilakazi Street.

- **Making and implementing tourism laws**

The government has the accountability to make, implement and enforce the laws of the country including the tourism laws. Tourism laws have been put in place by the South African government to ensure that tourism is developed accordingly. As explained in chapter 3, the Tourism Act (3 of 2014) (RSA, 2014) makes provision for the promotion and practising of responsible tourism; and for the effective domestic and international marketing of South Africa. Therefore, government spheres from national to local government, as well as corporate companies, should ensure that economic tourism development benefits local people.

The Government has put in place the Broad-Based Black Economic Empowerment (B-BBEE) Act (53 of 2003) (RSA, 2003) to ensure black people are prioritised in tourism implementation in the tourism sector. SMMEs at Vilakazi Street should take advantage of the law and hold government and corporate companies accountable by meetings and corporate inventions if tourism development is not in their favour. Based on the Tourism Act (3 of 2014) (RSA, 2014) and the B-BBEE Act (RSA, 2003), SMMEs should put pressure by law on government and corporate companies to develop and support them, financially or in terms of other physical resources.

- **Coordination**

At Vilakazi Street, the City of Johannesburg (CoJ) should bring stakeholders together in developing tourism as a driver of local economic development. Cooper and Hall (2013:145) argue that the role of government has increased in recent years as a result of the focus on effective governance. Therefore, the Johannesburg Tourism Company (JTC) - as an agency of the CoJ registered as non-profit company - can be used to mobilise funds for the Small Medium and Micro Enterprises (SMMEs) at Vilakazi Street.

The Gauteng Tourism Authority (GTA) and the CoJ should improve tourism through the provincial and local government programmes respectively. The budgets made available by the NDT to improve tourism should be accessed by SMMEs through provincial and local government. The local government, which is the CoJ, should provide guidance to

SMMEs in accessing programmes made available by national government through the GTA.

- **Entrepreneur**

The government should act as an entrepreneur, in order to succeed in developing the economy through tourism. The City of Johannesburg (CoJ) should facilitate seminars on innovation in the tourism business to allow for entrepreneurial ideas that will enhance the planning and delivery of tourism in Soweto. Once new ideas are explored and recorded, CoJ should assist in setting up tourism small businesses and in organising funding.

- **Government funding**

There are SMMEs that are already in existence at Vilakazi Street that are in need of financial support to develop and sustain their tourism business. Motaung (2016: Interview) indicated that she wanted to extend her accommodation, however, she could not afford to do so. CoJ should provide some stimuli to SMMEs in order to enable them to grow their businesses. The provision of funding can be driven through Johannesburg Tourism Company (JTC) as a municipal government agency. The JTC can work with the SMMEs through the support office to come up with a funding model.

The marketing and communications manager at the support office should help SMMEs organise funding from the Department of Trade and Industry (DTI). Government has, through the Department of Trade and Industry, put grants in place to support small businesses in South Africa. Grants do not need to be repaid but are there to develop small businesses (Crampton, 2016:1). The DTI has a programme called Black Business Supplier Development Programme (BBSDP), which offers non-repayable grants to small businesses. According to Crampton (2016:02), there is a non-repayable grant of up to R1 million to boost small businesses' competitive edge and sustainability. Unfortunately none of the SMMEs from Vilakazi Street has accessed this funding or grant.

The BBSDP grant is aimed at helping businesses expand and employ more people. The grant is split into two: R800 000 is for tools, machinery and equipment, and R200 000 is

for business development and training (Crampton, 2016:02). According to Crampton (2016:01), this is part of government strategy for Black Economic Empowerment, job creation and economic development. This grant can be a major financial boost for training SMMEs in Soweto in order to improve their marketing, branding and tourism business management. This grant can benefit bed and breakfast (B&B) outlets and restaurants at Vilakazi Street in particular, as they are already established service providers. The grant can give them an opportunity to expand their service offerings.

The R200 000 portion of the BBSDP grant includes business development and training to increase the rate of production and help SMMEs use modern technology. This BBSDP grant can therefore assist in ensuring that SMMEs are trained in the use of ICT in marketing their tourism products, and also in managing their tourism business. The BBSDP fund can also allow SMMEs to go to the training service provider of their choice, rather than relying only on Soweto Economic Empowerment Zone (SEZ), which may fail to deliver. They can also improve their tourism offerings by using modern technology such as providing free WIFI as part of accommodation services. The SMME support office can play a meaningful role in organising BBSDP grants for small businesses in Soweto.

