

**DEVELOPING AN EMPOWERMENT FRAMEWORK
FOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT
IN THE HOTEL INDUSTRY OF SOUTH AFRICA**

by

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Dissertation presented for the degree of
Doctor of Philosophy in Business Management and Administration
at Stellenbosch University



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December 2013

Declaration

By submitting this dissertation, I, Martha Matifadza Nyazema, declare that the entirety of the work contained herein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated), and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

M.M. Nyazema

December 2013

Acknowledgements

I dedicate this work to my parents – my mother Rudo Rukanzakanza, and my late father EPC Rukanzakanza. Mwari ngaarumbidzwe!!

I am also grateful to the following people who assisted me through the research journey:

- Dr Babita Mathur-Helm – for supervision and mentorship – thank you.
- Professor Eon Smit, Professor Martin Kidd and Dr Mike Muller – for advice on the statistical analysis and validation.
- Personnel and colleagues at the University of Stellenbosch Business School – for valuable interrogation of the research process.
- Jeanne Enslin and Ronél Gallie – for technical and editorial support.
- Theresa Eva – for secretarial support.
- My friends and colleagues - for your support and interest.
- My family – Muchero, Tsitsi, Mpezeni, Teurai and to Professor – for support, encouragement and patience. Special thanks to my daughters Muchero and Tsitsi for all the proof-reading!

Some of the work in this dissertation is scheduled for publication as follows:

- Nyazema, M.M. & Mathur-Helm, B. 2013. Support for small enterprise development by the hotel industry in South Africa. *Development Southern Africa* (forthcoming).
- Nyazema, M.M. & Mathur-Helm, B. 2013. Employing Black Managers in Hotels: Implementing Employment Equity in South Africa. *Journal of Human Resources in Hospitality and Tourism*. (forthcoming).
- Nyazema, M.M. 2010. *Can sustainable tourism development be an important contributor for the success of broad-based black economic empowerment in South Africa?* Paper presented at the 19th European Doctoral Programmes Association in Management and Business Administration Summer Academy, 21-27 July, Soreze, France.

Abstract

This study investigated the implementation of broad-based black economic empowerment (BBBEE) policy in the hotel industry of South Africa. BBBEE aims to accelerate the inclusion of black people into the economy through company ownership, human resource, and enterprise and community development. Although black people represent 91 per cent of South Africa's population, the economy is controlled by a small white population. Studies have shown slow adoption and resistance to the BBBEE policy by the private sector, including in the hotel industry. Therefore, the research problem was the nature of compliance with, and the implementation of, black empowerment policy in the hotel industry.

The main objective of the study was to investigate whether a framework for the effective implementation of black empowerment policy could be developed, given the centrality of hotels in the tourism value chain. The specific objectives were to determine the nature of the disconnect on BBBEE, to identify factors which facilitated or inhibited implementation, and to explore solutions for enhancing BBBEE implementation in the hotels.

A quantitative investigation of 611 hotel general managers constituted the core of the dissertation's content and contribution. Data from 178 respondents was analysed using descriptive and correlational statistical methods. The development of the quantitative research instrument was substantiated by the preliminary qualitative study of five hotel group executives. The mixed methods approach was appropriate for investigating the dual structure (group and unit) of the hotel industry.

The results indicated that hotels were recording progress on human resource development although compliance levels did not meet the required BBBEE targets. On enterprise development, the hotels' engagement with small black enterprises was low both quantitatively and qualitatively. Furthermore, hotel group leaders indicated that the tourism-specific BBBEE charter presented bureaucratic challenges, as tourism straddles several industries which required different BBBEE certification.

The study has developed an empowerment framework of solutions for achieving success in BBBEE in hotels. The primary factors determining success are the provision of performance targets and incentives for general managers, and if the hotel manager supports BBBEE policy. Furthermore, exogenous factors such as the star rating and location of a hotel also impact on BBBEE implementation.

This study builds on, and adds value to previous studies by moving beyond the investigative mode to identifying practical policy options for successful transformation of the hotel industry. The proposed framework acknowledges the diverse nature of the tourism product, and provides

potential solutions to enhance the hotel managers' ability to anticipate and incorporate factors impacting on BBBEE implementation. The framework adds theoretical value to affirmative action discourse by suggesting a conceptual shift from a race-based approach to an alternative one which would incorporate sustainable tourism and ethical governance concerns. Such an approach would maximise BBBEE potential in the hotel industry of South Africa for beneficiaries and communities. Additional research is recommended to substantiate the hypothesis with a broader sample as the study was limited to hotel managers.

Keywords: *Affirmative action, broad-based black economic empowerment, empowerment framework, hotel managers, hotel industry, small black enterprises, South Africa, tourism.*

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List of acronyms and abbreviations

ANC	African National Congress
ANOVA	analysis of variance
BBBEE	broad-based black economic empowerment
BEE	black economic empowerment
BUSA	Business Unity South Africa
CEE	Commission for Employment Equity
CEO	chief executive officer
CSI	community social investment
DOT	Department of Tourism
DTI	Department of Trade and Industry
EE	employment equity
FEDHASA	Federated Hospitality Association of Southern Africa
GDP	gross domestic product
GM	general manager
GSTC	Global Sustainable Tourism Criteria
HRM	human resources manager
JSE	Johannesburg Stock Exchange
MDGs	Millennium Development Goals
RSA	Republic of South Africa
SAT	South African Tourism
SDGs	Sustainable Development Goals
Stats SA	Statistics South Africa
TBCSA	Tourism Business Council of South Africa
TECSA	Tourism Empowerment Council of South Africa
TEP	Tourism Enterprise Partnership
TGCSA	Tourism Grading Council of South Africa
THETA	Tourism, Hospitality and Sport Education and Training Authority
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNWTO	United Nations World Tourism Organisation
USA/US	United States of America
WTTC	World Travel and Tourism Council

CHAPTER 1

INTRODUCTION AND STATEMENT OF THE PROBLEM

1.1. INTRODUCTION

This research project has been an investigation of the implementation of BBBEE policy in the hotel industry of South Africa. The policy was the government response to accelerate the inclusion into economic activity of black people who were disadvantaged during the apartheid era. In 2011, black people represented 91 per cent of South Africa's 52 million people (Statistics South Africa (Stats SA), 2012:16). Persons of black African origin comprised 79 per cent of the population, nine per cent were Coloured (mixed blood), and 2.5 per cent were Asian. Yet economic wealth was held by a white population who represented nine per cent of the population (Stats SA, 2012:16). In the workplace, black Africans occupied 18.5 per cent of top management positions, compared to Asians at 7.5 per cent, Coloureds at five per cent and white persons at 65 per cent (Commission for Employment Equity (CEE), 2012). Government insisted that the pace of BBBEE implementation in the private sector was slow and needed addressing (Zuma, 2013). Businesses in the hotel and tourism industry reflected the disconnect between the government's objectives and the implementation of empowerment policy on equity transfer, human resource development, and enterprise development (Republic of South Africa (RSA), 2009:2; Fauconnier & Mathur-Helm, 2008:17).

The tourism sector was identified as a priority sector for economic development, and for the implementation of BBBEE policy in South Africa. Tourism was one of the largest and fastest growth industries in the world, contributing five per cent of Gross Domestic Product (GDP) and ten per cent of new jobs created worldwide in 2012 (World Travel and Tourism Council (WTTC), 2013:i). Tourism arrivals reached one billion people in 2012, with growth in all regions except the Middle East (United Nations World Tourism Organisation (UNWTO), 2013). In South Africa, tourism has contributed ten per cent of GDP, and provided over one million jobs, representing ten per cent of total employment in the country (WTTC, 2013:1). Over 90 per cent of tourism businesses are privately owned. Consequently, government collaborated with the private sector in developing a Tourism BBBEE Sector Charter as the legal framework for guiding the implementation of black empowerment in tourism (RSA, 2009:4). Hence, the hotel industry, as a key component of the tourism sector, has been integral to the discussion on transformation in tourism.

The Tourism Sector Charter defined the parameters of compliance on seven elements, namely business ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Several major industries also developed sector-specific charters, for example mining, banking and information technology

(Hamann, Khagram & Rohan, 2008:21). Consequently, the industry charters were viewed by both government and the private sector as a symbol of commitment by large corporations to BBBEE policy and to economic redistribution in the country (Hamann *et al.*, 2008:24). At the same time, the industry charters carried the same obligations as did the BBBEE Generic Codes of Good Practice which were applicable to the remainder of the private sector. However, the implementation of BBBEE remained voluntary across the private sector, including in the hotel industry.

The centrality of hotels as the main provider of accommodation suggested that the hotel industry could provide the catalytic role for transformation in South Africa's tourism industry (Keyser, 2010:26; Lubbe, 2003:3; Page, 2007:6). It would appear that the potential existed within the hotel industry for driving black empowerment on human resource development, skills development and enterprise and community development. For example, the hotel industry was the largest employer of labour in tourism and hotels could influence the viability of smaller businesses through the tourism value chain (Clancy, 1998:130; Mowforth & Munt, 2009:6; RSA, 2007a). However, the hotel industry reflected trends in resistance to and the slow adoption of BBBEE policy in tourism and in the general private sector (Business Unity South Africa (BUSA), 2012; RSA, 2009:3; Fauconnier & Mathur-Helm, 2008:17; Van Schalkwyk, 2008:2).

Evidently, the legal framework of the Tourism Sector Charter did not appear to transform into a practical framework for implementation in the hotel industry (Yarona Management Consulting, 2007a:1). State intervention with BBBEE policy was therefore urgent because a 'trickle-down effect' was not adequate to create a society which was neither racial nor sexist (Mbeki, 2006; Gumede, 2007:3; Pottinger, 2008:5). Hence, this study explored whether a framework of solutions for implementing broad-based empowerment in the hotel industry could be developed, to bridge the disconnect between the government objectives and the hotel industry's response to the BBBEE policy in South Africa.

Figure 1.1 is a map of South Africa indicating the major cities, its bordering countries and provides some basic statistics of the country.

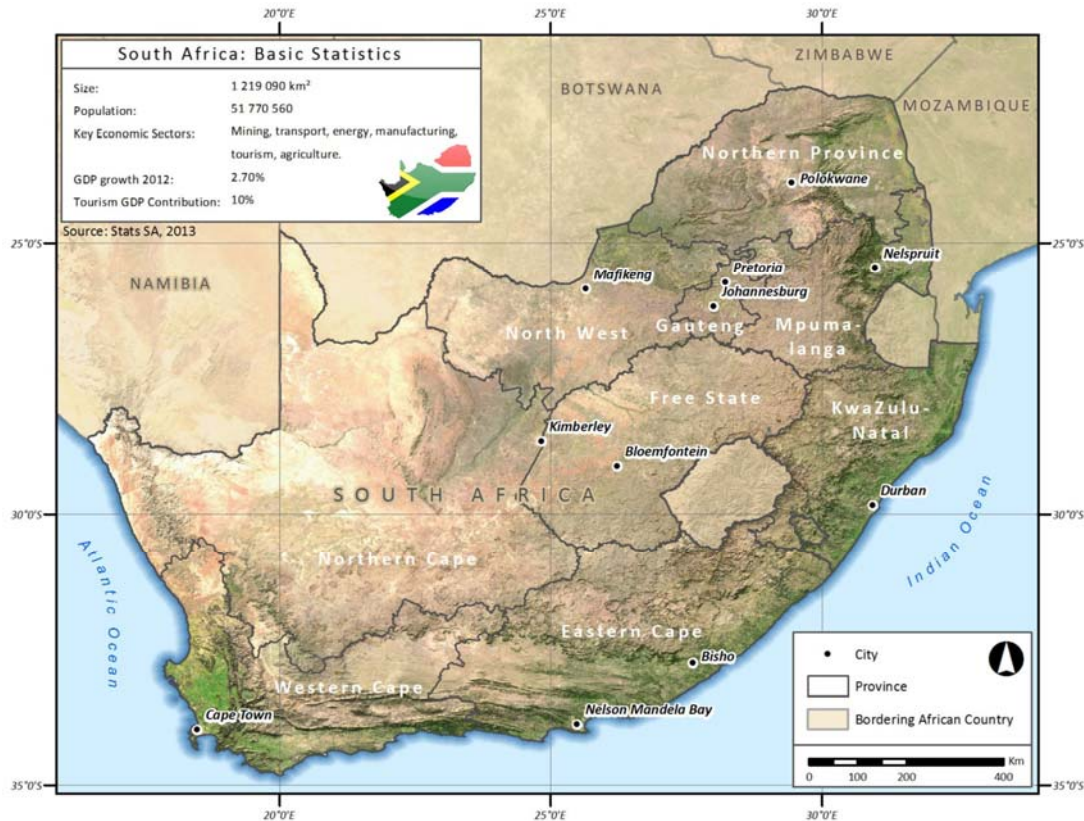


Figure 1.1: Map of South Africa and basic statistics

Source: Stats SA, 2012.

1.2. THE CONCEPT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Theoretical concepts underpinning the BBBEE policy are affirmative action, racial redress, poverty alleviation and economic growth. Firstly, broad-based empowerment policy addresses the legacy of racial discrimination and the exclusion of black people in economic activity. It was argued that increasing the demographic representation of black people in the economy would contribute to racial redress and the development of a non-racial society (Sachs, 2007:6; Turok, 2008:147). BBBEE policy is also aimed at creating a black middle class, to be the vanguard for social justice and development of black people (Iheduru, 2004:1; MacDonald 2006:157; Ramphela, 2008:143; Southall, 2007:70).

Secondly, BBBEE policy is an instrument for socio-economic development. South Africa needs to achieve prosperity and social progress for the millions who have been and are under-privileged. The country has one of the highest levels of socio-economic inequality (Van Aardt, 2012:54). Unemployment has been reported at 25 per cent in 2013 (Stats SA, 2013). In terms of household income, white households earn six times higher, Indian households four times higher, and Coloured households earn two times more than black African households (Stats SA, 2013). Consequently, racial representation in controlling the economy and in the workplace do not match

population demographics. In China, Korea and Chile, levels of poverty have been reduced through economic growth and through the expansion of human and institutional capabilities (Harvey, 2007). South Africa has employed a similar approach through BBBEE policy, with the objective of empowering black people through employment, skills development and the creation of entrepreneurial opportunities (RSA, 2004:4).

Thirdly, economic growth through BBBEE policy requires the active involvement of the private sector. A recent United Nations (UN) report recommended that the private sector should partner with governments and other stakeholders and become a vehicle for growing the global economy and for creating wealth (United Nations Secretariat, 2013). The report suggested that the role of the private sector is to create wealth, which will in turn expand economic opportunities and assist in eradicating poverty. Secretary General of the UN, Ban kiMoon, outlined five areas which would drive the proposed shift from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs). The first four agendas of the shift to Sustainable Development Goals address ending poverty by 2030, the prioritisation of sustainable development, the transformation of economies to create jobs and building peace and good governance among institutions. The fifth transformational shift states (United Nations Secretariat, 2013):

“Forge a new Global Partnership. Poverty eradication is not just about national governments. Businesses, community groups, donors, local governments and others all need to work together to see the eradication of extreme poverty”.

Based on the above, the convergence of concepts underpinning BBBEE policy and sustainable and responsible tourism appears to complement the shift towards Sustainable Development Goals, as all the concepts suggest emphasised stakeholder accountability and ethical behaviour within businesses (Black, 2002; Esser & Dekker, 2008; Hamann *et al.*, 2008). Businesses have increasingly been expected to reflect sustainable corporate governance and a notion of solidarity and mutual benefit for a broader range of stakeholders. The principles underpinning BBBEE policy – redistribution, racial redress and poverty alleviation – reflect similar requirements for businesses.

The concept of BBBEE is based on the theory of affirmative action. According to Sachs (2007:6), affirmative action was provided for in the Constitution of South Africa. Section 9(2) of the 1996 Constitution states that,

“Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect and advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken” (RSA, 1996).

A number of definitions have been offered to describe affirmative action:

“Affirmative action is the expenditure of energy or resources by an organization in the quest for equality among individuals from different discerning groups” (Crosby, 2004:5).

“Simply stated, affirmative action is a short-term strategy to open the corporate doors for previously disadvantaged people” (Thomas, 1996:7).

South Africa has derived learning on BBBEE from global cases on affirmative action (Jain, Horwitz & Wilkin, 2012:1; Jain, Sloane & Horwitz, 2003:17). Countries such as the United States of America (USA), India, Malaysia, Canada, Australia and Brazil faced similar challenges of racial, ethnic or gender discrimination, socio-economic inequality (Cahn, 2002; Crosby, 2004; Kellough, 2006; Sowell, 2004; Telles, 2004). The solution identified for creating opportunities for the disadvantaged was the introduction of affirmation action programmes. At the same time, studies on the effectiveness of affirmative action programmes have indicated mixed results. For example, affirmative action was achieved to a large extent in Canada, Malaysia and the USA. Affirmative action programmes in Brazil, India and South Africa are considered work in progress (Abbott & Franks, 2007:337; Bertrand, Hanna & Mullainathan, 2010:16; Darby, 2010:408; Desai & Kulkarni, 2008:245; Emkes, 2012:200; Financial Mail, 2012:58; Tavolaro, 2008:146).

Initial support for black economic empowerment in the 1990s was narrow-based and restricted to equity transactions between large corporations and black persons who were politically connected (Bond, 2005:39; Fauconnier & Mathur-Helm, 2008:17). The narrow approach to black empowerment not only benefited a few individuals, but the approach excluded the majority of black people and failed to address the broader socio-economic needs of the country (Bond 2005:39; Emkes, 2012:200; Acemoglu, Gelb, & Robinson, 2007:5). A number of studies have also attributed the slow response to black empowerment policy to the resistance by white businesses to change, shortages of skilled labour, and difficulty in interpreting BBBEE regulations (Iheduru, 2004:1; Schreuder, Van Heerden & Khanya, 2007:40; Southall, 2007:79). Further, the neo-liberal approach to public policies which enabled participation by the private sector in BBBEE policy to be voluntary has been blamed for slow compliance to BBBEE (Acemoglu *et al.*, 2007:9; Bond, 2005:7). Consequently, the purpose of the BBBEE Act of 2003 was to introduce parameters for broadening black empowerment ranging from equity transfer in ownership, equity in employment to small enterprise and community development (RSA, 2007b).

BBBEE policy is described as:

“an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black

people that manage, own and control the country's economy, as well as significant decreases in income inequalities" (RSA, 2004).

In 2013, the South African State President, Jacob Zuma indicated that in response to the continuing slow pace of transformation, the government would take further steps to address the challenge of broadening black empowerment. Zuma (2013) explained that:

"We are seriously concerned about the reach, the impact and the quantity of the empowerment deals and also the level of control and ownership of the economy. The direct black ownership of the Johannesburg Stock Exchange still stands at less than five percent. In addition, annual Employment Equity (EE) reports indicate that white males still own, control and manage the economy."

Hence, this investigation of the implementation of BBBEE policy in the hotel industry has been premised on the interrogation of the legal framework of the Tourism Sector Charter.

1.2.1. The legal framework of the Tourism Sector Charter

The scorecard of the Tourism Sector Charter provided the criteria for determining the implementation of BBBEE policy by the hotel industry and the tourism sector. A copy of the Tourism Sector Charter is provided in Appendix 1-A. Table 1.1 indicates the comparative weighting of the Generic Scorecard for the broader private sector, against the Tourism Sector Charter. Scores in the Tourism Charter scorecard were higher for management control (14 vs. 10 points), skills development (20 vs. 15 points) and socio-economic development (8 vs. 5 points). Hence the approach to BBBEE implementation reflected trends in other countries, where quotas were set to evaluate affirmative action and employment equity programmes (Browning, 2006:1321; Greeff & Nel, 2003:23; Human, 1996:46; Jack, 2007:200; Jinabhai, 2004:121; Sowell, 2004:4).

On ownership, the Tourism Sector Charter broadened opportunities for the empowerment of both large and smaller enterprises. Flexible regulations enabled owners of small to medium size businesses to participate in black empowerment while retaining ownership of their businesses (RSA, 2009). For example, smaller businesses in tourism were obliged to comply on only four of the seven elements in order to be regarded as empowered (RSA, 2009). The threshold for defining a small business was lowered from a turnover of five million rand, to two million rand. Evidently, the Tourism Charter enabled the participation of established yet small tourism businesses (Fennell, 2010:5; Rogerson, 2008:1).

The employment equity targets aimed for the achievement of 63 per cent black representation in middle management and 43 per cent representation in senior management by 2012 (RSA, 2009). Furthermore, the hotel industry was expected to contribute to the government objective of creating

over 200 000 jobs in the tourism sector by 2020 (Zuma, 2013). The hotel industry has historically employed large numbers of black persons, albeit in the low skilled and junior positions. However, 35 per cent of black Africans were in employment, compared to their proportion of 78 per cent of the total working age population (Stats SA, 2012:41). Furthermore, studies indicated that the availability of black professionals was not converting to more senior positions for black people (BUSA, 2010; CEE, 2011).

Skills shortages and challenges in talent management are endemic in the hotel industry both locally and globally (Harper, Brown & Irvine, 2005:51; Maxwell & Maclean, 2008:820; Scott & Revis, 2008:781; Watson, 2008:758). Perceptions of poor image and working conditions in hospitality have persisted (Chen & Choi, 2008:595; Solnet & Hood, 2008). Studies indicated a limited commitment within higher education to developing hotel management candidates (Solnet & Hood, 2008). Therefore, employment equity and skills development in South Africa are suitable mechanisms for driving black representation in hotel management and in the general private sector.

Entry barriers for black enterprises in the tourism sector are high (Akama & Kieti, 2007:735; Rogerson, 2012:477; 2005:623). The larger enterprises such as airlines, hotels, and tour operators have controlled the tourism system through capital resources and vertical integration (Mowforth & Munt, 2009:6). Established businesses have also resisted the engagement of black partners for historical and commercial reasons (Bentley & Habib, 2008). In addition, black enterprises have lacked the business capacity and resources to operate sustainable businesses and compete effectively (Akama & Kieti, 2007:735; Ashley, Goowin & McNab, 2005:1; Rogerson, 2005:623). Through black empowerment policy, the hotel industry has been obliged to broaden market access through the procurement of goods from, or assistance with, the establishment and growth of black enterprises.

On socio-economic development, the rationale for BBBEE policy was originally perceived as a means of balancing government, shareholder and community interests. The business approach to corporate social responsibility was shifting from charity-type investments, to sustainable and measurable responsibility (Black, 2002). Advocates of pro-poor, responsible and sustainable tourism development maintained that tourism could make a significant contribution to the eradication of poverty and to the achievement of the Millennium Development Goals through job creation and community development in marginal areas (Goodwin, 2008:869; Muganda, Salhi & Smith, 2010:631; Saarinen, Rogerson & Manwa, 2011:201; Spenceley, 2008:6). By its nature, tourism favoured the development of nature-based tourism (United Nations Economic Commission for Africa (UNECA), 2003).

Consequently, importance was placed on transformation across the tourism sector, because of the sector's potential to impact positively on the seven elements of BBBEE policy, and on urban and rural development.

Table 1.1: DTI Generic Scorecard and Tourism Sector Scorecard

BBBEE Elements	Weighting on DTI Generic Scorecard 2007	Weighting on Tourism Sector Scorecard 2009	Summary criteria for measuring BBBEE compliance
Ownership	20 points	15 points	Percentage black shareholding
Management control	10 points	14 points	Percentage black directors on the board
Employment equity	15 points	14 points	Percentage black representation in middle and senior management
Skills development	15 points	20 points	Expenditure on training of black staff; student internships
Preferential procurement	20 points	15 points	Levels of procurement from black enterprises
Enterprise development	15 points	14 points	Assistance provided to develop black enterprises
Socio-economic development	5 points	8 points	Levels of contributions to communities and community development
TOTAL	100 points	100 points	

Source: RSA, 2009.

1.2.1.1. Tourism studies on BBBEE

Studies which have evaluated BBBEE solutions specific to the hotel industry in South Africa are limited. A number of authors have examined transformation focusing on small enterprise, community and skills development in tourism (Kaplan, 2004:217; Rogerson, 2012, 2008a, 2005; Spenceley, 2008:4; Van Lill, 2005:969). In the studies, the private sector in tourism conceded that progress made towards implementing BBBEE policy was not optimal (RSA, 2009:40; Tassioupolos, 2010:1; Vivian, 2011:1). A 2007 study on the state of transformation in tourism also indicated limited success in implementing BBBEE policy among tourism enterprises (Yarona Management Consulting, 2007a). However, the performance of the hotel industry in BBBEE was not evident from the 2007 baseline study, because hotel respondents were classified under the broader accommodation sub-sector and hotels represented eight per cent of the sub-sector sample. Furthermore, the studies did not appear to focus on solutions for implementing BBBEE, as issues of adoption were more important at the time.

Nevertheless, it is evident from the literature that the hotel industry could play a significant role in each of the seven elements earmarked for tourism transformation.

1.3. STATEMENT OF THE RESEARCH PROBLEM

1.3.1. The research problem

A gap was identified in the literature between the legal framework of the Tourism Sector Charter, and the hotel sector's response to implementing BBBEE policy. Hence, the intellectual puzzle was the nature of compliance with and implementation of BBBEE policy by the hotel industry.

1.3.2. Purpose of the study

There has not been any specific analysis of the hotel industry to identify why there is a gap between the government's objectives and the hotel sector's response to implementing BBBEE policy. However, the present study has drawn information from the findings of the 2007 Baseline Study on Transformation in Tourism (Yarona Management Consulting, 2007a). Previous studies on BBBEE in the private sector reported the status of transformation but did not appear to indicate solutions for BBBEE empowerment (Duffett, Van der Heever & Bell, 2009:110; Mason, 2003:1; Mohamed & Roberts, 2006:13; Sartorius & Botha, 2008:449; Yarona Management Consulting, 2007a:1).

The purpose of this study was to address the nature of BBBEE implementation in the hotel industry, and to identify the solutions required to close the gap between the BBBEE objectives and the implementation within the individual hotels.

Was the initial government diagnosis of the transformation problem correct? Was BBBEE policy the appropriate and affordable prescription for transformation in the hotel industry? Or, was the prescription appropriate but the industry did not follow the rules of implementation? And did the hotel industry have the resources, capacity, and the will to implement the BBBEE policy? Finally, what could be done to correct the situation of slow implementation, given the importance of the hotel industry and tourism for the economic development of the country?

1.3.2.1. Primary objective

The primary objective of the study was to investigate whether there could be a framework for the effective implementation of BBBEE policy in the hotel industry.

It is evident that the legal framework of the Tourism Sector Charter did not provide a practical framework to enable the hotel industry to implement their goals on BBBEE policy.

1.3.2.2. Secondary objectives

The specific objectives were to determine the nature of the gap in the implementation of BBBEE policy, to identify factors which facilitate or inhibit implementation, and to explore and identify solutions for enhancing BBBEE implementation in the hotel industry.

Therefore the research objectives were stated as follows:

Secondary objective 1: To determine the extent to which the hotel industry has implemented BBBEE policy.

Secondary objective 2: To identify factors facilitating or inhibiting BBBEE implementation within the hotel industry.

Secondary objective 3: To explore and identify solutions for enhancing BBBEE implementation in the hotel industry.

Secondary objective 4: To describe how a framework of solutions for broad-based empowerment for the South African hotel industry could contribute to transformation for the broader tourism industry.

1.3.3. The main hypothesis

- The null hypothesis states that the legal framework for BBBEE is not translating into transformation results for the hotel industry.
- The alternate hypothesis states that the legal framework for BBBEE is translating into transformation results for the hotel industry.

1.3.4. Scope of the study

This investigation was limited to investigating the five elements of BBBEE policy which hotel executives have direct control over. The five elements are employment equity, skills development, preferential procurement, enterprise development and socio-economic development. The two remaining elements of ownership (equity transfer) and management control (board representation) are shareholder issues beyond the responsibility of the hotel executives and were therefore not investigated. For a legal review of black ownership in South African companies, see Marais and Coetzee (2006a; 2006b). Reference to BBBEE implementation in this study therefore refers to the five elements, unless otherwise indicated.

The study was limited to an investigation of graded hotels in South Africa, referred to as the formal hotel sector (Federated Hospitality Association of Southern Africa (FEDHASA), 2011). A hotel is

defined as an accommodation establishment with a minimum of 30 rooms, and which has certified grading from the Tourism Grading Council of South Africa (TGCSA, 2011). The remainder of the accommodation industry, which is comprised of guest lodges, bed and breakfast guest houses, and tented lodgings, was not included in this study.

As an economic empowerment policy, there was a fundamental debate about whether BBBEE was contributing to economic growth (Acemoglu *et al.*, 2007:1; Andrews, 2007:1). The present study did not focus on the economic discussion, except in direct relation to how black people were benefiting in tourism.

1.4. SIGNIFICANCE OF THE RESEARCH

The study has generated new ideas and solutions for implementing BBBEE policy in the hotel and tourism industry of South Africa. In particular, the study has provided the views of the hotel general managers on BBBEE. Hotel organisations opted to present their BBBEE credentials as a single organisational unit, instead of each hotel presenting their credentials separately. The organisational approach may have masked the BBBEE status of hotel units which were under-performing. One contribution of this study has been to reveal the gaps masked by an organisational rather than a unit approach to BBBEE implementation, given the geographic distribution of hotel units and their star rating.

Secondly, the study has provided new theories on the factors that are facilitating or hindering BBBEE progress in the hotel industry. The information could be relevant learning for the tourism sector and the private sector in South Africa. In particular, the study makes recommendations on the relevance of the Tourism Sector Charter aimed at assisting the Department of Trade and Industry and the Department of Tourism, in their evaluation of BBBEE policy and the broader transformation agenda in tourism.

As a result of this study, the researcher was invited to join the board of a regional organisation pioneering the development of responsible and sustainable tourism practices across Southern and Eastern Africa. The researcher was also appointed to chair the BBBEE Steering Committee in one of the large hotel groups in South Africa. The interventions of the researcher are contributing to shaping tourism policy in the tourism sector. Finally, the researcher undertook to share the results of the study through presentations to the hotel industry. A tourism publication endorsed the publication of the study on completion.

The study was exploratory. Hence it has added value by challenging and advancing literature on the BBBEE process and management theories within the hotel industry and the tourism sector.

1.5. RESEARCH DESIGN

The primary philosophical position adopted for the research was a “hypothetico-deductive method” where theory and hypotheses were presented first, followed by data analysis and data generation (Mason, 2011:180). The primary research method was the quantitative study of hotel general managers, supported by a qualitative study of corporate executives from hotel groups in South Africa.

A sequential mixed methods approach (qualitative then quantitative) was appropriate because of the dual structure of the hotel industry in South Africa, comprising a corporate head office and individual hotel units, from which the two units of observation were derived. Triangulation enabled the cross-checking of the results of one research strategy against another investigation, to provide accuracy for the data and alternate explanations (Bryman, 2001:447). The three considerations in organising the methodology were therefore (a) to establish the validity of the results, (b) to ensure that the findings were generalisable, and (c) to establish the replicability of the research findings (Neuman, 2011:207).

The research instrument was an online questionnaire. The primary unit of observation was a population of 611 hotel general managers of graded hotels in South Africa.

In the qualitative research, the unit of observation was five executives representing corporate head offices of large hotel groups. Data was obtained through semi-structured interviews. The study also contributed to the questionnaire design of the quantitative research instrument.

Secondary data for the study was collected from government publications, academic journals, and hotel and tourism sources. Information on the hotel industry was obtained from annual reports, company and association websites and databases of international organisations.

1.5.1. The quantitative research

The quantitative research constituted the core of the dissertation’s content and contribution. The quantitative investigation of 611 hotel general managers was conducted through an online questionnaire. The quantitative or positivist approach ensured that objectivity, reliability and generalisation of information were achieved, in determining BBBEE implementation in the hotel industry.

1.5.1.1. The research sample

The target population was identified as 611 general managers of graded hotels in South Africa. The population was drawn from the databases of the TGCSA and FEDHASA, with further

verification from hotel websites. The sample frame was also evaluated against studies in the hotel industry to determine relative accuracy of the size of the population (De Witt, 2011; PwC, 2011).

A hotel unit was usually in a geographically separate location from the head office. The hotel unit was headed by a hotel general manager whose responsibility was operational delivery and customer service.

1.5.1.2. Development of the research instrument

The 97 questions for the questionnaire were generated from the research objectives, the literature review and findings from the qualitative data analysis. The respondents were asked to respond to a five-point Likert scale, indicating strongly agree/agree/neither agree nor disagree/disagree/ strongly disagree. A few questions required responses to be ranked as excellent/very good/good/fair/poor.

To establish the validity of the instrument, an item try-out exercise was conducted with a multi-disciplinary group of 14 tourism professionals, and followed by a pilot survey on 14 hotel general managers, as suggested by Patten (2001). The final questionnaire was designed on the Checkbox Web Survey Software tool from the researcher's institution.

1.5.1.3. Data collection

A simple random sampling was selected to ensure that each population unit had a known and equal likelihood of inclusion in the sample (Patten, 2001). The final questionnaire was distributed online to the population of 611 hotels, through the FEDHASA offices with a cover letter from the chief executive officer of FEDHASA. The validity and reliability of the sample and data collection were ensured through a number of measures which are explained in Chapter 3.

1.5.1.4. Data analysis and interpretation

A final sample of 178 respondents completed the questionnaire. The sample represented 29 per cent of the population and was deemed an appropriate response and size for the research project. The final sample size of hotel general managers was comparable in size with the findings of Van der Merwe and Wocke (2007:10), De Witt (2011) and PricewaterhouseCoopers (PwC, 2011) in their studies on hotels and accommodation in South Africa.

Quantitative data was analysed firstly through a descriptive analysis, with histograms depicting frequencies and percentages (Burns & Burns, 2008). Cross tabulation analyses (exact tests and chi-square) were conducted to examine the association of demographic criteria with different variables (Burns & Burns, 2008).

Reliability analysis was conducted and five suitable scales were identified. The items composing the scales were (i) recruitment, (ii) procurement from small black enterprises, (iii) assistance to develop small black enterprises, (iv) general manager targets, and (v) BBEEE policy support. T-tests and analysis of variance tests were applied in testing the hypotheses.

In addition to statistical analysis, content analysis was conducted on the individual comments made by the respondents, to supplement responses in the survey instrument.

1.5.2. The qualitative research

The qualitative data was derived from semi-structured interviews conducted with a sample of five senior executives from four of the major hotel groups in the country. The four hotel groups accounted for 30 per cent of graded hotels in terms of room stock in the country. The researcher believed that obtaining the views of the senior executives would unlock knowledge from the interviewees, who were experienced and familiar with the phenomenon that was being studied (Bryman, 2001:179). The five executives were interviewed between August 2008 and January 2010.

The data was organised through thematic content analysis (King & Horrocks, 2011:149). The interview material was quantified based on the predetermined categories of the research instrument, and organised in a replicable manner to ensure that the coded data was reliable and valid (King & Horrocks, 2011:149; Krippendorff, 2004:40).

The results of the qualitative survey were not generalisable because of the small size of the sample. Nevertheless, the six categories which emerged from the data analysis contributed to the development of the research instrument for the quantitative method. The interview findings were a “building block in research” (Alvesson, 2011:146). Furthermore, the findings from the qualitative survey generated new ideas and contributed to substantiating, or challenging the findings from the quantitative study.

1.5.3. Confidentiality

Because of the sensitivity of the subject, participants were assured of confidentiality. Interview and survey material was stored safely and accessible to the researcher only. There was no direct reference to individuals or their organisations within the research, except with their written permission.

1.6. LIMITATIONS OF THE STUDY

The author is a member of the hotel industry and affiliated to one of the large hotel groups in South Africa. The seniority of the researcher may have resulted in some bias from the respondents who were familiar with the researcher. However, measures which were taken to minimise bias during data collection are explained in the methodology section (Chapter 3).

The study focused on graded hotels only due to resource limitations. A broader study to include all the accommodation establishments (guesthouses, lodges) may have yielded alternative perspectives. Furthermore, the views of the middle and senior managers below the level of general manager were not explored.

The study was descriptive and explorative in nature, and the research project presents opportunities for further research to examine the themes which have emerged.

1.7. OUTLINE OF THE STUDY

The structure of the study is comprised of three frameworks - the legal framework (Chapter 1), the conceptual framework (Chapters 2 and 3), and the analytical framework (Chapters 4 to 9).

Chapter 1 has provided the research context of the study. It has also presented the research problem and research objectives and outlined the stages of investigation undertaken in the research project.

Chapter 2 presents the conceptual framework and current state of knowledge on the topic. Theories related to and underpinning affirmative action, BBBEE, tourism development, sustainable tourism and hotel management were explored. Hypotheses were formulated for investigation, based on the literature review. These are all dealt with in Chapter 2.

Chapter 3 presents the methodology and rationale for the mixed methods approach adopted for the study.

Chapter 4 presents the results from the qualitative content analysis of data from interviews conducted with five executives of the major hotel groups. Firstly, the data contributed to the development of a research instrument for the quantitative study of the hotel general managers. Secondly, the qualitative data provided alternative perspectives in the interpretation and discussion of the research results.

Chapter 5 presents the results of descriptive and inferential analysis of data in terms of the general manager (GM) attitudes towards BBBEE policy and performance management of GMs.

Chapter 6 discusses the results of descriptive and inferential analysis of GM views on employment equity and skills development.

Chapter 7 presents the results of descriptive and inferential analysis of GM views on preferential procurement, enterprise development and socio-economic development.

Chapter 8 provides the results from statistical techniques (t-tests and ANOVA) which were employed to test the main hypothesis. Evidence from the tests provided the significant relationships emerging from the study.

Chapter 9 interprets and discusses the research findings presented in Chapters 4 to 8. Critical factors contributing to achieving success in BBBEE were identified. Finally, a framework of solutions for BBBEE policy in the hotel industry was developed, in response to the objectives of the study.

Chapter 10 provides the main conclusions and contribution of the study, and recommendations for future research.

1.8. CONCLUSION

This introductory chapter has provided the research context for the study and the importance of the topic in theory and practice. The research problem was defined and research objectives were presented, supported by a summary review of the literature, and of the methodology followed in the investigation. The study will present a framework of solutions for the implementation of broad-based black economic empowerment in the hotel industry in South Africa.

1.9. KEY DEFINITIONS AND CONCEPTS OF THE STUDY

Affirmative action

“Affirmative action is the expenditure of energy or resources by an organisation in the quest for equality among individuals from different discerning groups” (Crosby, 2004:5).

Black people

The term black people refers to persons of African, Coloured, Indian and Chinese origin who are South African citizens, or who were permanent residents in South Africa before 1994. The demographic composition is illustrated in Table 1.2 as follows:

Table 1.2: Demographic composition of the population of South Africa

Racial designation	Population size	Population representation
Black African	40,206,275	79.2 per cent
White	4,565,825	8.9 per cent
Coloured	4,539,790	8.9 per cent
Asian	1,274,867	2.5 per cent
Other	1,183,803	0.5 per cent
Total	51,770,560	100 per cent

Source: Statistics South Africa, 2012.

Broad-based black economic empowerment (BBBEE)

BBBEE is defined as

“an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities” (RSA, 2001:12).

Hotel

A hotel is defined as an accommodation establishment with a minimum of 30 rooms, and which has certified grading, according to the Tourism Grading Council of South Africa. Accommodation establishments defined as lodges or guesthouses are not included in this definition.

Hotel general manager

A hotel general manager is defined as the executive head of a hotel, who is the most senior executive within a hotel.

Hotel industry

The hotel industry is the business sector comprised of graded hotels.

Sustainable tourism

Sustainable tourism is defined as tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities (UNWTO, 2013).

Tourism

Tourism is defined as the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited (SAT, 2011).

The WTTC offers a similar description for the term Travel and Tourism.

Tourism sector

The tourism sector is defined as a set of institutional units whose principal economic activity is a tourism characteristic activity (SAT, 2011).

CHAPTER 2

LITERATURE REVIEW

2.1. INTRODUCTION

Chapter 2 presents a review of the literature that underpins the thesis of the present study. Chapter 1 identified the research problem as the nature of compliance with, and the implementation of the BBBEE policy by the hotel industry in South Africa. The research study examined whether, and how, a framework of solutions for the effective implementation of BBBEE policy in the hotel industry could be developed. The two conceptual pillars are BBBEE policy formulation and BBBEE policy implementation. This chapter therefore explains the conceptual foundation that the study is based on, by synthesising literature and studies relating to the research problem.

Chapter 2 is structured as follows - Section one explores the process of BBBEE policy formulation, theories on affirmative action, neo-liberalism, public-private partnerships and the case for and against BBBEE. Theories on substantive equality, racial redress and the creation of a middle class are also examined to identify the factors likely to influence attitudes towards the implementation of BBBEE within the hotel industry. Section two reviews the importance of tourism for development, and the alignment between theories on BBBEE policy and tourism development. Section one and Section two thus provide the policy formulation context for BBBEE and the positioning of the hotel and tourism industry within this context.

Section three presents case studies on affirmative action programmes in Brazil, Canada, India and the USA, to draw learning for implementing BBBEE in South Africa. Section four then explores the empirical studies on BBBEE in the hotel industry, in the tourism sector, and in the broader private sector of South Africa. Section five presents management theories on the hotel industry. The relationship between BBBEE policy and business theories on the management of hotels is examined. Sections three, four and five therefore provide the conceptual context for BBBEE implementation.

In Section six, hypotheses for this study are formulated, based on the literature review. Section seven concludes the discussion. Figure 2.1 illustrates the chapter structure which has been described here.