The requirements to qualify for the BBSDP grant include the proof of company registration, black ownership of 50,1% or more, 50% black management, and the company should have been trading for at least one year and have a financial statement as a proof, SARS tax clearance certificate and the turnover must be between R250 000 and R35 million per annum (Crampton, 2016:03). Fortunately, all the B&B outlets and restaurants at Vilakazi Street make more than R250 000 and meet the BEE requirements. Clearly, the grant requirements are in line with the requirements of the B-BBEE Act (53 of 2003) (RSA, 2003) based on the 50.1% ownership and 50% black management as part of the criteria.

In chapter 4, Motaung (2016:Interview) indicated that her 3 bedroomed B&B is small and she would want to extend, but the only way to do so is by building upwards, due to the shortage of space. Motaung (2016, Interview) added that the problem is lack of financial

assistance from government. The grant that can assist SMMEs develop their infrastructure is Critical Infrastructure Programme (CIP). CIP is a cost sharing grant designed to improve critical infrastructure (Crampton, 2016:4). According to Crampton (2016:4), the CIP offers a cash grant to a maximum of 30%, capped at R30 million, of the development cost of qualifying infrastructure. Both public sector and private sector companies qualify for the grant. This grant can assist SMMEs in growing their businesses. This is because the aim of the grant is to provide financial support for physical infrastructure and to lower business costs and risks to support competitiveness (Crampton, 2016:4).

There is also a National Youth Development Agency (NYDA), which provides direct services to youth entrepreneurs aimed at providing financial and non-financial business development support. Non-financial business development support includes inter-alia, information provision, mentorship, skills development and training, entrepreneurial development and support and health awareness programmes (NYDA Website, 2015). According to Crampton (2016:06), there is a NYDA fund provided to youth entrepreneurs who are showing potential but who are not fully developed yet. This youth funding ranges from R1000 to R100 000 and the applicant must be between 18 and 35 years of age (Crampton, 2016:7). The NYDA fund can help learners and youth, whom Mathangana (2016: Interview) said are assisted by Vilakazi Restaurant in terms of skills development. This is an opportunity for young people in Soweto to contribute meaningfully towards local economic development. The proposed support office at Vilakazi Street will have to play a crucial role in guiding young entrepreneurs to participate.

There is a National Empowerment Fund (NEF), which targets Black Economic Empowerment transactions (Crampton, 2016:7). Crampton (2016:7), indicated that the NEF intends to provide financial and non-financial support and to create the culture of saving and investing. There are four types of funds under the NEF. The NEF comprises of Imbewu Fund as a start-up business fund for black entrepreneurs and to support existing enterprises to expand their capital. NEF provides debt, quasi-equity and equity finance products which ranges from R250 to R10 000 (Crampton, 2016:7). The Imbewu

NEF Fund can meet the needs of the SMMEs that own B&Bs, guest houses and restaurants at Vilakazi Street as SMMEs are already making profit and have equity.

The NEF also comprises an Umnotho Fund designed to improve access to BEE capital, making it easier for BBE compliant SMMEs to access money needed to produce goods and services. (Crampton, 2016:7). There is also a Rural and Community Development Fund, which supports growth and development in the rural economy (NEF Website, 2017). Lastly, there is a Strategic Projects Fund which is an investment strategy to involve black people in early stage projects. According to Crampton (2016:8), the function of the Strategic Projects Fund is to provide venture capital finance aimed at developing new industrial capacity within planned sectors acknowledged as key drivers of economic growth.

- **Promotion**

As explained in chapter 2, promotion (in terms of funding) is part of marketing. Accordingly to Maqubela (2016:Interview), government is marketing the Hector Pieterse Memorial and Mandela House Museum. However, small tourism businesses are not marketed effectively, as was evident in the Johannesburg Tourism Company (JTC) report, 2013. The JTC must develop strategies to fund small businesses at Vilakazi Street. The City of Johannesburg (CoJ) must set a budget aside and fund the JTC to market the small businesses. The budget should cater for e-marketing, advertising on billboards, quantum raps, business cards and pamphlets in marketing accommodation and restaurants at Vilakazi Street. E-marketing will include ensuring accommodation and restaurants at Vilakazi Street have websites and are listed on well-known travel sites such as Trip Advisor. This is branding at the same time, as small businesses will be able to showcase their products online, on their websites and Trip Advisor.

- **TEP Support**

Government should consider localising the TEPs so that each region will have a TEP Office to mobilise funds from the corporate industry. The regional office will enable Government to incorporate the TEP activities to raise funds for SMMEs in Soweto.