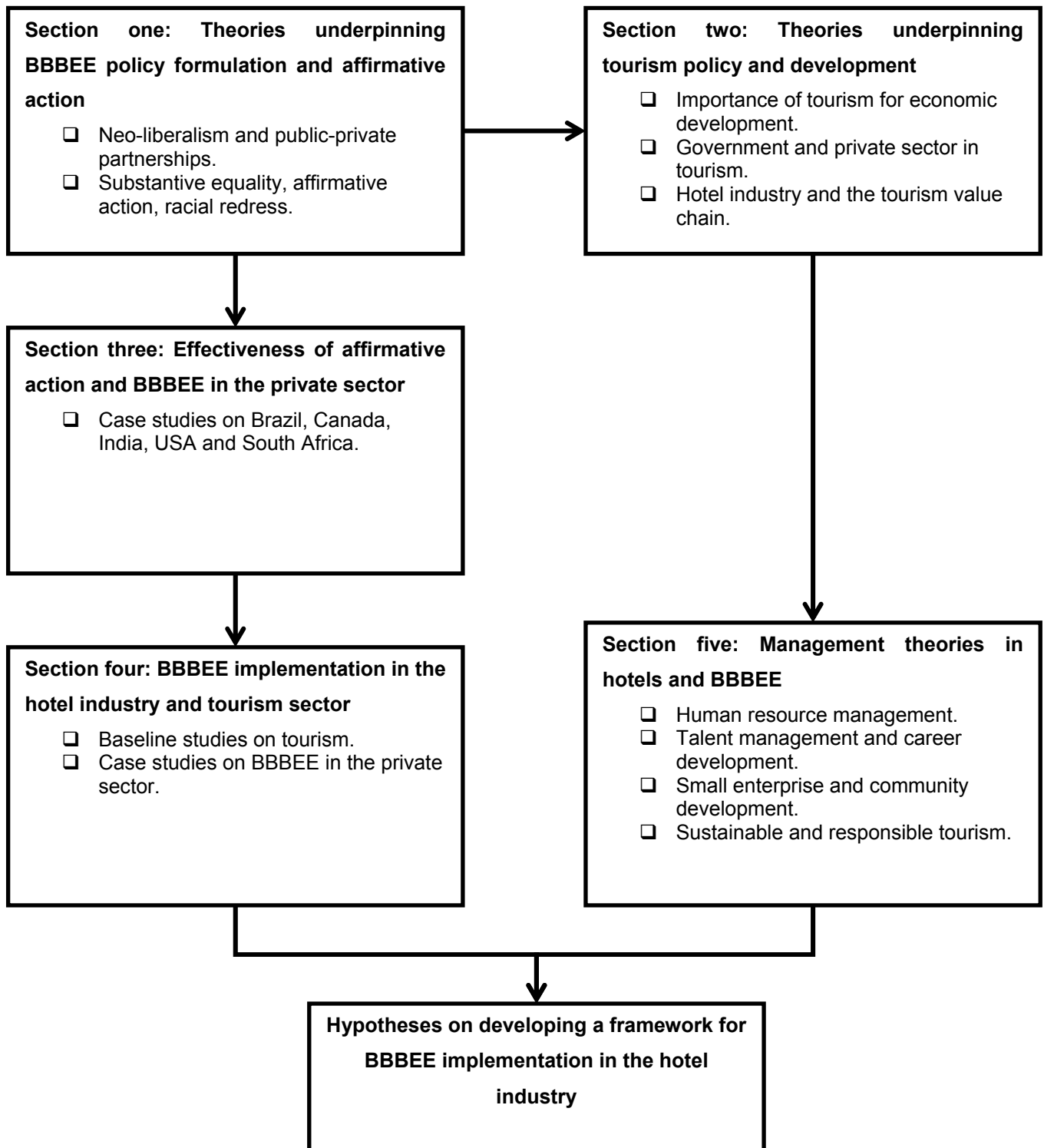


Figure 2.1: Outline of Chapter 2

2.1.1. BBEE and affirmative action

Studies in South Africa have applied the terms *broad-based black economic empowerment (BBEE)*, *black economic empowerment (BEE)* and *affirmative action* interchangeably. For example, Acemoglu *et al.* (2007:1), Bond (2005), Iheduru (2004:26), Padayachee (2006), Southall (2007) and Turok (2008) applied the term *broad-based black economic empowerment* in conceptual studies on South Africa. Vivian (2011) and Tassopoulos (2010) applied the term *black economic empowerment* in empirical studies on broad-based empowerment in the tour operating sector, and among small enterprises in South Africa respectively. Dupper (2008, 2005, 2004) applied the term *affirmative action* in legal reviews of black empowerment in the workplace. The term *affirmative action* is applied in comparative studies on Brazil, Canada, India and the USA (Sowell, 2004). Other studies applied the terms *affirmative action and employment equity* interchangeably in conceptual and empirical research in the workplace (Jain *et al.*, 2012; Jain *et al.*, 2003; Thomas, 2002).

In Chapter 1, BBEE was positioned as a sub-concept of affirmative action. Throughout the present study, the term *affirmative action* and *broad-based black economic empowerment (BBEE)* are applied interchangeably. The term *BBEE* is applied to broad-based black empowerment, while *BEE* is applied to narrow-based black empowerment.

2.2. SECTION ONE: POLICY FORMULATION: BBEE AND AFFIRMATIVE ACTION

The BBEE policy process has been characterised by controversy and debate within the academic, public and private sectors. Southall (2007:67) described BBEE policy as ‘highly controversial’. Padayachee (2006:26) referred to the policy that “sits uneasily astride” the First and Second economies. Business associations referred to business practices on transformation resulting in the “alienation and ostracism felt by black business” and “the current schism within business” (Majokweni, 2011; Motsepe, 2011). As Dye (2011:1) observed, the public policy process in several countries was rarely linear in formulation and delivery. Dye (2011:1) defined public policy as “whatever governments choose to do or not to do”. Thus, public policy can be derived from both the actions and inactions of governments, regardless of the programmes and policies introduced (Dye, 2011:9; Chipkin, 2007:2). An examination of the BBEE policy process in South Africa appears to confirm Dye’s observation that governments often compromise the achievement of rational public policies, in order to achieve the alignment of political, social and economic factors. The contestation which surrounded the introduction and implementation of BBEE policy was therefore a manifestation of the public policy process.

Two factors define the conceptual context of BBEE policy formulation. Firstly, the BBEE policy has evolved from a narrow version of voluntary participation by the private sector, to state

intervention with legislative guidelines for broader empowerment. Secondly, a neo-liberal approach has shaped the relationship between the South African government and the private sector. The two factors are reflected in the relationship between government and the hotel and tourism industry, on BBBEE policy.

2.2.1. The evolution of BBBEE policy – from narrow to broader BEE

The pace of public policy formulation indicated a sense of urgency to extend political transformation into social, economic and racial transformation in the newly-democratic South Africa of 1994 (Anciano-White & Selemani, 2012:149; Chipkin, 2007:1; Turok, 2008:147).

One initiative by government to gain economic control was the deployment of black people to head the parastatal organisations, for example, in energy (Eskom), telecommunications (Telkom) and in transport (Transnet) (Southall, 2007:73). The deployments ensured that control of the major economic sectors was secured by black people aligned to the new government.

Another initiative for gaining economic control was the deployment of African National Congress loyalists into key industries, including mining and financial services, in the late 1990s (Bond, 2005:39; Southall, 2007:73). Equity agreements were concluded between big businesses and politically-connected black persons, during the initial wave of black economic empowerment (BEE) transactions. The BEE beneficiaries included former government ministers, premiers and director generals (Bond, 2005:39; Meintjies, 2004:5; Southall, 2007:79; Turok, 2008:148). For example, former premier and African National Congress activist, Tokyo Sexwale, and black businessman, Patrice Motsepe, were involved in 60 per cent of the BEE transactions concluded in 2002 (De Klerk Foundation, 2005:22). However, the level of empowerment for the black partners did not extend beyond ownership agreements and board appointments (Acemoglu *et al.*, 2007:9; Bond, 2005:7). The narrow approach to BEE was criticised for not broadening the participation of black people and for not addressing the socio-economic needs of the country (Acemoglu *et al.*, 2007:5; Fauconnier & Mathur-Helm, 2008:17). Iheduru (2004:22) noted the potential for narrow black empowerment to result in racial conflicts if the policy was not broadened to include more participants. In response to criticism of the narrow BEE, government appointed the Black Empowerment Commission to review empowerment policy (Bond, 2005:39; Southall, 2007:79; Turok, 2008:148).

According to Bond (2005:3), the African National Congress shifted from a revolutionary ideology of mass empowerment, to a reformist liberal policy, in order to accommodate business interests in South Africa. The Growth, Employment and Redistribution programme of 1996 was perceived as a compromise between white businesses who feared nationalisation, and the African National Congress politicians who feared the flight of white business following political transformation (Andreasson, 2006:303; Bond, 2005:3; Emkes, 2012:203). White businesses realised that it was to

their economic benefit to form alliances with the new government and protect their interests (Southall, 2007:70). At the same time, government conceded to business interests by making compliance with BBBEE policy voluntary for the private sector, unlike the public sector where it was mandatory (Fauconnier *et al.*, 2008:27; Hoffman, 2008:96). Consequently, the BBBEE policy that emerged reflected the compromise between the government and white businesses (Bond, 2005:265; MacDonald, 2006:55; Southall, 2007:70).

And hence emanated the BBBEE Act of 2003 to distribute wealth and opportunities to a broader population. Whereas narrow BEE measured black shareholding transactions, broad-based empowerment has extended benefits for black people to the workplace and to small enterprise and community development (RSA, 2001:12). The Department of Trade and Industry (DTI) Codes of Good Practice provided the criteria for measuring BBBEE compliance in the private sector, and the codes are based on seven elements, namely ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development (see Table 1.1).

Yet the existence of a legal framework did not appear to improve the pace of broad-based empowerment in the private sector, such as the hotel and tourism sector (Acemoglu *et al.*, 2007:9; Bond, 2005:7; Southall, 2007:79; Turok, 2008:148). Non-compliance with the BBBEE policy has been attributed to resistance by white business to change, shortage of skilled labour, and difficulty in interpreting BBBEE regulations (Hoffman, 2008:26; Iheduru, 2004:26). Slow compliance by the private sector has also been attributed to the lack of clarity on BBBEE policy and regulations (Hoffman, 2008:96; Southall, 2007:78; Tangri & Southall, 2008:707).

The incorporation of other legislation under BBBEE policy resulted in irregularities in the interpretation of the law (Balshaw & Goldberg, 2008; Jack, 2007). For example, the BBBEE Act of 2003 recognises black people only as beneficiaries (RSA, 2007b). At the same time, the EE Act of 1998 recognised white women and black people as beneficiaries. Yet the EE Act was incorporated as one of the seven elements under the BBBEE Act. As a result, businesses have been accused of using the ambiguity in BBBEE policy to employ white women in preference to black people, resulting in the over-representation of white women in the workplace (CEE, 2012).

The introduction of BBBEE in South Africa can be examined and compared to theoretical and empirical findings from other countries (Burns & Schnapper, 2008:369; Crosby, Iyer & Sincharoen, 2006:591; Hoffmann, 2008:86; Kellough, 2006:75; Kotter, 1995:59). In the USA, the Executive Order 10925 of 1961 and additional Executive Orders passed in the 1990s shaped the discussion on affirmative action (Kellough, 2006:63). For Brazil, the participation by scholars and activists at the 2000 Racism Conference in Durban resulted in affirmative action being introduced in 2001 (Lovell, 2006:70). Similarly, in Malaysia, protests against social injustices by the majority Malay

population resulted in the introduction of the New Economic Policy in 1970, which was the basis for affirmative action (Sowell, 2004:59). For South Africa, the advent of democracy in 1994 was the trigger for introducing affirmative action programmes. South Africa's experience with resistance to affirmative action thus reflected trends identified in several countries.

What distinguished BBBEE from other affirmative action programmes was the broad application of the policy, the introduction of the Charter process, and the structured actions approach in terms of evaluation and criteria for compliance. It would appear that the BBBEE policy required this broad application in order to address the extremities of the legacy of apartheid, which were unique to South Africa, such as polarisation of society on education, employment and income.

2.2.1.1. From affirmative action to employment equity and managing diversity

This section expands on the theory of employment equity, because transformation in human resource management drew more focus from government, and the public and academic studies (BUSA, 2012; CEE, 2012, 2011; KPMG, 2012). Furthermore, affirmative action in a number of countries applied primarily to the recruitment and advancement of the disadvantaged in the workplace.

The concept of employment equity was aimed at creating a workplace where employers valued equal opportunities and demonstrated their commitment through initiatives to set goals and targets, equity and diversity management plans, and the removal of barriers for the previously disadvantaged (Jain *et al.*, 2012; Kirton & Greene, 2005:127). The philosophy behind employment equity and managing diversity was the development of a system of beliefs and behaviours that recognised diverse groups in an organisation.

In South Africa, annual surveys by the CEE reported the disparity between population demographics and black representation in management positions in the private sector. The studies identified the following trends:

- One study found that 91 per cent of South Africa's chief executive officers in 2010 were white (BUSA, 2010).
- Another study reported a decrease in the representation of white persons in top management positions from 73 per cent in 2011 to 65 per cent in 2012 (CEE, 2012).
- Black Africans represented 18.5 per cent of top management positions in 2012, compared to Asians at 7.5 per cent, and Coloureds at five per cent (CEE, 2012).
- White males continued to benefit the most from training and development (CEE, 2011).

- Finally, employment equity at the senior management level remained the least performing of the BBBEE elements, with concerns relating to skills shortage, attracting and retaining black talent, shortage of skilled black women and shortages of specific skills in the science disciplines (CEE, 2011).

A number of studies explored the shift from managing affirmative action to managing diversity within organisations (De Anca & Vazquez, 2007:122; Herring & Henderson, 2012; Roosevelt Thomas, 1990:109; Thomas, 1996:10). The affirmative action approach is premised on social justice to redress socio-economic imbalances (Kirton & Greene, 2005:127). On the other hand, diversity management creates an inclusive environment among the diverse groups (Kirton & Greene, 2005:127). Managing diversity focuses on the management of a regulation, which may or may not have included affirmative action (Kirton & Greene, 2005:127). Whereas affirmative action programmes were perceived as benefiting a select few, diversity management went beyond race and gender. As Kirton and Greene (2005:127) explained, "Managing diversity is based around a 'difference' (diversity) approach and seeks to recognise value and utilise differences between individuals rather than dilute or deny that the differences exist".

Nevertheless, affirmative action still provided an important role in society, despite the advocacy for managing diversity (Roosevelt Thomas, 1990:108). Globalisation was creating diverse workforces and businesses were increasingly conscious of the need for equity and change. For Roosevelt Thomas (1990:108), affirmative action was "an artificial, transitional intervention, intended to give managers a chance to correct an imbalance, an injustice,(and) a mistake". Based on the above, affirmative action in the workplace was positioned as a conduit towards the next and sustainable stage of managing diversity within organisations.

Khoza (2006:187) offered an alternative view on the role of BBBEE and company interventions on affirmative action. For Khoza, real empowerment came from the individuals empowering themselves through knowledge, communication and teamwork. Power lay in the individuals' participation, and their willingness to shed "victimhood and embrace risk" (Khoza, 2006:189).

As Khoza explained,

"Empowered people are not those who exhibit dependency and cry out for help...Empowered people are those who develop their intellectual capacities so that when the chance offers, they have the mental powers to seize it. That is the lesson for South Africa, Africa and the world" (Khoza, 2006:191).

In summary, BBBEE and affirmative action programmes served to create the appropriate platforms for people's empowerment. However, some researchers contemplated the role provided by organisations in creating opportunities and empowering people (Kirton & Greene, 2005:10;

Roosevelt Thomas, 1990:109). Other researchers argued for the individual person to be active in empowering themselves (Khoza, 2006:189). Hence, the interpretation and application of affirmative and BBBEE were broad and sometimes varied. The macro factors impacting on the business approach to BBBEE are discussed next.

2.2.2. The neo-liberal approach to public-private relationships

The concept of neo-liberalism is premised on economic development led by the private sector, with minimal intervention by government. According to Harvey (2007:188), the neo-liberal model advocated technocrat freedom and the pursuit of a market-oriented agenda. The centrality of the neo-liberal project was reinforced in the late 1970s and the 1980s by the Bretton Woods institutions, led by the World Bank and the International Monetary Fund, who promoted the project as a model for developing countries (Beeson & Islam, 2005:198; Girdwood, 2007:413; Harvey, 2007:3). Chile, New Zealand and Malaysia were cited as models of successful neo-liberalism (Harvey, 2007:188). However, neo-liberalism was criticised for driving the parallel growth of the economy and of socio-economic inequalities in East Asia and Latin America (Harvey, 2007:188; Padayachee, 2006:4; Southall, 2007:70).

Handley (2008) examined the relationship between the government and business in public policy making in South Africa, Mauritius, Ghana and Zambia. The case study indicated that there was minimal separation of political and economic power in Ghana and Zambia, resulting in the overlapping of roles within a small group of government and business people (Handley, 2008:243).

Dieke (2003:287) also observed the model of overlapping power between the public and private sectors in several African countries. However, the private sectors in South Africa and Mauritius exerted a significant influence on public policymaking and enjoyed a degree of autonomy from government (Handley, 2008:243). The level of engagement between the government and the private sector in South Africa enabled participation by the private sector in BBBEE policy formulation; and the government's approach was labelled as a neo-liberal approach to governance (Padayachee, 2006:4; Southall, 2007:70). For Padayachee (2006:22), the complex nature of democratic engagement in South Africa necessitated a review of neo-liberal principles and the creation of a developmental model appropriate for the country.

Turok (2010:499) identified three features that defined a developmental state. First was the government's ability to make long-term decisions about the economic direction of the country, on productivity and performance. Secondly, governments placed effort behind economic activities, to enable the use of government's resources as an employer, investor, purchaser and provider of infrastructure and services (Turok, 2010:499). Thirdly, governments opted to achieve success through partnerships with business, labour and community organisations (Turok, 2010:500;

UNECA, 2011:98). The neo-liberal approach to development therefore became the ideological basis for BBBEE policy (Padayachee, 2006:4; Southall, 2007:70).

Based on the above arguments, it would appear that the BBBEE policy has been viewed as deficient by both the supporters and detractors of the policy. The topic of broad-based black economic empowerment is controversial. It would appear that the adoption of the policy was therefore likely to reflect the tensions from the policy formulation process.

2.2.2.1. BBBEE Charters as public-private partnerships

According to Hamann *et al.* (2008:22), BBBEE charters have represented collaborative governance that espoused the active involvement of the private sector in the public policy process. Hamann *et al.* (2008) explained that collaborative governance involved firstly a shift of policy and decision making from government to non-government actors, resulting in an increasing reliance on multi-stakeholder initiatives and partnerships. Secondly, collaborative governance involved a shift from the role of government as the provider of social goods, to an inclusive role of corporate social responsibility. The free market system of South Africa supported collaborative governance (Blowfield & Frynas, 2005:499; Hamann *et al.*, 2008:23; McQuaid & Scherrer, 2010:27). Consequently, the BBBEE charters have served as both the benchmark for compliance and the symbol of business commitment to broad-based empowerment (Hamann *et al.*, 2008:24).

One study identified the five drivers for government participation in public-private partnerships (Chan, Lam, Chan, Asce, Cheung & Ke, 2009:1115). Firstly, the risk of project failure in public-private partnerships was minimised as the private sector was generally efficient in procuring assets and in service delivery (Hamann *et al.*, 2008:23). Secondly, private sector involvement enabled the reduction of prices and could generate cost savings for a project. Thirdly, the private sector encouraged innovation and enhanced asset quality and service delivery. Fourthly, public-private partnerships reduced spending, and enabled governments to resource additional priorities (Chan *et al.*, 2009:1118). Finally, public-private partnerships provided access to broader markets and sectors and stimulated economic growth (Chan *et al.*, 2009:1118; McQuaid & Scherrer, 2010:27; Raquel & Andrade, 2010:209). In the case of South Africa, BBBEE charters have been the preferred model of public-private partnership on economic transformation.

An alternative view on business participation in transformation was stakeholder theory, where broad-based empowerment was regarded as a means of balancing stakeholder interests in government, and in the community (Black, 2002:1154). For company shareholders, participation in BBBEE policy was a long-term investment in creating value for a business (Black, 2002:1154). On the community, BBBEE signalled awareness of the value of corporate social responsibility. Previously the business approach to corporate social responsibility focused on charity or

investment alone. However, businesses were increasingly feeling the pressure to include corporate social responsibility as a measurable business priority (Esser & Dekker, 2008:158; Newell, 2005:541; Obalola, 2008:538). Therefore BBBEE legislation was in alignment with the King III report which compelled businesses to drive social change through corporate governance (Dawkins & Ngunjiri, 2008:286; Esser & Dekker, 2008:157). An increasing social role for business has been emerging, as a result of BBBEE policy. Consequently, it would appear that the provision of a Tourism Sector Charter was intended to enhance the implementation of BBBEE in the hotel industry and in the broader tourism sector.

By 2012, the following charters had been concluded between government and business organisations (RSA, 2012):

- Tourism BEE Charter
- Construction Sector Code
- Chartered Accountancy Sector
- Property Sector Charter
- Information and Communication Technology Charter
- Financial Sector Charter
- AGRIBEE Sector Charter
- Mining Charter
- Petroleum and Liquid Fuels Industry Charter.

The private sector collaboration with government in the development of sector charters for major industries, including tourism, became the basis for BBBEE implementation. Furthermore, industries with sector charters were reported to be more compliant with BBBEE policy (Wu, 2008:1). However, Bond (2008:1037) and Fig (2005:541) claimed that businesses in South Africa were not willing to carry out corporate social responsibility on BBBEE policy, and had to be coerced to comply through regulations. Sector charters have therefore been perceived as another compromise arrangement between government and the private sector on BBBEE (Hamann *et al.*, 2008:24).

2.2.3. Summary on BBBEE policy formulation

The government objective for BBBEE policy was to create an environment for economic transformation and for the broader empowerment of black people in South Africa. The challenges faced by democratic South Africa included the achievement of balance between growing the economy, addressing redistribution and transforming the private sector from a white-controlled economy to an inclusive economy. A neo-liberal approach to governance resulted in a compromise

model of public-private partnerships, and compliance with BBBEE policy that has been voluntary for the private sector.

Black economic empowerment was introduced through voluntary participation by big businesses in the late 1990s. Black people were co-opted into partnerships with white-owned businesses through equity transfers and board representation. The initial response to BBBEE policy in the private sector was perceived as generally slow and confined to major industries. Criticism of the narrow black empowerment resulted in government intervention through legislation, culminating in the BBBEE Act of 2003. Reasons for the slow adoption of BBBEE included challenges in interpreting the regulations and general resistance to change and to affirmative action.

Additional measures were introduced to broaden BBBEE empowerment, including DTI Codes of Good Practice and sector-specific charters. Tourism was the first sector to obtain a government-gazetted BBBEE charter, the Tourism Sector Charter, in 2009.

The following discussion expands on theories underpinning the case for and against affirmative action and BBBEE.

2.2.4. The case for and against BBBEE and affirmative action

The case for affirmative action is justified on (a) the need to compensate the disadvantaged for past discrimination; (b) to prevent present discrimination; and (c) to achieve equality in states or organisations (Cahn, 2002:xiii; Kellough, 2006:75). Theories explaining the rationale for affirmative action and BBBEE policy include substantive equality, racial redress and the creation of a black middle class in South Africa.

2.2.4.1. Argument for substantive equality

According to Ncholo (1994:34), the conventional meaning of equality was that all people are equal and have an equal chance or capability to access resources in the same manner. The reality, however, was that society was unequal as a result of historical, political, economic, social and other factors (Ncholo, 1994:34; Tutu, 1994). Government intervention was required to create circumstances for equality where inequality previously existed. And justice demanded an end to discrimination that market forces could not achieve on their own (Kellough, 2006:75). Studies such as Crosby *et al.* (2006:592) indicated that victims of disadvantage were often powerless to advocate for themselves. Through affirmative action, government acted on behalf of the aggrieved party and did not rely on the victims of discrimination to come forward (Crosby *et al.*, 2006:592; Kellough, 2006:75). The redistribution of opportunity and the distribution of valued resources was a primary objective in affirmative action because affirmative action aimed to achieve fairness in

society. Consequently, the argument for substantive equality supported the introduction of affirmative action in South Africa.

According to Dupper (2008:9), South African law specified that affirmative action advantage was meant for all black people as a group and not as individual people. Hence, wealthy black people were also included as beneficiaries of empowerment policy. Dupper (2008, 2005, 2004) examined how the courts interpreted affirmative action law in South Africa, and he drew comparisons with US case law. The South African courts favoured African beneficiaries because black Africans were more disadvantaged in the apartheid era, compared to their Coloured and Asian counterparts (Dupper, 2008:3). Hence, although black people (African, Coloured, and Asian people) had equal claim to affirmative action benefits under the constitution, in practice the law favoured Africans because of the severity of their disadvantage. McGregor (2011:111) agreed with Dupper's legal view, and cited court case *Motala vs. University of Natal* that also ruled in favour of preferential admission into college of African students over their Asian counterparts.

Dupper (2008:12) explained that white people in South Africa were deemed to have gained advantage from past policies and, in the quest for equality, the interests of the previously advantaged could be passed over. At the same time, a black candidate only needed to be 'suitably qualified' or to have the potential to grow, in order to be considered over a white counterpart. However, action against a previously advantaged group could not be to the abuse or harm of the advantaged (Dupper, 2008:11). Dupper cited the *Minister of Finance and other vs. Van Heerden* case as an example of where such a ruling was applied, when a judgement was made in favour of the appointment of a black candidate over his white colleague.

As Dupper explained,

"racial groups were, in effect, created by the original unjust practice of racial discrimination, and to deny that fact...would be to deny a social reality – a reality that cannot be morally ignored as long as the wrongs that created them have not yet been rectified" (Dupper, 2008:8).

Applying similar arguments as Dupper (2008:8), Ncholo (1994:34), and Kellough (2006:75), Sachs (2007:14) suggested that South Africa's socio-economic needs would not be met if affirmative action was based only on equal opportunity of the individual citizen. Rather, the appropriate approach to equality was a substantive approach, which focused on a group outcome as opposed to individual outcome. Furthermore, formal equality worked in countries where a status quo had been achieved and where substantive equality already existed (Sachs, 2007:14). South Africa had not reached the stage of status quo, and consequently, substantive equality was essential (Sachs, 2007:12).

Former President Thabo Mbeki presented the concept of the two-nations in one country, where one nation was privileged, whereas the other nation endured poverty and unemployment (Gumede, 2007; Herbst, 2005:93; Pottinger, 2008:5). In substantiation of Mbeki's two-nations theory, the 2011 census showed that earnings by black African households were significantly lower than earnings by white, Asian and Coloured households (Stats SA, 2012). And black Africans comprised the majority of the 25 per cent of persons who were unemployed in the country (Stats SA, 2013). The level of economic disparities therefore supported the rationale by Dupper (2008) and others, for increased privilege for black Africans. However, this view was contested by the opponents of affirmative action, as discussed in the next section.

2.2.4.2. Argument for racial redress

The issue of race has been central to BBBEE policy as a vehicle for racial redress in South Africa. Theories on types of racism and the effects of racism and prejudice on the workplace are extensive and beyond the scope of the present study. The subject of race has been studied extensively and race-related theories include racism, affirmative action, whiteness, ethnicity and culture (see, for example, Essed & Goldberg, 2008; Garner, 2007; Goldberg & Solomos, 2002). Examples of race theories are symbolic racism, aversive racism, institutional racism, modern racism and new racism (Collins, 2009; Gaertner & Dovidio, 2005; Sansone, 2003). See also MacDonald (2006) for a detailed examination of race relations in South Africa in his book "Why Race Matters in South Africa".

Race is a fluid term and racial belief systems differ across the globe depending on local agendas. Martinot (2003:21) described race as a social and cultural identity that society created to explain social hierarchies. The biological characteristic of skin colour became a way of describing the social categories (Martinot, 2003:21), and race was a creation by society to build and justify group differences (Martinot, 2003:21; MacDonald, 2006:2). At the same time, racial prejudice was found to be a factor contributing to the resistance to affirmative action programmes (Crosby, 2004; Jain *et al.*, 2003; Martinot, 2003:21; MacDonald, 2006:1; Telles, 2004). One study found that people with prejudice based on sexism or racism did not support affirmative action (Crosby *et al.*, 2006:597). Furthermore, subtle or covert racism was a subtle form of resistance by opponents of affirmative action (Gaertner & Dovidio, 2005:615).

2.2.4.3. Racial redress in South Africa

The African National Congress party and government articulated the goal of a non-racial society for South Africa. The 1955 manifesto of the African National Congress (ANC, 2012) stated that:

“The ANC's key objective is the creation of a united, non-racial, non-sexist and democratic society. This means the liberation of Africans in particular and black people in general from political and economic bondage” (ANC, 2012).

Yet, the subject of race relations remained a dominant issue in South Africa (Wolpe, 1978; MacDonald, 2006). Several empirical studies indicated the salience of race in South Africa. Slabbert (2001:125) conducted a quantitative survey on racial stereotyping among 271 students in Cape Town. Respondents were asked to comment on how they perceived other racial groups on personality attributes, for example demanding, honest, aggressive, hostile, caring, distant, positive, creative and moral. The results indicated that subjects from different racial groups had negative perceptions (for example, immoral, not trustworthy, and unfriendly) and prejudices about other groups (Slabbert, 2001:125). The study suggested that racial prejudice was present at the institution as evidenced by the perceptions and stereotypes (Slabbert, 2001:125).

Holtman, Louw, Tredoux and Carney (2005:473) interviewed 1 119 black, coloured and white high school students in Cape Town to measure intergroup prejudice. The quantitative study showed a high degree of identification with one's race, which resulted in less positive attitudes about other race groups (Holtman *et al.*, 2005:473). Attitudes were influenced by the extent to which the school was desegregated, and the quality of contact within races inside and outside of the school. Evidently, race mattered in South Africa. Based on the above, the resulting legacy of apartheid was a continuation of racial division and lack of inclusion in the workplace (MacDonald, 2006:2; Seekings, 2008b:4; Taylor, 2012:41).

For MacDonald (2006:173), what developed in South Africa was multiracialism, and not non-racialism. MacDonald argued that the ANC culture was a black African one, which influenced the nature of politics in the country. And the African National Congress applied race on BBBEE policy as a means of rallying support from the citizenry (Andreasson, 2006:303; MacDonald, 2006:173). However, Ndletyana (2008:95) opposed MacDonald's view on non-racialism. For Ndletyana, affirmative action did not mean that the ANC shifted from non-racialism to “Africanism” because the political party was never exclusively non-racialist. Instead, the ideologies of non-racialism and “Africanism” had co-existed, and were since merged into a hybrid ideology in order to address the nationalist discourse on citizenship and redress (Ndebele, 2002:133; Ndletyana, 2008:95).

Seekings (2008a:39) claimed that the concepts of race and class could not be separable in meaning because interclass inequality was the driving force of inequality in South Africa. Seekings (2008b:4) maintained that reducing poverty and inequality required a combined policy approach that included economic, labour market and industrial policies. Therefore, in Seekings's view, BBBEE policy should be class rather than race-based, as class had replaced race as the major source of inequality in the country.

In summary, it would appear that racial prejudice was still reported in South Africa. South Africans appeared to give meaning to their lives through racial concepts. Empirical studies also suggested that racial prejudice was a contributor to resistance to affirmative action programmes in a number of countries. Therefore BBBEE appeared justified as a race-based policy, in addressing issues relating to the previously disadvantaged and the legacy of racial discrimination.

2.2.4.4. Argument for a black middle class in South Africa

One objective of BBBEE policy was the development of a black middle class in South Africa. The creation of a black middle class was a political necessity and a decolonisation strategy of utilising government resources to support black asset ownership (Iheduru, 2004:1; MacDonald, 2006:157; Ramphele, 2008:143; Southall, 2007:70). According to Iheduru (2004:56; 2003:474), the black middle class served as custodians of capital for the black masses, diluted white capital and made the country attractive for international investment. Hence, the transfer of wealth to black people was important for nation building. Ramphele (2008:144) supported Iheduru's view, adding that the role of the middle class in a democracy was to act as a cushion between political elites and poor people, by holding government accountable through demands for better service.

Another view was that the emergence of a black elite was inevitable, and a logical product of BBBEE policy (Glaser, 2007:106; Southall, 2007:73). As a result, the debate should not focus on the black elite and how narrow the initial phase of empowerment was. Instead, the focus should be on how government and the black elite pushed benefits for the broader masses (Iheduru, 2004:56; 2003:474). The black elite was criticised for not using their position and influence to drive broader black participation in the economy (Acemoglu *et al.*, 2007:5; Fauconnier & Mathur-Helm, 2008:17). Ramphele (2008:144) conceded that the effectiveness of the middle class could be limited by political patronage (see also Alexander, 2002:158; MacDonald, 2006:152). Nevertheless, both Iheduru and Ramphele observed that the benefits of creating a black middle class outweighed the pitfalls.

The size of the black middle class rose from three million people in 2008 to over four million in 2012 (Unilever Institute, 2013). In contrast, the white middle class showed a marginal increase from 2.8 million in 2004, to three million in 2012 (Unilever Institute, 2013). It appeared then, that broad based empowerment has been taking effect at the middle class level.

For Southall (2004:313), the criticism that BBBEE favoured a small elite was exaggerated. Southall argued that the criticism focused only on the BBBEE deals visible in the public media. Wider benefits that accrued to communities and employees in several BBBEE transactions were not reported (Southall, 2007:79). Furthermore, the visible deals were found in the urban and private sectors. Little was known about black people in the rural areas who benefited from government

tenders at provincial and town levels (Southall, 2007:79; Yaron Management Consulting, 2007a:33). Evidently, it was likely that the beneficiaries of BBBEE have been more than what was reported in the public domain.

2.2.4.5. Argument against affirmative action and BBBEE

Opponents of affirmative action and BBBEE advocated for liberty, fairness and equal treatment for all people. Views against affirmative action and BBBEE in South Africa echoed the views of several researchers globally (Burns & Schnapper, 2008: 369; Glaser, 2007:105; Hoffmann, 2008:86; Kellough, 2006:75).

Hoffmann (2008:88) offered an alternative legal perspective on the issue of equality, and which opposed the application of BBBEE policy. According to Hoffmann (2008:88), there were “major structural flaws’ in the BBBEE law and the BBBEE Act did not comply with the equality provisions of the South African constitution on several points. The four failures of BBBEE policy identified by Hoffmann (2008:96) were:

- The lack of a mandatory power to implement the policy in the private sector. Hoffman argued that BBBEE policy was too reliant on voluntary efforts by private organisations and corporate goodwill.
- The focus on fulfilling BBBEE quotas and representation, rather than achieving skills building for black people. The focus in compliance was on the two elements of ownership and management control, to the neglect of the other five elements.
- The concentration on the black diamond group as beneficiaries. Hoffmann described the practice of “ethnic lotteries” that resulted in overnight millionaires, while the majority of black persons remained disadvantaged.
- The continued domination of the economy by a small size of white capital. Hoffmann cited the white dominance of the economy as a continuation of the apartheid legacy, and a failure of BBBEE policy.

For Hoffman, BBBEE policy has reinforced rather than reduced racial barriers. She questioned the legality of BBBEE, as the policy was intended to provide economic benefits, that in her view were not being delivered (Hoffmann, 2008:106). For Hoffman (2008:106), “BBBEE violates South Africa’s codified standard of discrimination...(and).. the flaws of BBBEE only support the finding that this economic program fails to meet its government goals”.

Glaser (2007:105) shared Hoffman’s views on BBBEE policy. Glaser argued that there was no evidence to support an egalitarian case for black economic empowerment. He also cited the

narrow range of beneficiaries of empowerment deals as an indication of the failure of BBBEE policy. For Glaser (2007:119), broader society has not benefited from black empowerment transactions and therefore the goal of redistribution has not been addressed.

A critique of BBBEE policy by Emkes (2012:200) suggested that BBBEE policy has been a failure because of the dominance of the African National Congress as a ruling party and what Emkes termed “the stench of graft, patronage and greed surrounding ANC officials”. Emkes (2012:203) claimed that only a change in African National Congress policy would achieve the empowerment of a broader base of black people.

As Emkes (2012) explained,

“The existence of such a connected predatory elite, intent on using political leverage to secure business opportunities means that South Africa will continue to be undermined as a safe and secure place to do business unless there is a dramatic change in the political culture.....There are many reasons why change may not happen. The success of the BEE elite is entirely dependent on the electoral hegemony of the ANC, needing the necessary political connections to secure their on-going wealth” (Emkes, 2012:204).

Hence, the opponents of affirmative action claimed that policies such as BBBEE violated the principle of meritocracy, and furthermore, privileges should not be given to groups but rather to individual people, based on self-reliance, ability and talent (Emkes, 2012:200; Glaser, 2007:105; Hoffmann, 2008:106; Kellough, 2006:75).

However, additional researchers dismissed the view that BBBEE policy has failed, by arguing that BBBEE policy was in its early stages of development, and therefore necessary (Acemoglu *et al.*, 2007:1; Iheduru, 2004:26). The researchers stated that labelling the BBBEE policy as a failure has been premature.

2.2.5. Summary and implications

The reality of South African society is characterised by factors such as the two nations theory, where the country was divided along socio-economic lines, one prosperous and wealthy, and the other one poor and disadvantaged. Another reality of South Africa is the legacy of apartheid, where the effects of a racially divided society are perceived to influence engagement within the population, including in business. Hence, BBBEE as a race-based policy is the vehicle for racial redress and economic empowerment. Furthermore, government intervention with affirmative action policy appears justified because history has proved that state intervention could be a solution for ensuring equality, equal opportunity and socio-economic growth, as well an acceptance of cultural diversities.

The argument for substantive equality justified the designation of BBBEE beneficiaries as a group, and not as individuals. However, opponents of BBBEE and affirmative action viewed the policies as reverse discrimination, and argued for policies based on individual merit.

Finally, the implementation of BBBEE policy has resulted in the creation of a black middle class, which mirrored developments in India and Malaysia. It would appear that BBBEE policy is a middle class solution in the first instance, with benefits flowing to a broader base in the second instance.

Hart's observation of race, class and black economic empowerment offered insight into the complex nature of the political and socio-economic dynamics of South African society:

"It is one thing to identify the depoliticising intent of discourses of a Second Economy, and quite another to presume that such intentions are necessarily secured in practice. These discourses, I suggest, represent not so much a shift from race to class apartheid as a re-articulation of race and class that is shot through with tensions as well as possibilities for contestation. For example, black economic empowerment sits uneasily astride the discursive divide between the First and Second Economies, serving to underscore the deeply conservative character of post-apartheid race-class articulations" (Hart, 2006:26).

The case for and against affirmative action again demonstrates the controversial nature of BBBEE policy. The factors identified in the policy formulation process, and the ideological arguments have influenced the adoption and implementation of the redistribution programme.

The following discussion positions the hotel and tourism industry within the context of economic development and transformation.

2.3. SECTION TWO: POLICY FORMULATION: TOURISM AND DEVELOPMENT

Section one provided the political context of BBBEE policy, and the policy formulation process which influenced the evolution of BBBEE. It is evident that the involvement of the private sector was critical for the success of BBBEE.

Section two explains the importance of the hotel and tourism industry for economic development and for transformation. The discussion reviews literature on the tourism policy process, public-private partnerships in tourism, the tourism value chain and the impact on relationships among tourism actors.

2.3.1. The diverse nature of tourism

Analyses of tourism processes are constrained by a lack of consensus among researchers regarding the definition of the key concepts of tourism. According to Hall and Jenkins (1995:5), a

coherent approach to tourism development studies does not exist because of the complex nature of tourism. Furthermore, the development of analytical and theoretical frameworks in tourism development has been limited by a lack of comparative data and case studies on tourism (Clark, Riley, Wilkie & Wood, 1998:3; Krutwayshe & Bramwell, 2010:670; Page, 2007:13).

Tourism has been defined as an activity, a system and an industry (Keyser, 2010:26; Page, 2007:6). Lubbe (2003:3) explained that tourism is considered an industry because the economic impacts in terms of supply and demand are measurable. Secondly, the definition of tourism as an activity focuses on the physical and emotional components of the human experience of travel (Lubbe, 2003:3). Thirdly, tourism as a system incorporates the different yet interdependent components of transport, accommodation, marketing and the activities by the tourist (Lubbe, 2003:3).

In line with global conventions, the Tourism Sector Charter defined the three sub-sectors of tourism as accommodation, hospitality and related services, and travel distribution systems (RSA, 2009:4; WTTC, 2013). The implication of the diverse nature of tourism is that activities falling under the sub-sectors of tourism overlap into other sectors, for example in transport and manufacturing, as indicated in Table 2.1.

2.3.2. The importance of tourism for development

The pivotal role played by the tourism industry in national development has been endorsed by several international organisations.

According to UNWTO (2010),

“Tourism is increasingly a major, if not the main, source of growth, employment, income and revenue for many of the world’s developing countries. The sector is currently the first or second choice of export earnings in 20 of the 48 Least Developing Countries (LDCs) and is demonstrating steady growth in at least 10 others. As such, tourism has become one of the main engines of socio-economic progress for many countries and a development priority for a majority of LDCs” (UNWTO, 2010).

The WTTC (2011) noted the potential of tourism in driving global development, and stated that,

“In the longer run, Travel and Tourism will sustain its leading role in driving global growth, creating jobs and alleviating poverty. Emerging economies, in particular, are expected to be engines of growth, boosting both international travel – and also generating an increasingly vibrant domestic travel sector” (WTTC, 2011:7).

Data from the WTTC (2011:3) indicated the positive trends in tourism arrivals globally, and that tourism growth in Africa is higher, compared to other regions (Table 2.2).

Africa's share of the global tourism market was below its natural share and potential. Nevertheless, African countries have made significant contributions to their national economies from tourism, as indicated in Table 2.3. Historic constraints on development in a number of African countries have impacted on tourism growth (UNECA, 2011:2). The constraints include political and social instability, absence of tourism sector strategies and policies, weak tourism information and statistical data, inconsistent licensing and regulation, capacity building, skills development and vocational training, support for small enterprise development, a weak private sector, disenfranchised local communities and inadequate funding for tourism projects (Dieke, 2003:287).

Attributes identified for tourism development in the developing economies include (UNECA, 2003:2):

- Contribution to the national economy
- Reducing poverty
- The multiplier effect of tourism
- Employment creation
- Gender sensitivity
- Based on natural resources
- Maintaining cultural resources
- Protection of the environment
- Low barriers to entry
- Tourism is a diverse industry
- The customer comes to the product
- Resilience of the tourism sector
- Spillover effect onto other sectors
- Promoting regional integration.

Table 2.1: The sub-sectors of tourism

Accommodation	Hospitality and Related Services	Travel Distribution Systems
Hotels	Restaurants (not attached to hotels)	Tour wholesalers
Resort properties and timeshare	Conference venues (not attached to hotels)	Tour operators
Bed and breakfasts	Professional catering	Travel agents
Guesthouses	Attractions	Tourist guides
Game lodges	Consulting and professional services companies	Car rental companies
Backpackers and hostels		Coach operators

Source: RSA, 2009.

Table 2.2: International tourism arrivals: projection 2013 vs. 2012

Region	2012	Projection 2013
World	+3.8%	+3% to +4%
Europe	+3.4%	+2% to +3%
Asia and the Pacific	+6.8%	+5% to +6%
Americas	+3.7%	+3% to +4%
Africa	+6.0%	+4% to +6%
Middle East	-4.9%	+0% to +5%

Source: UNWTO, 2013.

Table 2.3: Contributions of African countries' Travel and Tourism Industry to GDP 2011-2021

COUNTRY	2011		2021	
	CURRENCY	% OF TOTAL GDP	CURRENCY	% OF TOTAL GDP
South Africa	ZAR328.2bn	11.4%	522.4bn	11.5%
Botswana	BWP8,336.6mn	6.6%	BWP14,839.9mn	8.6%
Kenya	KES315.2bn	11.4%	KES492.7bn	11.6%
Seychelles	SCR7,481.0mn	57.6%	SCR11,149.7mn	58.3%
Maldives	MVR15,736.8mn	70.5%	MVR28,850.1mn	84.3%
Mauritius	MUR101.5bn	31.7%	MUR188.6bn	39.8%
Sub-Saharan Africa	USD93.3bn	7.3%	USD156.6bn	6.6%

Source: WTTC, 2011.