Gauteng is a key hub of the South African economy and Soweto is therefore well placed to benefit from that status, through the Corporate Social Responsibility (CSR) strategy, which, according to Financial Times (2016), is a business approach that contributes to sustainable development by delivering economic, social and environmental benefit for all stakeholders.

Economic empowerment through tourism in chapter 2, mainly depicted the role which government should play in empowering communities. The coordination role of government should involve the channelling of the Tourism Enterprise Partnership (TEP) programmes to Soweto particularly, Vilakazi Street. The CoJ will have to engage the NDT, to agree on re-directing the TEP programmes to Soweto. The planning role of government should involve provision of funding to restaurants and SMMEs that provide accommodation to meet international standards. This will allow the SMMEs of accommodation to build up due to the lack of space as discussed in chapter 5. Restaurants will also have a financial muscle to improve their environment. This will help in increasing the number of bed-nights and visitation potential, especially for international tourists.

5.4.1.4 Revival of Soweto Empowerment Zone (SEZ)

The City of Johannesburg must employ managers with skills and knowledge in training and development for SEZ to function. The City of Johannesburg should also conduct an audit to determine skills gaps amongst SMMEs in Soweto. The University of Johannesburg (UJ) Soweto-based campus should be involved in conducting the training needs analysis of the tourism SMMEs. That will enable the design and facilitation of training courses to be delivered through the SEZ and UJ for SMME development. These courses should include interalia Tourism Business Management; Financial Management; Marketing; Project Management; Information and Communications Technology (ICT) and Liaison and Marketing. These courses can be either degree or certificate courses. The certificate courses can include training on the use of social media generated sites in marketing. This will help SMMEs to market themselves online.

- **Re-launch the Soweto Empowerment Zone (SEZ)**

SMMEs should be invited to the re-launch of SEZ, to participate in the training and development services offered. The invitation should also be announced on Jozi FM based in Soweto and national radio stations such as Y FM, Metro, Khaya and Ukhozi FM. These are radio stations with high listenership in the townships. An advertisement as part of the revival should be publicised in newspapers such as Sowetan, Daily Sun, City Press and Sunday Times. These newspapers are popular in the townships. An advertisement on Television stations such as Soweto TV, SABC 1 and Mzansi Magic on Channel 161 should be shown. This will create awareness in the community of Soweto that the SEZ is being re-launched.

The Johannesburg Tourism Company (JTC) should invite all the role players. Those role players are the University of Johannesburg (UJ), the City of Johannesburg (CoJ), National Department of Tourism (NDT), Department of Trade and Industry (DTI), Department of Labour, Department of Economic Development and Department of Higher Education. All the SMMEs around Soweto as the main beneficiaries of SEZ should be part of the re-launch. The MEC of the Department of Economic Development in Gauteng or the Mayor of the Johannesburg Metro should make presentations articulating the rationale of the SEZ during the re-launch. The JTC should ensure that media and press representatives are invited to ensure the re-launch is on the public domain.

- **Coaching and mentoring**

Challenges such as lack of education and skills were identified as a disadvantage in the townships in chapter 1. Therefore, the tourism support office should consult with Soweto Empowerment Zone (SEZ) to organise coaching and mentorship programmes. That would mean twinning big tourism companies with small tourism companies situated in Soweto, Vilakazi Street. The support by Tsogo Sun International for tourism SMMEs in terms of accommodation is a good example of twinning. This is an integrated public management approach explained in chapter 3 as the tourism support office is under the CoJ and will be working with the private industry and government to support SMMEs.

The understanding of the significance of SMMEs in the tourism industries discussed in chapter 2 was important to determine the new business opportunities available in Orlando West. The meaning of SMMEs in the tourism industries was also an important highlight in the determination of the advantages and disadvantages of SMMEs. The advantages of SMMEs provided scope of the tourism industries and the categories of products and services in demand. In Orlando West; the key services and products in demand are B&Bs, food, and crafts; and therefore the provision of funding is important to organise mentoring and coaching.

5.4.1.5 Community Involvement through Monitoring and Evaluation (M&E)

The Policy Framework for Government-Wide Monitoring and Evaluation System (2007:3) makes provision for pro-poor orientation, which prioritises the interests of poor communities. This puts the SMMEs in Soweto in an advantageous position, in the sense that the policy dictates that black people should be prioritised. SMMEs at Vilakazi Street are owned by poor people and therefore government must prioritise them by ensuring M&E systems are in place to ensure that tourism development programmes are evaluated. That will help in ensuring that government departments implementing development programmes in Soweto account to local SMMEs.