2.3.2.1. Tourism development in South Africa

The Tourism White Paper of 1996 identified the private sector as a significant factor in the development of tourism in South Africa. Government would provide the enabling framework for tourism development, and the private sector, including the hotel industry, would drive the development of tourism through their commercial activities (RSA, 1996:7). Both government and large players in the tourism sector acknowledged the potential for BBBEE policy to drive job creation and tourism development in the country.

According to George (2010:165), government partnered with the private sector in defining the tourism product and experience in South Africa. The tourism system is dependent on government for the provision of a destination offering that includes a stable environment for business, immigration and visa management, and the health and safety of tourists (George, 2010:147; Page, 2007:340). On the other hand, the private sector provides a growing market environment for tourism. Dieke (2003:288) endorsed George's view, and suggested that clarity in tourism policy is important to ensure that tourism growth remains compatible with national and sectoral objectives.

Hence, South Africa differs from a number of African countries on tourism planning and development (Dieke, 2003:288; UNECA, 2011:2).

Hall and Jenkins (1995:51) observed that the private sector in Western economies dominates policy making in tourism. Established businesses are able to use their corporate resources to control the agenda in terms of development priorities for tourism. However, the tourism businesses do not always speak with one voice, because of differing priorities arising from the partial industrialisation of the sector (Bramwell & Lane, 2000:1; Hall & Jenkins, 1995:51).

In summary, the South African approach to tourism development mirrors Western economies, where an understanding exists between the private sector and government in terms of the conditions required to enable private enterprise to prosper in tourism (Hall & Jenkins, 1995:5). It is also evident that the neo-liberal approach to governance applies to the relationship between tourism authorities and the hotel and tourism private sector, as cited by Handley (2008:243). However, within the tourism industry, relationships between actors are determined by the nature of the tourism value chain, which is discussed next.

2.3.3. The tourism value chain

The commodity chain approach is an analysis of the sequence of activities in production from raw material to final production and selling, particularly in manufacturing (Lapeyre, 2011:63, Tejada & Linan, 2009:75). Value chain analysis was drawn from earlier theories on the global commodity chain by Clancy (1998) and Gereffi (1999). However, the governance of the tourism value chain differed from manufacturing because of the diverse nature of tourism (Clancy, 1998:122; Gereffi, 1999; Lapeyre, 2011:63).

Clancy (1998:122) was credited with applying the theory on global commodity chains to the political economy of the tourism industry. Clancy (1998) evaluated the buyer behaviour of 20 hotel chains and where in the value chain the commodity chains touched, and the impact thereof (Clancy, 1998:130). Clancy found that multinational hotel chains minimised risks through management contracts and franchising. Quality, prestige and name reputation were of strategic importance, as were tourism demand, government policy and political stability (Clancy, 1998:134). For Clancy, multinational organisations continue to dominate the business model at tourism destinations, to the detriment of locally-owned businesses (see also Gereffi, 1999).

Gibson (2009:527) extended the same argument as Clancy (1998) on global commodity chains in tourism. Gibson observed that not enough attention was accorded to the political economy of tourism, and how tourism shaped material spaces. Stronger tourism actors restrict the smaller operators at destinations with the net result of destinations becoming 'tightly controlled, privatised

'enclavic' spaces aimed at complete revenue capture' (Gibson, 2009:528). Furthermore, Gibson cited cases where tourism labour is poorly paid (Maldives), labour is deskilled and insecure (Tanzania), the cultural exchanges between tourists and local communities are sometimes prejudicial (Brazil), and pro-poor objectives are not met because of corruption and competition (Thailand). UNECA (2011) also reported that in developing countries, tourism leakages at destinations result in the repatriation of profits, imported skills and expatriate labour and imported commodities, services and capital goods (see also, Mbaiwa & Stronza, 2010:635; 2005:203; Song, Liu & Chen, 2013:24; UNECA, 2003:11).

According to Lapeyre (2011:1), established businesses in the tourism value chain in Namibia control the "buyer-driven global commodity chain". The study found that governance patterns of the tourism value chain reflect Namibia's economic history, with large tour operators and accommodation actors controlling the flow of tourists and economic activities. Smaller (usually indigenous) local actors have been marginalised in the process (Lapeyre, 2011:1).

South Africa has benefited from a diversified economy, which reduced dependence on tourism for economic growth (UNECA, 2003:17). Other states are more reliant on the tourism economy as the primary, and sometimes sole, vehicle for national development (UNECA, 2003:17). At the same time, South Africa reflects a tourism value chain dominated by large enterprises that control the tourism system through capital resources and vertical integration (Mowforth & Munt, 2009; Rogerson, 2008a). Even the smaller and established businesses create barriers to entry for black enterprises (Cornelissen, 2005:163; Rogerson, 2008a). Hence, the structure of the tourism value chain is likely to have an impact on enterprise and community development in South Africa.

2.3.4. Summary and implications for the hotel industry

The hotel industry is part of the power dimensions among tourism businesses that have influenced the public policy process in tourism in the country. Larger players in the hotel industry have also dominated the tourism value chain in terms of supplier and buyer behaviour. Therefore, actors in the hotel industry have been part of a broader political, social and economic dimension in South Africa.

The South African government expects the hotel industry to play a significant role in the implementation of BBBEE policy in tourism. Not only has the industry been growing globally, but South Africa's travel and tourism growth has surpassed global trends. The importance of tourism in generating jobs, and in developing communities has shown the direct link between theories on BBBEE and theories on tourism development. As a result, policy formulation for BBBEE and policy formulation for tourism have been aligned.

The discussion will now shift from policy formulation to policy implementation.

2.4. SECTION THREE: POLICY IMPLEMENTATION: THE EFFECTIVENESS OF AFFIRMATIVE ACTION PROGRAMMES

Section one and Section two provided the context for BBBEE and tourism policy formulation, and the positioning of the hotel industry within this context. This section is the first of two sections reviewing theories on the implementation of affirmative action and BBBEE.

In this section, empirical studies on the effectiveness of affirmative action programmes globally are reviewed. Studies suggest that learnings from Canada, India, Malaysia and the US were relevant for South Africa. At the same time, affirmative action in South Africa appeared to influence the introduction of a similar policy in Brazil.

2.4.1. Case studies on the effectiveness of affirmative action programmes

Empirical studies on affirmative action programmes were extensive. Table 2.4 indicates the distribution of intended beneficiaries of affirmative action programmes in several countries. Theoretical and empirical reviews of affirmative action include the works Cahn (2002), Crosby (2004), Kellough (2006) and Sowell (2004), and the studies drew from the multiple disciplines of politics, psychology, law, sociology and race relations.

Case studies on Brazil, India, Malaysia, South Africa and the USA are reviewed in this discussion, to indicate the variety of factors influencing the effectiveness of affirmative action programmes.

2.4.1.1. Brazil

Affirmative action was introduced in Brazil as recently as 2001 (Lovell, 2006:70; Toni, 2004:26). Before that a doctrine of racial democracy had masked socio-economic inequalities in the country for decades (Darby, 2010:408; De Sousa & Nascimento, 2008; Lovell, 2006; Perz, Warren & Kennedy, 2008; Telles, 2004). Racial inequality in education and the workplace and the lack of social mobility persisted for Mulattos and Afro Brazilians, who accounted for 45 per cent of the population. Yet, efforts to introduce affirmative action in Brazil met with resistance. Several studies identified resistance by white people and corporate organisations to implementing affirmative action in Brazil (Darby, 2010:408; De Sousa & Nascimento, 2008; Lovell, 2006; Perz *et al.*, 2008). Lovell (2006:83) also found that subtle practices at individual and institutional levels disadvantaged Brazilian women from opportunities. Furthermore, the contradiction between democratisation and the application of law by the judicial system in Brazil slowed progress in affirmative action (Telles, 2004:239). For example, the justice system applied civil rather than criminal law to try two cases of

racism (Telles, 2004:248). As a result, the media and schools remained unaffected by anti-discriminatory laws, thereby precluding the disadvantaged from enjoying constitutional rights.

Telles (2004:12) proposed a model of horizontal and vertical inclusion in Brazil, with a focus on three areas. Firstly, social development policies could include educational reform in the form of quotas for the disadvantaged in private schools. Development at regional level was also required to address unemployment (Telles, 2004:12). Secondly, a system of self-identification by race could assist the disadvantaged to determine their eligibility as beneficiaries of affirmative action and to address the effects of Brazil's legacy of miscegenation (Tavolaro, 2006:1; Telles, 2004:263). Finally, Telles advocated for the elimination of the "racist culture" in Brazil, through the interventions of media, socialisation of children and collection of accurate information on racial practices. By addressing the major indicators of racism, Telles argued, Brazilian law could improve the effectiveness of affirmative action in the country.

In summary, affirmative action in Brazil was characterised by resistance at individual and corporate levels. The solutions proposed for racial redress were class-based and race-based. However, affirmative action programmes in Brazil were still in a formative phase, as was the case in South Africa.

2.4.1.2. Canada

In Canada, affirmative action was introduced in the 1990s to increase the inclusion of women in the workplace and to increase opportunities for the minority population of Indian origin (Agcos, 2002:256). Although the representation of women in Canada's private sector increased from 41 per cent in 1987 to 45 per cent in 2001, gender stereotyping persisted in the country (Busby, 2006:42). Studies indicated that women were employed in clerical and not managerial occupations. Factors identified for the slow pace of employment equity included - a weakness in the enforcement of law, lack of clarity on the compliance requirements, and a lack of suitably qualified candidates for advancement in companies (Agcos, 2002:256; Busby, 2006:42).

Table 2.4: Ethnic distribution of population in selected countries which apply affirmative action policy

Ethnic minorities (%)	USA 2011	Canada 2012	India 2011	Malaysia 2012	South Africa 2012	Brazil 2011
Black	12.3					
Hispanic	12.5					
Visible Minorities		16				
Aboriginals		5				
Untouchables/Backward classes			21			
Malay Bumiputera				67		
Chinese				25		

Ethnic minorities (%)	USA 2011	Canada 2012	India 2011	Malaysia 2012	South Africa 2012	Brazil 2011
Indian				7		
Africans					79	
White					9	
Coloureds					9	
Indians					2.5	
Mulatto						39
Afro Brazilians						6

Source: Department of Statistics Malaysia, 2013; Index Mundi, 2013; Jain *et al.*, 2003; Statistics Canada, 2013; Statistics South Africa, 2012.

In a study of 60 executives across Canada, Bakan and Kobayashi (2000:1) found that economic constraints and perceptions of bias against white males resulted in non-compliance with employment equity. Minority women encountered structural barriers on language, immigration rights, lack of cultural support networks and racism (Bakan & Kobayashi, 2000:65). Mathur-Helm (2006:311; 2005:56; 2002:18) identified similar trends in her studies of women and the challenges of advancement in South African organisations.

Bakan and Kobayashi (2000:65) proposed the following interventions for employment equity in Canada:

- Customising employment equity programmes to suit regional and demographic characteristics.
- Effective communication of the programmes to all stakeholders.
- The need for supportive legislation to ensure compliance.

In summary, although employment equity was introduced in Canada in the 1990s, cases of resistance to affirmative action were still reported in the workplace a decade later. Canada's experience with employment equity also appeared to mirror trends in Brazil and South Africa.

2.4.1.3. India

Affirmative action policies were introduced to create opportunities for the Untouchables and Other Backward Classes (Saha, 2012:176). Inequality in India reflected caste, religious and ethnic boundaries (Jain *et al.*, 2003:12).

Jain *et al.* (2003:13) viewed the achievements of affirmative action in India as significant, and cited the increase in the representation of the disadvantaged in management services. Furthermore, a middle class of Untouchables developed as a result of proportional representation (Jain *et al.*,

2003:14), as was the case in South Africa (Iheduru, 2004:1; Ramphela, 2008:143; Southall, 2007:70). Furthermore, the elite or 'creamy' layer in India was comprised of the better-off members of society similar to the black class of South Africa (Borooah, Dubey & Iyer, 2007:423; Glaser, 2007:105; Saha, 2012:176; Southall, 2007:79; Sowell, 2004:30).

Some of the beneficiaries of affirmative action in India failed to access education and employment opportunities because of poor education (Borooah *et al.*, 2007:444; Desai & Kulkarni, 2008:247; Saha, 2012:176), a problem that was also encountered in Brazil (Lovell, 2006:68; Telles, 2004:248; Tavolaro, 2008:148; 2006:1). Corrupt practices in government also contributed to inhibiting the pace of affirmative action (Desai & Kulkarni, 2008:252; Jaffrelot, 2006:173).

The impact of affirmative action was more significant in India in politics and the public service as the Untouchables gained power and a voice in politics (Michelutti & Heath, 2013:56; Jaffrelot, 2006:187). Governments in northern India achieved higher representation of Other Backward Classes in the public services and the low caste community emerged as a credible political constituency (Jaffrelot, 2006:188). The political beneficiation in turn provided potential for socio-economic benefits for the disadvantaged groups (Michelutti & Heath, 2013:56; Jaffrelot, 2006:187). In a similar manner, Sowell (2004) identified employees in the public service as the initial beneficiaries of BBBEE policy in South Africa and Malaysia.

Darity, Deshpande and Weisskopf (2011:254) found that affirmative action that was based on class-based criteria benefitted fewer members of the disadvantaged groups. The study measured income levels and socio-economic status against racial criteria in rural India and the US (Darity *et al.*, 2011:254). The study concluded that a group-based rather than a class-based programme of affirmative action was more likely to achieve success, although the two concepts were not mutually exclusive. Class-based criteria were likely to reinforce rather than reduce racial discrimination (Darity *et al.*, 2011:264). The Indian experience mirrored Dupper's (2008, 2005, 2004) finding on South Africa which supported the BBBEE approach of group beneficiation for affirmative action programmes.

In summary, emerging trends in BBBEE in South Africa have appeared to reflect experiences in India, on the emergence of a middle class from a previously disadvantaged group.

2.4.1.4. Malaysia

Affirmative action in Malaysia was introduced through the New Economic Policy of 1970, to address social injustices borne by the majority Malay population, known as the Bumiputras (Sowell, 2004:59). Prior to that the Malay economy was dominated by Chinese residents, who represented 25 per cent of the population. The Malays, who represented 67 per cent of the

population, were agricultural and marginalised in economic activity (Jain *et al.*, 2003:4; Sowell, 2004:59).

Studies indicate that affirmative action in Malaysia has been effective (Iheduru, 2008:359; Jain *et al.*, 2003:17; Lee, 2012:230; Montesino, 2012:115). In addition, a parallel strategy for poverty reduction assisted in the growth of the economy between 1970 and 1990 (Abbott & Franks, 2007:344; Jain *et al.*, 2003:17). According to Jain *et al.* (2003:17), affirmative action increased participation by the Malays in the non-agricultural sectors of manufacturing, trade and the civil service and reduced income inequalities in the country. Opportunities also opened up in the public service for the Malays. However, the Chinese minority remained predominant actors in the private sector (Montesino, 2012:115; Sowell, 2004:69). Furthermore, although the economic gap between the Malays and other ethnic groups was reduced, the Malays lagged in development (Lee, 2012:230; Montesino, 2012:115).

The continuing relevance of affirmative action in Malaysia has been questioned, as the Malays are perceived to have benefited from affirmative action and the growing economy (Abbott & Franks, 2007:337).

2.4.1.5. The USA

Affirmative action in the US was primarily race-based and aimed at improving access to opportunities in education and the workforce for minorities of African-American and Latin-American origin (Cahn, 2002; Crosby, 2004 and Kellough, 2006). Yet, studies indicate that some sexist and racist practices have continued in US society despite decades of affirmative action policy (Crosby *et al.*, 2006:591; Cortes, 2010:1110).

Evidence from empirical studies on affirmative action in the USA include the following:

- Affirmative action contributed to decreasing the gap between white people and minority groups (Crosby *et al.*, 2006:600; Barrett, 2012:2).
- White men were least supportive of affirmative action (Crosby *et al.*, 2006:596; Fairlie & Marion, 2012:39).
- Fewer blacks but more women were employed as part of affirmative action in organisations (Crosby *et al.*, 2006:600; Fairlie & Marion, 2012:39).
- Voluntary programmes on affirmative action worked better than regulated ones (Cahn, 2002:215). The shift from regulation to voluntarism was also observed in Ireland and the UK (Burns & Schnapper, 2008:369).

- Commitment and endorsement from senior executives contributed to effective programmes (Crosby *et al.*, 2006:593). One study found that 80 per cent of the top 50 companies recognised for diversity management had diversity councils, and that 40 per cent of the diversity councils were chaired by the chief executive officer (CEO) or chief operating officer (COO) of the company (Cole, 2004:1). Diversity management required leadership to provide the strategic vision and direction.
- Clarity on recruitment practices resulted in less resentment among employees on attitudes towards affirmative action (Crosby *et al.*, 2006:593). And involving and communicating the benefits of affirmative action to non-beneficiary employees was important (Crosby *et al.*, 2006:593).

Additional observations by Crosby and her colleagues (Crosby, 2004; Crosby *et al.*, 2006:585) on the effectiveness of affirmative action programmes were:

- Organisations which applied affirmative action programmes were as profitable as the organisations that did not implement the programmes.
- Workforces with diverse compositions were more productive compared to homogenous workforces.
- The beneficiaries of affirmative action did not suffer self-esteem issues, as suggested by the opponents of affirmative action.
- Affirmative action sometimes bestowed preferences on less qualified people (Burns & Schnapper, 2008:369; Kellough, 2006:75).

As in Malaysia, the debate on the continuing relevance of affirmative action policy in the US intensified, following the appointment in 2009 of African-American Barack Obama as President of the USA (Bankston III, 2010:312; West-Faulcon, 2009:1075). The authors claimed that affirmative action was no longer required in the USA if an African American could occupy the highest public office (Bankston III, 2010:312; West-Faulcon, 2009:1075).

For additional case studies on affirmative action, see Cho and Kwon (2010:111) on affirmative action in South Korea, Puamau (2001:109) on Fiji, Lehmann (2010:285) on Poland and Strachan, Burgess and Henderson (2007:525) on Australia.

2.4.1.6. Summary

Studies on the effectiveness of affirmative action programmes indicated mixed results. Whereas affirmative action was regarded as successful in Malaysia, and in the USA, programmes in India, Brazil and South Africa could be described as work in progress. Affirmative action was introduced

in countries such as the USA, India, Malaysia, Canada, and Brazil to address challenges of racial, ethnic or gender discrimination as socio-economic inequality existed.

Malaysia's experience with affirmative action appeared most relevant for South Africa, as both countries faced redistribution intended for the majority. The major learning from Malaysia was the importance of the parallel growth of the economy and of affirmative action.

The above discussion has indicated that the implementation of affirmative action programmes in several countries was varied. Factors facilitating and inhibiting implementation have been identified. Against this context, the discussion now turns to the implementation of BBBEE in South Africa.

2.5. SECTION FOUR: BBBEE IMPLEMENTATION IN SOUTH AFRICA: THE HOTEL AND TOURISM INDUSTRY

This section is the second and final section reviewing theories on the implementation of affirmative action and BBBEE. The discussion presents studies conducted on BBBEE in tourism and case studies on BBBEE in the broader private sector of South Africa.

There were extensive studies conducted on BBBEE between 2005 and 2009 (see, for example, Acemoglu *et al.*, 2007:9; Andrews, 2007:1; Bond, 2008:1037; 2005:7; Jack, 2007:200; Iheduru, 2004:1; Sachs, 2007:6; Schreuder *et al.*, 2007:40; Southall, 2007:67; 2004:313; Turok, 2010:497; 2008:147). Case studies on BBBEE evaluated the status of transformation in companies (Du Toit, Kruger & Ponte, 2008:6; Duffett *et al.*, 2009:86; Mohamed & Roberts, 2006:1; Sartorius & Botha, 2008:437). However, studies evaluating BBBEE implementation from 2010 are limited (Emkes, 2012:200).

2.5.1. BBBEE case studies from the South African private sector

2.5.1.1. Review of national studies on the private sector

Sartorius and Botha (2008:437) conducted a qualitative analysis of BEE transactions of 72 organisations on the Johannesburg Stock Exchange (JSE). The study confirmed the slow pace of transformation among JSE-listed organisations (Financial Mail, 2012:58). Organisations transferred between ten per cent and 25 per cent of equity to black partners, which was below the legal requirement of 25 per cent (Sartorius & Botha, 2008:449). Although organisations were undertaking BEE transactions for social responsibility, the linkage to strategic planning and profitability was not evident.

Sartorius and Botha (2008:448) suggested that findings on Malaysia provided learning for South Africa, for example:

- The process of transformation took up to two decades to materialise.
- Investment in educating the previously disadvantaged was critical.
- Skills development was as important as the redistribution of assets through empowerment transactions.
- All racial groups needed to support the programmes.

A national study by KPMG (2011:46) showed that scores on black ownership had declined across the private sector, management control showed weak performance, and employment equity and enterprise development remained the least performing elements. Socio-economic development also showed poor performance (Financial Mail, 2012:58; KPMG, 2011:46). However, the private sector showed improvement in the BBBEE scores on skills development and preferential procurement (KPMG, 2011:46).

Studies evaluating solutions for improving the pace of employment equity in South Africa suggested the following:

- Linking transformational leadership with employment equity in order to improve communication within the organisation (Leonard & Grobler, 2006:390).
- Incentivising and rewarding management to meet employment equity targets (Horwitz *et al.*, 2002:1116).
- Investing in changing the mind-set of senior managers in order to shift from compliance to commitment towards employment equity (Browning, 2006:1321; Horwitz *et al.*, 2002:1116).
- Introducing management values that contribute to greater appreciation of staff dynamics, and to breaking “old boys’ networks” (Thomas, 2002:237, 2003:6; Thomas & Turpin, 2002:21).

On talent management in South Africa, several studies proposed the following solutions:

- The development of performance management systems that gave direction for black candidate advancement (Jack, 2007:200; Human, 1996:46).
- Focusing on succession planning, basic and advanced skills development and mentoring programmes (Schreuder *et al.*, 2007).

- Introducing the notion of space creation as a solution to employment equity. Options included early retirement for white employees, and job shadowing (Greeff & Nel, 2003:23).

2.5.1.2. Case study on the advertising industry

According to Duffett *et al.* (2009:86), the top 12 advertising agencies in Cape Town had achieved the required BBBEE status, as the study reported black shareholding levels of at least 25 per cent.

Factors promoting black empowerment in the advertising industry included the following (Duffett *et al.*, 2009:110):

- Pro-activity by the agencies to improve the level of employment equity.
- Applying innovative ways to attract and retain black staff.
- Maintaining a high awareness of the BEE Charter for the advertising industry.
- Applying best practice when identifying BEE partners.
- Identifying different ways to address problems of transformation.
- Showing the advantages obtained from having good BEE credentials, for example increased business from public authorities.

International ownership and the macro-economic situation posed challenges for implementing empowerment in advertising (Duffett *et al.*, 2009:110). However, the study concluded that the advertising industry showed optimism to implement BBBEE policy.

2.5.1.3. Case study on the wine industry

In contrast to the advertising industry, a study on the wine industry showed that the farming community used BBBEE policy as a diversion from addressing historical imbalances in the labour force (Du Toit *et al.*, 2008:6). The study showed that the wine industry co-opted a few black entrepreneurs into empowerment transactions (Du Toit *et al.*, 2008:28). The acts of empowerment were reduced to marketing exercises through 'black branding', for example changing wine labels to black names (Du Toit *et al.*, 2008:28). Yet the disadvantage that farm workers faced on labour conditions remained unchanged. Therefore, BEE progress in the wine industry appeared minimal.

The subject of tokenism and fronting in BBBEE transactions as identified by Du Toit *et al.* (2008:28) was also explored by several authors (Ponte, Roberts & Van Sittert, 2007:948; Wu, 2008:1). The practices were found to be counter-productive to the objectives of BBBEE policy, as the organisations were not investing in developing black people (Hoffmann, 2008:96; Ponte *et al.*, 2007:948; Wu, 2008:1).

2.5.1.4. Case study on the metals and engineering sector

A similar image of limited BBBEE implementation emerged from a study of 25 organisations in the metals and engineering sector of South Africa (Mohamed & Roberts, 2006:1). The quantitative study showed that white males accounted for 76 per cent of board representation, even in organisations that had concluded empowerment deals (Mohamed & Roberts, 2006:13).

On procurement, the study reported the following (Mohamed & Roberts, 2006:13):

- Metals and engineering organisations were procuring about 20 per cent of services from black suppliers.
- The goods procured were in the non-essential support services, for example gardening, catering and cleaning.
- Considerations for procurement were price, quality and technical ability and not BEE.

On employment equity and skills development, Mohamed and Roberts (2006) reported that:

- Fifty-six per cent of respondents had an employment equity committee, or forums to monitor implementation.
- Black managers were found in human resource departments.
- Black representation at top management level declined to ten per cent as a result of the high proportion of white females who were employed.
- Forty-eight per cent of staff had undergone training in the previous 12 months.

Mohamed and Roberts (2006:13) concluded that the limited state of transformation in the metals and engineering sector was a result of a combination of factors, for example the lack of leadership commitment to drive change, and weak trade unions.

2.5.1.5. Summary

Studies indicated mixed progress in BBBEE by 2011. Whereas some industries appeared to adopt and implement BBBEE policy, other industries have shown low levels of black engagement.

The case studies on BBBEE indicated some of the factors inhibiting and facilitating black empowerment. Factors inhibiting the implementation of BBBEE policy have included the continued employment of black managers in “safe” departments such as human resources, the continued marginalisation of black entrepreneurs from the supply chain, and acts of tokenism and fronting in BBBEE transactions. Recommendations for improving black empowerment in organisations

include endorsement by senior executives and monitoring of implementation, investing in skills development of black persons, and investment in changing mindsets and maintaining awareness of BBBEE across the organisation.

2.5.2. Studies on BBBEE in the hotel and tourism sector

No study specific to transformation in the hotel industry of South Africa was identified. A number of studies on transformation in tourism were commissioned by tourism associations and by government (Mason, 2003; RSA, 2007a; Yarona Management Consulting, 2007a). Unpublished PhD theses on transformation in tourism include a study on tour operators (Vivian, 2011) and another study on small enterprises (Tassiopoulos, 2008). Reports on the status of transformation in the private sector also incorporated hotel groups (Financial Mail, 2012; KPMG, 2012, 2011).

Aspects of transformation in tourism were examined in studies on human resource management and skills development in South Africa (Browning, 2006:1321; Greeff & Nel, 2003:23; Jack, 2007:200; Human, 1996:46; Leonard & Grobler, 2006:390; Poulston & Jenkins, 2013:1; Rogerson, 2012; Schreuder *et al.*, 2007:27; Thomas, 2002:237, 2003:6; Thomas & Turpin, 2002:21).

Extensive studies have been conducted on enterprise and community development, globally and in South Africa. For those on South Africa see, for example, Cornelissen (2005:163), Getz and Carlsen (2005), Goodwin (2006), , Morrison and Texeira (2004), Rogerson (2011, 2008a) and Strategic Business Partnerships (SBP, 2006); Van der Merwe and Wocke (2007:1). On global tourism see, for example, Bramwell and Lane (2008:1), Fennell (2010:5), Ferguson (2011:235), Goodwin (2008:869), Muganda *et al.* (2010), Saarinen *et al.* (2011:201) and Spenceley (2008).

The status of transformation in tourism was reported in two main studies, namely the 2002 study on transformation in tourism and the 2007 Baseline Study on Transformation in Tourism.

2.5.3. The 2002 study on transformation in tourism

The 2002 qualitative survey was commissioned by the Tourism Business Council of South Africa (TBCSA), to establish trends in transformation among large businesses in tourism. The study surveyed 13 participants from government and 11 participants from tourism authorities (Mason, 2003:D.4.5). Thirty per cent of the sample (eight respondents) comprised CEOs of hotel groups (Mason, 2003:D.4.xx).

The results of the 2002 study indicated that there was little or no quantitative information to assess the progress of black empowerment in tourism (Mason, 2003:D.4.47). In addition, there were no criteria for measuring empowerment.

Nevertheless, the 2002 study highlighted the following trends in tourism:

- There was commitment from large businesses to achieve transformation in the tourism industry (Mason, 2003:D.4.43).
- Some businesses had made tentative progress towards black empowerment on employment equity, by applying the guidelines in the EE Act (Mason, 2003:D.4.25).
- There was a reliance on internal recruitment for the appointment of black people to senior positions, because of failure to attract external candidates (Mason, 2003:D.4.27).
- The lack of financing was an obstacle to small and medium enterprise development in tourism.

Mason (2003:D4.31) claimed that a single BBEE model for the tourism industry would not work because of the varied nature of the products and services offered. However, Mason did not suggest solutions to address empowerment in tourism. Mason's finding has been confirmed in studies by Keyser (2010:26) and Lubbe (2003:3), which suggest that the complex nature of empowerment in tourism appeared to inhibit the development of a coherent approach to the study of tourism.

2.5.4. The 2007 baseline study on the status of transformation in tourism

The 2007 baseline study was a comprehensive quantitative examination of the implementation of BBEE across the three sub-sectors of tourism, namely hospitality, travel and accommodation. The following discussion synthesises results of the baseline study relating to the hotel and accommodation sub-sector, and that were relevant to the research problem.

The purpose of the 2007 baseline study was firstly, to establish the status on BBEE implementation in the tourism industry, and secondly, to identify the factors influencing BBEE compliance (Yarona Management Consulting, 2007a:3). A questionnaire was distributed to over 3200 enterprises of varying sizes countrywide (Yarona Management Consulting, 2007a:3). The 72 questions in the survey sought responses on company turnover, level of black representation, challenges and opportunities, and views on the Tourism Sector Charter. The survey defined a large enterprise as a company with a turnover of more than ten million rand, a medium sized company as having a turnover between five and ten million rand, and a small enterprise as having a turnover of less than five million rand.

2.5.4.1. Results of the 2007 baseline study

Of the 1121 respondents, 722 (64%) were from the accommodation sub-sector, compared to 261 (23%) from the hospitality category and 138 (13%) respondents from the travel category.

Organisations reported compliance levels ranging between 40 and 50 per cent for the BBBEE elements of ownership, strategic representation, employment equity and skills development (Yarona Management Consulting, 2007b:vii). Scores for the remaining three elements (preferential procurement, enterprise development and social development) were higher, ranging between 60 and 70 per cent compliance.

Only 34 per cent of respondents indicated awareness of the Tourism Sector Charter. Furthermore, 29 per cent of respondents did not know the transformation targets for tourism (Yarona Management Consulting, 2007b:5). Ownership and skills development were identified as difficult to implement (Yarona Management Consulting, 2007b:5).

2.5.4.2. Status and views on BBBEE in the accommodation sub-sector

Of the 722 respondents from the accommodation sub-sector, 299 (41%) were bed and breakfast establishments, 233 (32%) were guesthouses, 86 (12%) were hotels and the remaining 104 (15%) were game lodges, timeshare resorts and hostels (Yarona Management Consulting, 2007b:iii). It is evident that the level of hotel representation of graded hotels in the sample was low. Furthermore, the views of the hotel industry were diluted by the large proportion of small businesses (bed and breakfast, guest houses) in the sample.

Findings on the accommodation sub-sector indicated the sub-sector scores averaging 52 per cent on BBBEE compliance, which was marginally higher than the average performance of the total tourism sector (Yarona Management Consulting, 2007b:12).

Furthermore, respondents in the accommodation sub-sector indicated the following:

- Thirty-nine per cent of respondents indicated awareness of the Tourism BEE Charter, compared to 15 per cent who were not aware of it.
- Twenty-two per cent of respondents indicated awareness of the transformation targets for the Tourism Sector, compared to 32 per cent who were not aware of them.
- Out of 501 respondents, 23 per cent regarded transformation as a critical business imperative, compared to 24 per cent of respondents who did not regard BBBEE as an imperative.

Previous studies indicated that the small established businesses were owned by white families, who also managed the businesses and employed family members (SBP, 2006). Therefore, the reluctance by respondents to provide responses on employing black persons was not surprising.

The baseline study identified the following challenges to implement BBBEE:

- Difficulty in finding the initiatives that could improve transformation in their organisations.
- Few black persons entering the tourism industry as business owners and partners
- Limited awareness of the targets for the Tourism Sector Charter.

Based on the above, the following trends were evident:

- The employment of black persons in middle to senior tourism positions was low.
- The BBBEE status of the accommodation sub-sector could not be ascertained in detail – only general trends were evident.
- There was high representation of smaller businesses in tourism, which masked the trends on BBBEE among the larger businesses.

In summary, the tourism studies provided the status on transformation, the level of achievement in each of the seven BBBEE elements, and challenges encountered in implementing BBBEE at a macro level (Mason, 2003; Yarona Management Consulting, 2007a). However, the studies did not appear to focus on solutions for implementing BBBEE, as adoption and compliance were important at the time. The 2007 study reported that tourism businesses have faced challenges in identifying solutions for effective BBBEE empowerment.

2.5.5. BBBEE in the hotel industry

By 2008, four hotel groups had concluded empowerment transactions with black partners (City Lodge Group, 2011; Protea Hotels, 2011; Southern Sun Hotels, 2011; Sun International Group, 2011). The hotel groups participated in the second wave of broad based empowerment from the mid-2000s and their BBBEE transactions, as illustrated in Table 2.5, reflected broad-based empowerment in terms of shareholding beneficiaries. For example, BBBEE beneficiaries in the Sun International group included black consortiums and an employee share trust; in City Lodge there was a staff trust and a three per cent shareholding by a university hotel school trust; and for Southern Sun, beneficiaries included community trusts, trade unions and a women's group (Table 2.7). However, as two hotel organisations (Sun International and Southern Sun) were divisions of gaming companies, their empowerment credentials also applied to the casino divisions of their group holdings (Financial Mail, 2012:45).

Table 2.5: BBBEE transactions in the South African hotel Industry

	City Lodge Group	Protea Hotels	Southern Sun / Tsogo Sun Hotels	Sun International Group
Deal	2008: R485 million BBBEE transaction between City Lodge employees, University of Johannesburg's STH, and Vuwa Investments	2005: 54% BBBEE transaction between Protea Hotel's management, POPCRU, WISANI, AKA and NAWA Value	2002: R2 billion partnership between Tsogo Investment Holding Company and SAB (includes gaming division)	2005: R604 million BBBEE deal (includes gaming division)
Major beneficiaries	Tourism and hospitality students and hotel group staff	AKA Capital (including WISANI, POPCRU and NAWA)	Major shareholders represent black business interests, labour movement and women's groups	Staff and black management
Transaction benefits	<i>Overall:</i> • 15% direct black shareholding	<i>Overall:</i> • 53% Black shareholding	<i>Overall:</i> • 51% is owned by Tsogo Sun Investments	<i>Overall:</i> • 25% Black shareholding
	<i>Injabulo Staff Trust:</i> • 6% stake in City Lodge	<i>AKA Capital:</i> • 15% shareholding	<i>Tsogo Sun investments:</i> • 51% of Tsogo Sun holdings	<i>Dinokana Consortium:</i> • 8% share-holding
	<i>Vuwa Trust:</i> • 6% Stake in City Lodge	<i>Protea Hotels:</i> • 47% shareholding		<i>Mbizana:</i> • 30% stake in Wild Coast Sun for R25.5 mil in 2005
Number of hotels	6 hotels	87 hotels	52 hotels	53 hotels

Source: City Lodge, 2011; Protea Hotels, 2011; Southern Sun Hotels, 2011; Sun International, 2011.

In terms of commercial investment, tourism transactions were concluded at lower values compared to transactions in sectors in mining and banking. Whereas an average BBBEE transaction in mining was worth R832 million, tourism deals were valued significantly less than R400 million (Mining Weekly, 2010), but hotel-related transactions ranged from R500 million. It would appear however, that businesses in the tourism sector could not attract black investors at the same pace as other industries, hence the minimal participation by black persons in tourism empowerment during the 1990s.

2.5.6. Summary and critical context for the present study

The BBBEE transactions in the hotel industry provide a context for the management intervention in BBBEE in South Africa. Previous studies have evaluated the status of transformation in companies, and the level of achievement in each of the seven BBBEE elements (Du Toit *et al.*, 2008:6; Duffett *et al.*, 2009:86; Meyer & Botha, 2004:1; Mohamed & Roberts, 2006:1; Sartorius & Botha, 2008:437).

BBBEE compliance in the tourism sector appeared higher than in the general South African private sector, where average levels of 40 to 50 per cent compliance was reported (Schreuder *et al.*, 2007). The factors impacting on transformation in tourism appeared to be similar to the issues identified in other studies (Schreuder *et al.*, 2007:27). Results in tourism studies also reflected the views of the smaller enterprises. Evidently there was a gap in knowledge of the empowerment levels among the larger tourism enterprises.

The results of the 2007 baseline survey suggested a reluctance by tourism businesses to reveal information on their status of empowerment, suggesting a fear of being targeted for non-compliance. The baseline study also confirmed the lack of reliable information to make informed decisions about transformation in tourism.

The performance of the hotel industry, on BBBEE specifically, was not evident from the 2007 baseline study because hotel respondents were classified under a broader accommodation segment. Nevertheless, the trends provided a point of reference on transformation in tourism for the present study.

Based on the above, it would appear that there has been no best practice model available for implementing BBBEE policy in the private sector and the hotel industry. And the tourism sector did not attract black investors at the same pace as other industries have done.

Finally, the case studies on tourism and on the private sector confirmed government concerns with the pace of transformation. At the same time, the literature indicates that the private sector faced challenges with the implementation of BBBEE.

The main focus of the studies was to report the status of empowerment and to identify challenges. Solutions for implementing BBBEE have not been evident for the hotel industry.

2.6. SECTION FIVE: MANAGEMENT THEORIES IN THE HOTEL INDUSTRY

Section one and Section two provided the conceptual context of policy formulation on BBBEE and tourism development. Section three and Section four explored theories and case studies on implementing affirmative action and BBBEE. The following discussion incorporates management theories into the broader discussion on BBBEE and tourism, as the final conceptual context for the study. The discussion is limited to theories specific to hotel management and which are relevant to the BBBEE policy in the hotel industry.

Literature on business operations in hotels reflected themes linked to BBBEE. The subject of employment equity is relevant to human resource management in hospitality (Baum, 2008:728; D'Annunzio-Green, 2008:814; Davidson & Wang, 2011:236; Enz, 2009:578; Mkono, 2010:858;

Sainaghi, 2010:920). Skills development is linked to apprenticeships and relationships with hotel schools (Barron, Maxwell, Broadbridge & Ogden, 2007:119; Josiam, Crutsinger, Reynolds, Crutsinger, Dotter, Ramakrishnan, Baum & Devine, 2009:5; Van Lill, 2005:969) and talent and skills management (Baum, 2008:720; Costen, Cliath & Woods, 2002:57; Harper *et al.*, 2005:51; Kaplan, 2004; Maxwell & Maclean, 2008:820; Scott & Revis, 2008:781; Watson, 2008:758). Enterprise and community development are aligned to relationships in the tourism value chain and relationships with small enterprises (Akama & Kieti, 2007:737; Clancy, 1998; Goodwin, 2006:1; Lapeyre, 2011:63; Mbaiwa, 2005:204; Rogerson, 2008a; TEP, 2008:2). Each of these topics are discussed next.

2.6.1. Human resource management in the hotel industry

In the following discussion, the concept of human resource management incorporates the recruitment, talent management and retention of staff within organisations.

2.6.1.1. Finding and attracting hotel staff

Human resource issues topped the list of issues that were important to hotel managers and executives from over 60 countries, in a study conducted by Enz (2009:578). Of the sample of 243 managers, 36 per cent were hotel general managers, 28 per cent were middle managers in hotels, and 20 per cent were senior executives (for example, chief executives and vice presidents) from corporate offices (Enz, 2009:578). The top issues of concern to the hotel executives were attracting and retaining staff, staff morale and training talented people. The quality and consistency of training, and employee morale were the next issues of concern (Enz, 2009:578). Additional issues of concern were career opportunity, employee skills, benefit costs and compensation costs for staff.

Hotel general managers from Africa were concerned about attracting, retaining and training staff; training was the leading concern in Asia; and staff retention was the leading concern in Europe (Enz, 2009:581).

Yet perceptions of poor image and working conditions in hospitality persist globally. In the hotel industry staff are usually recruited at low-level entry jobs and expected to rise through the ranks (Baum, 2008:728; D'Annunzio-Green, 2008:814; Davidson & Wang, 2011:236; Willie, Jayewardene & Laver, 2008:293). One consequence of the apprentice model has been that the hotel industry is renowned for paying low wages for entry level jobs (Baum, 2008:725). Low salary levels have also resulted in low employee satisfaction within hotels (Davidson & Wang, 2011:236). Furthermore, the practice of employing low-skilled labour through immigrant populations is an impediment to developing people into management (Davidson & Wang, 2011:236).

High turnover of labour in hotels is often due to long hours of work, lack of appropriate skills, lack of career development opportunities and poor management styles (Baum, 2008:728; Chen & Choi, 2008:595; Davidson & Wang, 2011:236; Solnet & Hood, 2008; Willie *et al.*, 2008:293). Poulston and Jenkins (2013:1) also observed that hotel managers miss an opportunity of recruiting older workers, in preference of young labour.

Industry experts have acknowledged that the hotel industry is not skilful at attracting talent. Therefore hotel managers need to invest effort in identifying the motivations that drive staff choices in joining their organisations (D'Annunzio-Green, 2008:807). For example, creating ways of selling the hotel brand to a wider audience is important (Baum, 2008:723; D'Annunzio-Green, 2008:807). The attraction and retention of staff can be enhanced through improvements in the work environment and in compensation benefits (Baum, 2008:728). However, Willie *et al.* (2008:293), suggested that the hotel industry should offer fair market value in order to attract talent.

One option of sourcing managers is the recruitment of expatriate managers (Ayoum & Moreo, 2008:7; Li, Tse & Xie, 2007:263; Ozdemir & Cizel, 2007:170). According to Ozdemir and Cizel (2007:170), international hotel managers can bring benefits to an organisation because the managers have a global perspective, they usually have strong work experience, and they also display skills of adaptability and intercultural skills, besides the functional and operational skills. However, adaptation for the international hotel manager involves understanding the needs of the locals and investing in building relationships with the local community (Ozdemir & Cizel, 2007:182; Willie *et al.*, 2008:293).