According to Kusek and Rist (2004:xi), “M&E is a powerful public management tool that can be used to improve the way governments and organisations achieve results”. The tourism sector M&E system should be results-based, ethical and pro-poor. Results-based M&E calls for greater accountability and transparency, enhanced effectiveness of development programmes in exchange for real results of political promises made (Kusek & Rist, 2004:1).

As part of the GWM&E system, government endorsed a Framework for Strengthening Citizen-Government Partnerships for Monitoring Frontline Service Delivery in 2013. The framework was formulated by the Department of Performance Monitoring and Evaluation (DPME) to provide guidance on Citizen-Based Monitoring (CBM). According to DPME

(2016), CBM has three steps. In terms of the first step, the community members conduct a short perception survey on the services provided by relevant government facilities.

The second step responds to the challenges identified through the survey and that would help in mitigating those challenges in government agencies such as the Johannesburg Tourism Company (JTC) and Soweto Empowerment Zone (SEZ). Most importantly, step three focuses on monitoring the commitments to change from the participating departments and government agencies. The DPME came up with an internal structure for government's monitoring and evaluation system. The monitoring and evaluation system includes inter-alia the delivery agreements and progress reporting against the delivery agreements, which the SMMEs and government can use in Soweto to hold each other accountable. In this case the JTC and SEZ, which is under the City of Johannesburg, can be held accountable. The monitoring system should also include the Monitoring Performance Assessment Tool (MPAT), which can be used to provide evidence that government departments are performing accordingly or not..

5.4.1.6 Collaboration

To implement tourism for the benefit of the PDG of which the majority are black people, effective collaboration between communities, government departments and private sector is important. The DTI; Department of Economic Development; TEP and the CoJ should work in collaboration with the National Department for Planning Monitoring and Evaluation, to ensure effective monitoring and evaluation of their programmes. That will help in ensuring the SMMEs supported by corporate companies and government departments benefit from BEE implementation. The City of Johannesburg, for instance, will have to commit on the revival of the SEZ and those commitments on implementation will be monitored. The Citizen-Based Monitoring (CBM) explained in 5.4.4 assumes that there will be an involvement of multiple stakeholders with the main focus on collaboration between government service providers and community members.

The SMMEs can collaborate with the JTC in organising tourism conferences and exhibitions in Soweto. This implies that the tourism support office to be established at

Vilakazi Street will ensure all these activities and commitments or agreements are monitored and implemented. The support office should also work with the JTC to bring the Conventions and Events Bureau (CEB) and Visitors and Services Bureau (VSB) to Soweto.

Another collaboration aspect should be between the SEZ and the University of Johannesburg (UJ) in terms of closing the education and skills gap amongst the SMMEs. For instance the JTC did not meet the objective of training SMMEs in Mandarin language usage. UJ as a university, in conjunction with SEZ, can help in ensuring a mandarin language training programme is put in place and training is done accordingly.

A workshop or training on Computer Literacy and E-marketing is also critical for SMMEs to market themselves. Again, UJ and SEZ can work together to ensure SMMEs are trained. These two institutions are both in Soweto and are less than a kilometre away from each other. The SEZ should also work with Culture, Art, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA) in organising relevant training for tourism SMMEs, particularly training in tourism business management.

5.4.1.7 Woman Empowerment

Government has to prioritise women in all its funding programmes to accelerate the empowerment of women, which is part of the global agenda. According to Nkombo (2017:1), African leaders have realised the gravity of investing in Africa's women to ensure they are productive agents of their growing economy. The Black Economic Empowerment policy has recognised the empowerment of women as an important element in economic development. Therefore all the small business funding models in South Africa should prioritise women. There should be a financial needs analysis exercise conducted at Vilakazi Street and the report should be given to the City of Johannesburg to pave the way forward, in terms of the development of small businesses. When funds are allocated, women should be prioritised.

6. CONCLUSION

The implementation of BEE in the tourism sector in Orlando West, Soweto is currently not effectively planned or executed. Looking at the local economic development opportunities in the tourism sector, there are several missed opportunities to empower the Soweto community. The review of literature on tourism and economic empowerment presented information to realise the local economic development opportunities existing in a township like Orlando West.

The recommendations which were informed by tourism theory, BEE and tourism laws made in chapter 5, can enhance the implementation of BEE in Vilakazi Street, Soweto. The recommendations include a proposed framework, which articulates the guidelines for effective and sustainable BEE implementation.

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