Another study found that the practice of inclusionary closure resulted in racial and ethnic minorities being under-represented in the senior management levels of hotels in the USA (Costen *et al.*, 2002:57). Although ethnic minorities represented 47 per cent of staff in hotels, only eight per cent were in general management positions. Minorities occupied management positions in areas that were considered less skilled, for example housekeeping (Costen *et al.*, 2002:57). The sought-after jobs were in general management, sales and marketing, controller and food and beverage (Costen *et al.*, 2002:57). But the study showed that the sought-after jobs were reserved for white people. The evidence suggested the racialization of jobs in senior positions within US hotels.

Nemavhandu (2008:28) observed that banking and mining are high income sectors that could match the consumerist lifestyle of the black middle class of South Africa. The 'black diamonds' measure success based on the material assets of cars, homes and dressing styles (Nemavhandu, 2008:28). It would appear therefore, that the hotel industry has been unlikely to be competitive enough to attract the black middle class, because of the limited attractiveness in term of salaries and the working conditions of the industry.

In summary, the hotel industry appears to have the potential to drive broad-based empowerment because the industry employs large numbers of labour (RSA, 2009). However, attracting skilled staff at a local and global level seems to be challenging due to the negative perception of the industry.

2.6.1.2. Attracting hotel students

The existence of hotel schools has reaffirmed the apprentice model of the hotel industry, and is an opportunity for staff recruitment (Barron *et al.*, 2007:119; Fuller & Unwin, 2011:261; Josiam, Reynolds, Thozhur *et al.*, 2008:295). Yet, the majority of hospitality and tourism students in several countries have not joined the industry after graduation, because they have been discouraged by the job conditions during work attachments in hotels (Barron *et al.*, 2007:119; Josiam *et al.*, 2008:295; Zong, Couch & Blum, 2011:5). The turnover of graduates entering hospitality has been 300 per cent in the United Kingdom and Australia, as many students have left the industry to join other careers (Barron *et al.*, 2007:120). Evidently, the perception of the industry by college students has diminished with increased exposure to the industry (Barron *et al.*, 2007:119; Josiam *et al.*, 2008:295; Zong *et al.*, 2011:5).

An additional factor encountered by hotel management globally is coping with the Generation “Y” syndrome, where the younger generation places value on a work-life balance (Baum, 2008:720; Chen & Choi, 2008:595; Solnet & Hood, 2008). The Generation “Y” also desires to work with managers who are positive and empowering (Gursoy, Rahman & Swanger, 2012:32). A study in South Africa also indicated that hospitality students did not perceive the tourism industry as a serious career option, which confirms trends identified in global studies (Van Lill, 2005:969). Therefore, the hotel industry has been compelled to review their management practices, in order to attract younger talent.

According to Spowart (2011), employers prefer graduates with both technical and soft skills in hospitality. Spowart interviewed hotel university students in South Africa before and after work attachment. The results of the study indicated that students on attachment developed soft skills from guidance and mentoring by managers. Management support enables students to become employable (Spowart, 2011:178; Wang, Ayres & Huyton, 2009:62). The development of partnerships between the hotel industry and educational institutions ensures effectiveness in work-integrated learning (Boley, 2011:22; Spowart, 2011). Evidently, educational institutions need to develop skills that are relevant and that make students employable.

The structural challenges in South Africa’s educational system have posed a challenge for the development of skilled graduates (Kaplan, 2004; Parliamentary Monitoring Group, 2012; Kraak, 2008:1). The education system has been unable to provide the quantity and quality of skills

required by the growing economy (Kraak, 2008:1). In addition, technical colleges appear unable to produce skilled candidates because the education system has not been adequately resourced (Kaplan, 2004; Parliamentary Monitoring Group, 2012). For example, the Tourism, Hospitality and Sport Education and Training Authority (THETA) has been failing to fulfil its mandate of coordinating sector training and learnership development (Kaplan, 2004:221). Furthermore, retention levels of graduate students have been estimated at 20 per cent of total black enrolments (Van Lill, 2005:969). The legacy of the inferior education system offered to Africans during apartheid has been an impediment to finding black graduates for employment (Kraak, 2008:1).

2.6.1.3. Summary

In summary, the inherent challenges of finding and keeping management staff in the hotel industry are likely to increase challenges in achieving employment equity for hotels in South Africa. Factors contributing to challenges in the recruitment and retention of hotel staff globally include the perception of unattractive working conditions and uncompetitive salaries compared to other industries.

Furthermore, hotels appear to be slow in adopting innovative approaches to staff recruitment. It is evident that global trends in information and knowledge management have affected human resource management in the hotel industry.

2.6.2. Talent management in hotels

Training and development are the cornerstones of talent management for hospitality and tourism organisations (Baum, 2008:720; Harper *et al.*, 2005:51; Maxwell & Maclean, 2008:820; Scott & Revis, 2008:781; Watson, 2008:758). The hotel industry places emphasis on the development of technical skills and a vocational career. According to Baum (2008:720), talent management is the management of staff as they join, are deployed and change positions within the organisation. Talent management is also linked to the deliberate development of a talent pool through internal resources (D'Annunzio-Green, 2008:807).

Historically, the stereo-type of hotel jobs have been characterised as low skilled in the industry. However, the emergence of the knowledge society has demanded that talent management should become inclusive of technical and inter-personal skills (Boley, 2011:22). With appropriate investment, talent management offers hotels an avenue for competitive advantage (Scott & Revis, 2008:78; Watson, 2008:776). Therefore, talent management can increase the capability and business efficiency of an organisation through the investment in human resources.

Talent management is aligned to the factors influencing the chances of becoming a manager in hotels. A study found that gender was a determinant of career advancement, but age did not

influence success in career advancement (Garavan, O'Brien & O'Hanlon, 2006:252). While female candidates achieved promotions to middle management, they lagged in promotions to senior positions, when compared to their male counterparts. A quantitative study in China also identified that female candidates encountered a glass ceiling in their career development in hotels (Li *et al.*, 2007:271). Mathur-Helm (2006:311; 2005:56; 2002:18) identified similar trends in challenges to the advancement of women in South African organisations. Hence, the marginalisation of women in organisations has been a recurrent theme in several countries.

Functional experience is important for career advancement. As noted, the skills identified as important for career advancement in hotels are functions such as food and beverage, front office and sales and marketing, and not back of house functions such as housekeeping and human resource management (Costen *et al.*, 2002:57; Garavan *et al.*, 2006:252).

In summary, talent management and skills development are strong attributes of the hotel industry because of the traditional apprentice model of developing people. Yet, the existence of hotel schools has apparently not translated to availability of skilled graduates for employment. Hence the focus remains on internal talent development as the main source of identifying managers for career advancement, both in South Africa and globally.

2.6.3. Hotel industry and the development of small black businesses

This discussion highlights the potential for the hotel industry to support enterprise development of small black businesses. The importance of tourism for the development of small businesses and communities was discussed in Section two of this chapter.

There are two types of small enterprises within the tourism sector of South Africa - the established small enterprises and the emerging black enterprises. BBBEE policy is aimed at developing the emerging black enterprises. According to the DTI, 96 per cent (536 000) of the active enterprises in sectors across the formal economy are small enterprises (RSA, 2007c). Evidence from the 2007 baseline study also confirmed the dominance of small enterprises in the accommodation sector (Yarona Management Consulting, 2007b:1). The proportion of small and medium enterprises operating in the informal sector are regarded as significant but their size is not known (Yarona, 2007a:1). By comparison, the informal sector in several African countries contributes significantly to community livelihood (UNECA, 2003). The lack of information in South Africa provides an incomplete context of enterprise activity in the country.

Enterprise development serves the dual purpose of creating jobs and developing a second economy to address socio-economic inequalities in the country (Fauconnier & Mathur-Helm, 2008). For BBBEE purposes, a small black enterprise is defined as a small, medium or micro enterprise

(SMME) with a turnover of less than five million rand and of which at least 50 per cent is owned by black persons (RSA, 2009). Tourism businesses are obliged to procure 50 per cent of their supplies from black enterprises. Black empowerment policy compels the hotel industry to create market access through the purchase of goods from, and assistance with, the growth of small black enterprises.

Tourism favours the participation of small enterprises because of the diverse value chain, because it is based on the natural and cultural features of the communities and is suited for rural communities (Rogerson, 2008a; Tassiopoulos, 2008). Furthermore, local communities benefit through discretionary spend and supply opportunities to tourists directly, and to the larger tourism businesses (Akama & Kieti, 2007; Goodwin, 2006; Mbaiwa, 2005; Van der Merwe & Wocke, 2007; Rogerson, 2008b). Case studies on Botswana, Egypt, Tanzania and The Gambia indicated that the size of the hospitality enterprise is linked to the level of beneficiary impact on a community, with smaller enterprises providing more benefits (Cole, 2006; Goodwin, 2006; Mbaiwa, 2005). In Crete, smaller businesses have had an empowerment effect on local communities because the businesses employ local staff or family members (Andriotis, 2002).

2.6.3.1. Small and medium enterprises in South Africa – the established enterprises

The established small and medium enterprises in South Africa are owned and managed by white persons (Goodwin, 2006; Tassiopoulos, 2008). Businesses within this tier include restaurants, travel and touring companies, small hotels, self-catering establishments and game farms (Tassiopoulos, 2008). The established businesses operate their businesses as family enterprises and as part of a lifestyle (Morrison & Texeira, 2004; Rogerson, 2008b). The commercial objectives are secondary to social considerations, and the economic benefit is limited to the enterprise owner and their family (Getz & Carlsen, 2005; Rogerson, 2008b). Established small tourism businesses are numerically dominant; and they are a distinguishing feature of the tourism industry in several countries, including South Africa (Goodwin, 2006; Morrison, Tassiopoulos, 2010; Rogerson, 2005).

Smaller established businesses have been a barrier to entry to black enterprises. And it would appear that the established businesses have resisted the engagement of black partners, for historical and commercial reasons.

2.6.3.2. Small enterprises in South Africa – the small black enterprises

The size of small black enterprises in tourism is not known. Rogerson (2005) estimated that two per cent of small enterprises in tourism were black owned in 2002. Another study of black enterprises in South Africa identified only 16 per cent of the sample as having potential for sustainable businesses (TEP, 2008). Figure 2.2 provides a geographic profile of over 4 000 black

enterprises that were registered with the Tourism Enterprise Partnership (TEP) in 2011. The representation of black enterprises in Gauteng and KwaZulu-Natal is linked to the commercial hubs of Johannesburg and Durban within the provinces. The lower representation of black enterprises in the Western Cape is due to the dominance of white enterprises along coastal areas of the Cape region (Booyens & Visser, 2010:367; Cornelissen, 2005:163).

The development of small black enterprises has been characterised by slow growth and marginal operations. The entrepreneurial culture was not prevalent within the black community due to historical restrictions on the trading and movement of black people (Biekpe, 2011; Booyens & Visser, 2010:367; Sanchez, 2008:209). For Sanchez (2008:210), entrepreneurship is new territory for the black entrepreneur who has perceived starting a business as a lifeline out of poverty. But the black entrepreneurs have encountered challenges in operating their businesses.

Rogerson's studies on black enterprises in townships, tour operators, and rural locations identified the challenges encountered as follows (Rogerson, 2012, 2011; 2008a, 2005):

- Access to finance.
- Lack of technical and management skills, compounded by limited literacy.
- Lack of business skills and lack experience in operating a business.
- Limited business support and mentoring.
- Lack of access to support networks by larger businesses.

Case studies in several African countries reflected similar challenges for tourism enterprises (Akama & Kieti, 2007; Andriotis, 2002; Ashley & Roe, 2002; Biekpe, 2011; Cole, 2006; Goodwin, 2006; Kibicho, 2008; Mbaiwa, 2005; TEP, 2008).

Nevertheless, there are some success stories of partnerships between established businesses and black enterprises in tourism. For example, the Southern Sun hotels support 65 black guesthouses across the country; the Thebe Tourism Group partnership with 15 businesses in Soweto; the Royal Bafokeng Enterprise Development support 20 enterprises in North West province; and the Gooderson Leisure group support the development of enterprises in KwaZulu-Natal (TEP, 2011). The type of support ranges from mentorship, improving product quality, increasing business efficiencies and providing market access (TEP, 2011). Training programmes for small businesses are effective when they are tailored for the recipients (Goodwin, 2006; Mbaiwa, 2005). Mentoring has also proven to be effective learning for small enterprises (TEP, 2008). Assistance to small enterprises is effective when the heterogeneous nature of tourism, and the diverse backgrounds of the actors, are taken into account (Anglo American, 2011; Goodwin, 2006; Mbaiwa, 2005).

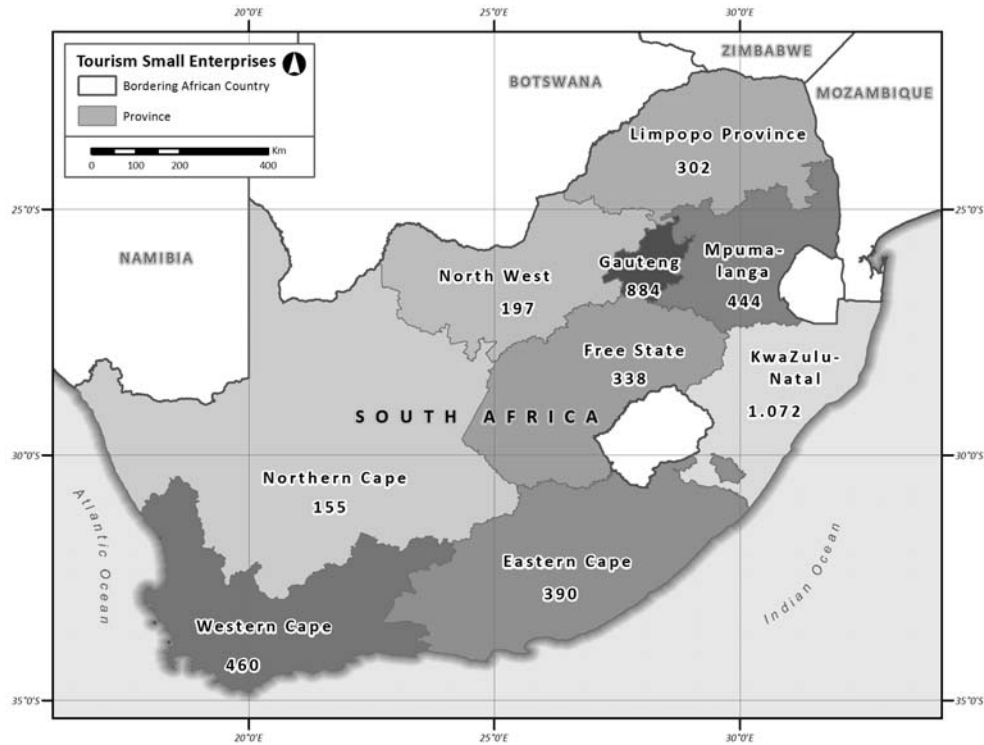


Figure 2.2: Distribution of Tourism Enterprise Partnership Projects in South Africa

Source: TEP, 2011.

2.6.3.3. Summary

Small enterprise development offers the opportunity to expand tourism development in developing economies. The dominance of large businesses, including hotels, has resulted in the exclusion of small enterprises from distribution and supplier chains.

Barriers to entry for small black enterprises in South Africa are high. The black enterprises in tourism lack the capacity and resources to operate sustainable businesses and compete effectively.

At the same time it would appear that through BBBEE policy, hotels have the opportunity to influence the viability of small enterprises because of the hotel industry's positioning within the tourism value chain. Examples of the partnerships between large hotel groups and small enterprises have been emerging, but the impact on the empowerment of communities is isolated and still minimal.

As BBBEE policy does not appear to be able to drive the volumes required for empowerment, could the agenda for sustainable and responsible tourism offer an alternative route to social and economic development in tourism? This issue is discussed next.

2.6.4. Socio-economic development: Responsible and sustainable tourism

A research paper (Nyazema, 2010) presented at a conference by the author in 2010 was based on the following review.

The following discussion on socio-economic development extends beyond the narrow interpretation of the concept of community social investment (CSI). Increasingly, the concept of sustainable tourism development is evolving to encompass a broader approach by businesses that suggests conceptual linkages with BBEE policy.

The discussion first positions sustainable tourism in the context of sustainable development. Next is an examination of the theories of responsible tourism, pro-poor tourism and alternative tourism (Fennell, 2010; Kibicho, 2008:212; Mbaiwa, 2005:203; Sofield, 2007:1).

The discussion concludes with a comparative analysis of the Codes of the Tourism Sector Charter and the Global Sustainable Tourism Criteria (GSTC), which demonstrates theoretical links between the BBEE and sustainable and responsible tourism.

2.6.4.1. Sustainable tourism development

Since the 1960s, scholars and international organisations have reviewed the need to conserve nature's finite resources (Drexhage & Murphy, 2010:20). Sustainable development was defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission, 1987:43). The concept of sustainable development converges three interdependent yet balanced pillars – economic development, social equity and environmental protection (Bennett, Jooste & Strydom, 2006:193; Drexhage & Murphy, 2010:20; Keyser, 2010:25), also referred to as the triple bottom line (Spenceley, 2008:5). The paradigm of sustainable development advocates that current development guarantees access to sufficient resources for future generations (Keyser, 2010:25).

The concept of sustainable tourism gained momentum in the last two decades with the increased concern about sustainable development (Gossling, 2008:122).

Sustainable tourism was defined by UNWTO (2013) as "...Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities". The objective of sustainable tourism is to achieve a balance between environmental and commercial concerns of the industry, and moreover, to also address issues of equity and social justice in tourism (Bramwell & Lane, 2010:1; 2008:1; Fennell, 2010:5). Sustainable tourism is based on the three pillars of sustainability, namely (a) making optimal use of environmental resources in tourism development; (b) respect for the

socio-cultural authenticity of tourism communities; and (c) ensuring the economic viability of businesses and practices to benefit all stakeholders (Bramwell, Lane, McCabe, Mosedale & Scarles, 2008:253).

Several studies described sustainable tourism as an umbrella term for alternative tourism, ecotourism, responsible tourism, pro-poor tourism and community tourism (Butcher, 2008:315; Fennell, 2010:80; Goodwin, 2008:869), nature-based tourism (Appiah-Opoku, 2011:500; Fennell, 2010), new tourism (Mowforth & Munt, 2009), special interest tourism (Swarbrooke, 2009:13), fair trade in tourism (Fair Trade in Tourism: South Africa, 2008:1) and justice tourism (Higgins-Desbiolles, 2008:345).

There has been a growing concern over the negative effects of tourism through air pollution, destruction of animal habitats and coastal degradation (Fennell, 2010:9; Keyser, 2010:26; Middleton, 1998:3; Saarinen *et al.*, 2011:203; Spenceley, 2008:3). Mass tourism has been criticised for its non-local orientation, in that economic benefits do not sometimes benefit destinations, because tourism investments are foreign owned, or owned by large domestic investors (Schellhorn, 2010:115; Snyman, 2012:395). Furthermore, the ethical behaviour of both tourism businesses and tourists have been questioned (Bramwell *et al.*, 2008:253; Spenceley, 2008:3).

Critics of sustainable tourism argued that the concept is vague. Saarinen *et al.* (2011:202) observed that the ambiguity in the term 'sustainable tourism' means that all types of tourism could be termed sustainable, depending on the vested interests of the actors. The authors argued that the principles of sustainable development do not always apply to tourism because tourism development is in some instances not the best use of natural or cultural amenities (Saarinen *et al.*, 2011:202). For Igoe and Brockington (2007:432), the sustainability agenda is dominated by vested interests, resulting in the emergence of a form of neoliberal conservation. The argument was that natural resources and landscapes are being partitioned and controlled in the interests of conservation, and sometimes this is to the exclusion of local people (Igoe & Brockington, 2007:432).

Weaver (2011:5) suggested that the conceptual relationship between sustainable tourism and climate change requires clarification. Weaver (2011:5) observed that the debate on environment and climate change is hijacking the sustainable development agenda, as evidenced by the 2010 Cancun and 2011 Durban global conferences on climate change. The inordinate attention on climate change has resulted in analysis overload that in turn impacts negatively on strategies for sustainable tourism (Drexhage & Murphy, 2010:2; Kasim, 2009:709; Weaver, 2011:5). A shift from the "environmental box" to active application and partnerships with business and civil society is required for tourism development (Drexhage & Murphy, 2010:20; Weaver, 2011:5).

Sustainable tourism could contribute to the Millennium Development Goals, and to the objective of eradicating poverty (Goodwin, 2006:3; Kiambo, 2005:142). Several studies have demonstrated tourism's potential to improve the livelihood of communities (Ferguson, 2011:235; Goodwin, 2008:869; Lepper & Goebel, 2010:725; Muganda *et al.*, 2010:631; Saarinen *et al.*, 2011:201; Spenceley, 2008:6; Spenceley, Habyalimana, Tusabe & Mariza, 2010:647). The focus of the studies was on the net effect of tourism activity on communities (Akama & Kieti, 2007:737; Goodwin, 2006:1; Mbaiwa, 2005:204; Van der Merwe & Wocke, 2007:10; Rogerson, 2006:37).

According to Goodwin (2008:869), the pro-poor approach to sustainable tourism is capitalist and pragmatist by focusing on business intervention aimed at the redistribution of benefits. Pro-poor strategies benefit the poor through economic gain, and the community's active involvement in their destination (Ashley *et al.*, 2005:1). Tourism businesses and destinations are challenged to grow the pace of sustainable tourism, given the positive impacts of tourism activities on the alleviation of poverty.

Examples of projects coordinated by the Pro-poor Tourism Partnership (2007) include:

- The Nam Ha Ecotourism project in Lao, that involved communities from 17 villages in community tours. The pro-poor project facilitated visits by 13 000 tourists to the area, that was remote and historically poor.
- The Nabji-Koplu Trail project in Bhutan, where village participation benefited 84 per cent of local households with additional income.
- The Spier Village project in South Africa, where a strategic shift in procurement increased the participation of black suppliers and created 79 new jobs (Pro-poor Tourism Partnership, 2007:1).

2.6.4.2. Responsible tourism in South Africa

Responsible tourism is the term applied for sustainable tourism in South Africa because the Tourism White Paper identified responsible tourism as the central concept for the development of South African tourism (RSA, 1996:18; Spenceley, 2008:2). Spenceley (2008:5) explained that the term *responsible tourism* places emphasis on the joint responsibility of both tourists and tourism organisations. Additional guidelines for responsible tourism include the 2002 Cape Town Declaration on Responsible Tourism and the Responsible Tourism Standards (Keyser, 2010; Spenceley, 2008). However, as with BBBEE policy, measures introduced for responsible tourism were voluntary, and not enforceable on the private sector. Nevertheless, South Africa has examples of success stories on responsible tourism (Goodwin, 2006; Spenceley, 2008).

A non-governmental organisation, Fair Trade in Tourism SA (2013), initiated projects in South Africa on sustainable tourism, including the following:

- The development of procurement models to enable safari lodges to procure from local communities in the Western and Eastern Cape Provinces.
- Assistance with the business planning of tourism projects for communities at Mboza in KwaZulu-Natal province, and at Qunu in the Eastern Cape Province.
- The training of 94 youths as tour guides in the Western Cape, Eastern Cape and Limpopo provinces (Fair Trade in Tourism South Africa, 2013).

A study by Van der Merwe and Wocke (2007:1) indicated that tourism businesses regard responsible tourism as a form of corporate social responsibility. However, the private sector in South Africa has not endorsed sustainable tourism in practice (Duval & Smith, 2013:134; Fair Trade in Tourism SA, 2013:1; Seif & Rivett-Carmac, 2010:627). On the other hand, the larger businesses, through the tourism value chain, have the resources to make a positive impact on responsible tourism initiatives, compared to their smaller counterparts (Kasim, 2009:709; Van der Merwe & Wocke, 2007:10).

Hotels have therefore been challenged to adopt responsible and sustainable business practices through community development and support of small enterprise development (Bramwell & Lane, 2008; Weaver, 2006). Yet studies indicate that in South Africa the adoption of responsible tourism practices among large businesses, including hotels, has been sparse (Rogerson, 2008a; Nyahunzvi, 2013:595; Van der Merwe & Wocke, 2007).

2.6.4.3. Summary

The global agenda for sustainable development is based on an inter-generational approach which champions the preservation of the environment while taking cognisance of social and economic factors. Sustainable tourism development advocates for a shift from mass tourism to alternative tourism practices based on the three pillars of sustainability, namely environmental, social, and economic development. The benefits of pro-poor tourism and community development through sustainable tourism are evident from several studies.

Although South Africa has identified responsible tourism as the basis for tourism development, the adoption and implementation of responsible tourism practices by businesses have not been established yet.

2.6.5. BBEE policy and Global Sustainable Tourism Criteria

The Global Sustainable Tourism Criteria (GSTC) were developed in 2008 from a joint collaboration between the UNWTO and the private sector in tourism (UNWTO, 2013). The objective of the GSTC was to ensure standardisation of sustainable tourism practices between the global tourism industry, governments and the private sector (Bramwell & Lane, 2010:1; UNWTO, 2008). Table 2.6 compares the BBEE Codes and the GSTC.

Table 2.6: Comparison between BBEE Codes and Global Sustainable Tourism Criteria

Code	BBEE Codes	Code	Global Sustainable Tourism Criteria
100	Ownership – partner with and transfer financial equity to black people	B5	<ul style="list-style-type: none"> Partner with the community to develop a policy for carrying out business activities in the community
200	Management control – appointment of black people to top positions and the board of companies	B2 B7 B8	<ul style="list-style-type: none"> Employment of local residents, including in management positions Equitable hiring of women and local minorities, including in management positions Protect legal rights of employees. Ensure fair wages
300	Employment equity – employment and internal promotion of black people, including women and the disabled, particularly in management positions	B2 B7 B8	<ul style="list-style-type: none"> Employment of local residents, including in management positions Equitable hiring of women and local minorities, including in management positions Protect legal rights of employees. Ensure fair wages
400	Skills development – training and development of black people employed in the company	B2	<ul style="list-style-type: none"> Offer training as necessary
500	Preferential procurement – purchase goods from BBEE companies	B4	<ul style="list-style-type: none"> Offer the means for local small entrepreneurs to develop and sell products
600	Enterprise development – develop and grow small black enterprises	B4	<ul style="list-style-type: none"> Offer the means for local small entrepreneurs to develop and sell products
700	Socio-economic development – undertake social investments in communities	B1 B6 B9	<ul style="list-style-type: none"> Support initiatives for social and infrastructure community development B6: Implement policy against commercial exploitation of communities B9: Ensure access by the community to basic services

Source: RSA, 2009; UNWTO, 2008.

Three of the four GSTC addressed environmental issues. Criteria A, C and D challenged tourism businesses to conserve resources and ecosystems, to preserve cultural heritages, and to reduce

pollution (UNWTO, 2008). The criteria confirmed views that environmental concerns were dominating the discourse on sustainable development (Weaver, 2011:5; Drexhage & Murphy, 2010:2).

Criteria B of the GSTC indicated areas of community engagement for tourism businesses, for example, the employment and training of local communities, and local entrepreneurs, provision of social and infrastructure development, and gender equity (Table 2.6).

Evidently, the GSTC positioned the private sector in tourism as important in influencing sustainable tourism development. It is also evident that elements of the BBBEE policy on tourism share objectives with Criteria B of the GSTC.

At a conceptual level, both the GSTC and the Tourism Sector Charter address socio-economic development for communities. The GSTC applies to a global agenda, while the BBBEE policy addresses a national agenda. In addition, the two policies share the principle of sustainable development. For the GSTC, the objective of sustainability aims to preserve the environment for present and future generations. Similarly, BBBEE policy creates equitable access to opportunity in the tourism sector, and sustainable economic growth for the country.

Both the GSTC and BBBEE policy advocate for corporate social responsibility, stakeholder accountability and ethical behaviour within businesses (Black, 2002:1154; Esser & Dekker, 2008:158; Hamann *et al.*, 2008; Nyahunzvi, 2013:595). A social role is expected of business, to ensure that the environment is preserved, local communities benefit from tourism, and opportunities are created for development

2.6.5.1. Summary

The GSTC challenges tourism businesses to adopt responsible and sustainable business practices. At the same time, the principles of the GSTC on socio-economic development are evident within the seven elements of BBBEE, in the Tourism Sector Charter.

However, South Africa's endorsement of responsible tourism as a policy has not been matched in practice, and responsible tourism has been confined to a few case studies. And the alignment between BBBEE policy and responsible tourism among organisations appears tenuous.

Aside from the similarities at a conceptual level, the GSTC and BBBEE policy differ at the operational levels. BBBEE policy is a government regulation and prescriptive through the sector codes (RSA, 2009:6). In contrast, the GSTC are not legislated and instead provide a range of sustainable tourism activities as guidance for behaviour by tourism stakeholders. Information and case studies were shared among organisations to promote best practices (Goodwin, 2006).

2.7. SECTION SIX: HYPOTHESES ON ACHIEVING SUCCESS IN BBBEE IMPLEMENTATION

Based on the literature review, hypotheses were formulated for the present study.

2.7.1. The main hypothesis

- The null hypothesis states that the legal framework for BBBEE is not translating into transformation results for the hotel industry.
- The alternate hypothesis states that the legal framework for BBBEE is translating into transformation results for the hotel industry.

2.7.2. The secondary hypotheses

To examine the aims of the study, secondary hypotheses state the following:

- **Secondary hypothesis 1:** Hotel general managers' experience contributes to achieving success in BBBEE
- **Secondary hypothesis 2:** The star rating of the hotel contributes to achieving success in BBBEE
- **Secondary hypothesis 3:** The municipal and provincial location of the hotel contributes to achieving success in BBBEE
- **Secondary hypothesis 4:** Performance targets and incentives for general managers contribute to achieving success in BBBEE
- **Secondary hypothesis 5:** Support for BBBEE policy by the general manager contributes to achieving success in BBBEE

2.8. CONCLUSION

The theoretical and empirical review of literature identified the themes and concepts that underpin the conceptual pillars of BBBEE policy formulation and implementation. The conceptual links between hotel management theories, BBBEE policy, tourism development and sustainable tourism, were highlighted. Studies have indicated the importance of tourism for economic development on job creation, enterprise and community development, which were also the deliverables expected from BBBEE implementation. The central role played by the hotel industry in contributing to tourism development has been evident, hence the focus of this investigation on the hotel industry.

Theories supporting the state objectives on redistribution and redress were presented. Racial redress and restorative justice address the political dimension of BBBEE policy. In the workplace, redress is about racial representation which reflects the demographics of the country, and developing black people through skills development. In the social dimension, redress is concerned with reducing unemployment and socio-economic inequalities through job creation, enterprise and community development. Through affirmative action, a black middle class should participate in public-private partnerships to enhance tourism development and economic growth. The literature review therefore established BBBEE as a sub-concept of the theory of affirmative action, premised on substantive equality, neo-liberal approach to governance, public private partnerships, and racial redress.

In the empirical review of BBBEE programmes, it was evident that a gap exists between the pace of BBBEE implementation in the hotel sector, and the government objectives on the policy. The hotel industry faces challenges ranging from attracting and skilling to retaining black talent. Furthermore, the engagement between hotels and small enterprises and communities is limited, and not tapping into the opportunities to develop sustainable enterprises and communities. At the same time, the hotel industry is integral to the tourism value chain, for example the disparate location of hotels offers opportunities for employment creation and small business development across the country.

It is evident that in the long term, the South African economy could not be sustained by a small (though resourced and established) proportion of the population, comprised mainly of white persons. A sustainable and economically viable future is required to grow a competitive tourism economy, and to develop black labour to participate in economic growth. At the same time, natural resources are finite, and therefore there is need to achieve a balance between environmental, social and economic factors in the hotel and tourism sector.

A conceptual alignment between BBBEE policy and responsible tourism was identified in the literature. However, in practice, management approaches to the two concepts remain separate. And BBBEE is a higher priority for both government and the hotel and tourism industry.

Finally, Chapter 2 has contributed to fulfilling the objectives of the study by establishing the conceptual context of the study, and by generating the hypotheses which provided the basis for empirical investigation.

CHAPTER 3

METHODOLOGY

3.1. INTRODUCTION

Chapter 3 presents the methodology employed in this study. The study investigated how the hotel industry could unlock the disconnect between government objectives and the implementation of BBBEE policy in the hotel industry in South Africa. The primary research method was the quantitative study of hotel general managers, supported by a qualitative study of corporate executives from hotel groups in South Africa. This mixed methods approach, comprised of qualitative then quantitative methods applied in sequence, was deemed appropriate for investigating the dual structure (hotel unit and hotel group) of the hotel industry.

Three concerns were considered in organising the methodology as suggested by Neuman (2011:207). First was to establish the validity of the results, in that findings had to reflect the phenomenon to which they referred, and had to be backed by evidence. The second consideration was to ensure that the findings were generalisable. Finally, the third concern was to establish the replicability of the research findings.

The four components on which the research design was based were (a) the objectives of the research, (b) the conceptual context of the research, (c) the research paradigm underlying how the research should be conducted, and (d) the methods of data collection and analysis (Bryman, 2001).

The research objectives were stated in Chapter 1 and the conceptual context was discussed in Chapter 2.

The four research objectives were as follows:

Research objective 1: To determine the extent to which the hotel industry has implemented BBBEE policy.

Research objective 2: To identify factors facilitating or inhibiting BBBEE implementation within the hotel industry.

Research objective 3: To explore and identify solutions for enhancing BBBEE implementation in the hotel industry.

Research objective 4: To describe how a framework for broad-based empowerment for the South African hotel industry could contribute to transformation for the broader tourism industry.

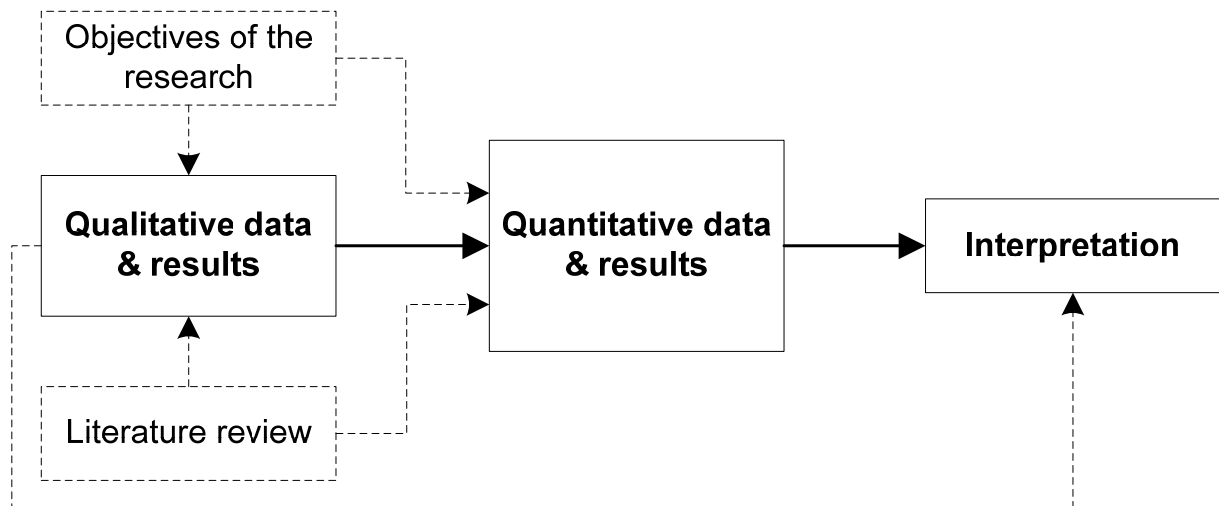


Figure 3.1: Research design: Sequential mixed methods approach

Source: Adapted from Creswell, Piano Clark & Garrett, 2008:66.

This chapter addresses the two remaining components of the research design, namely the research paradigm and the data collection and analysis. Section one describes the research paradigm, the rationale for the mixed methods research approach and the rationale for the choice of research topic. Section two therefore explains the stages undertaken in the qualitative investigation. Exploratory research was conducted through qualitative interviews of five executives from hotel groups in South Africa. Section three presents the descriptive quantitative research. A separate correlational analysis that made use of t-tests and analysis of variance (ANOVA) tested the hypotheses of relationships. The chapter concludes with a brief summary.

Figure 3.1 indicates the research design of the study.

3.2. SECTION ONE: THE MIXED METHODS RESEARCH DESIGN

3.2.1. The research paradigm

Scientific approaches to quantitative and qualitative methods differ, as indicated in Table 3.1. The quantitative or positivist approach emphasises scientific rigour, focusing on objectivity, reliability and generalisation of the study (Bryman, 2001:27). The qualitative or interpretive approach is embedded in the epistemological influence of how reality and knowledge are viewed (King & Horrocks, 2011:17).

Table 3.1: Quantitative and qualitative research methods

Research approach	Quantitative research	Qualitative research
Research paradigm	Post-positivist	Constructivist
Strategy/tradition	Descriptive, correlational, causal comparative, and experimental research	Case study, grounded theory, ethnography, phenomenology, Hermeneutics, Narrative inquiry
Research purpose	Seek consensus (the norm)	Seek variation in findings
Research design	Hypothetic-deductive; research is about 'idea-testing', Theory testing Large samples are selected randomly Study is conducted under controlled conditions	Inductive: Research is about 'idea-generation'; Theory emergent Small samples are selected purposefully

Source: Bloomberg & Volpe, 2008; Bryman, 2001.

3.2.1.1. The mixed methods research design

Mixed methods design is described as research in which the investigator uses both qualitative and quantitative approaches and methods in a single study to collect data, integrate the findings, and draw conclusions (Creswell *et al.*, 2008). Through triangulation, the findings of one research strategy are cross-checked against the results of another investigation, to provide accuracy for the data and alternate explanations (Bryman, 2001:447).

Critics of the mixed method design claimed that qualitative and quantitative research methods are embedded in incompatible epistemological and ontological principles (Bergman, 2008:12). However, Bergman (2008:14) explained that the delineation of constructivism (for qualitative methods) and positivism (for quantitative methods) represents 'large and heterogeneous families of methods under convenient headings'. What should determine the research approach is the data collection and the data analysis techniques applied in the research context (Bergman, 2008:14).

As Burns and Burns (2008:21) explained,

"In summary, both scientific quantitative and interpretivist qualitative methods are needed to provide the information required for sound and effective decision making in the business world. Each approach can inform the other with a study of an issue following a circular course through a qualitative-quantitative or quantitative-qualitative sequence. Human variability does not imply that the scientific approach to studying human activity should be abandoned. Within the limits imposed by having human subjects, we must try to apply the basic attributes of the scientific method so that the findings are as objective, reliable, replicable and quantifiable as possible".

3.2.2. Suitability of mixed methods approach for the present study

The following characteristics defined the two-tier structure of the hotel industry in South Africa, comprised of the hotel unit and the hotel group.

3.2.2.1. The individual hotel unit

- A hotel is defined as an accommodation establishment with a minimum of 30 rooms, and that has certified grading from the TGCSA (2011).
- The classification of hotels in South Africa has been aligned to global norms that follow a five star rating system (Hotels.com, 2011; TGCSA, 2011). One star denotes a basic accommodation offering, whereas a five star rating denotes luxury accommodation with benefits.
- The hotel unit is headed by a general manager (GM). The hotel GM generally has a high level of autonomy in decision making for their hotel.
- Graded hotels made up less than ten per cent of the 6,663 accommodation establishments in South Africa in 2011 (TGCSA, 2011). The remainder of the accommodation industry comprises of guest lodges, bed and breakfast guest houses, and tented lodgings.
- However, in terms of accommodation rooms available in 2011, 58,800 (52%) were hotel rooms, compared to 9,800 (9%) guest house rooms and 44 800 (39%) other accommodation in the country (PwC, 2011:14).
- The graded hotels, also referred to as the formal hotel sector, are more structured in terms of policies and procedures, because of regular inspections from, and adherence to the requirements of, the Grading Council (TGCSA, 2011).

3.2.2.2. The hotel group

- A hotel group or hotel chain is defined for research purposes as a company operating three or more hotels, regardless of the legal status of each hotel. Therefore hotel groups might be comprised of subsidiaries or franchises (Hotels.com, 2011).
- The hotel industry is dominated by about ten hotel chains who account for over 60 per cent of hotel rooms in South Africa (TGCSA, 2011; FEDHASA, 2011). The hotel groups are industry leaders in terms of volume and geographic spread of hotel units, the quantum of hotel rooms controlled, revenue turnover, and business influence in the hospitality and tourism sectors (TBCSA, 2011).
- In hotel groups, there are two distinct centres of operations – the corporate head office for the hotel group, and the hotel unit, that is usually in a geographically separate location.

- The roles and responsibilities of head office and management at the hotel unit are complementary yet different, with the former focusing on strategic issues while the latter's primary role is operational.
- Independently-owned hotels not affiliated to a hotel group tend to be small in terms of room stock and influence.
- A development from the 1990s was the entry of international hotel chains into the South African market. Examples include the Sheraton, Radisson, Hilton and Hyatt.

The above discussion demonstrates large and definable samples available for investigation in the hotel industry. The nature and extent of involvement in BBBEE implementation differs between the two sets of executives (hotel group and hotel unit), based on their responsibilities. The primary research has focused on the hotel unit where most of the BBBEE implementation has occurred. Therefore, a sequential mixed methods approach was appropriate for the research investigation of the hotel industry.

3.2.3. The research population

The research population for the study was defined as hotel establishments in South Africa with a graded status from the Grading Council.

The criteria for inclusion in the study was that (a) the hotel was located in South Africa, and (b) the hotel was classified on the one star to five star grading system as a hotel establishment (TGCSA, 2011). The designation of the research population therefore excluded accommodation establishments, regardless of size, that were classified as lodges, bed and breakfast lodges, country houses, guest houses and self-catering units.

3.3. SECTION TWO: QUALITATIVE STUDY OF HOTEL GROUP EXECUTIVES

3.3.1. The purpose of the semi-structured interviews

The purpose of the interviews was to obtain the views of CEOs of hotel groups on the implementation of BBBEE in the hotel industry. The hotel groups were regarded as an advisory constituency to government and the groups had participated in the development of the Tourism Sector Charter (TBCSA, 2011; Tourism Empowerment Council of South Africa (TECSA), 2008). Obtaining the views of the executives therefore contributed knowledge from the participants, who were familiar with the phenomenon under study (Bryman, 2001:179).

The qualitative research sought to establish the level of commitment from corporate management on BBBEE policy, and their views on factors facilitating and inhibiting BBBEE implementation at

hotel unit level. Studies indicated that the probability of success in change programmes was higher if the CEO was involved (Cole, 2004).

Specifically, the knowledge gained from qualitative interviews contributed to the development of the research instrument for the quantitative stage of the research. The qualitative study was therefore an important step in addressing the objectives of the study.

Qualitative interviewing offered the following attributes:

- The opportunity to explore social realities, emanating from an ontological position.
- The opportunity to obtain in-depth information from the interview, as opposed to the broad and general data obtained from a survey.
- The opportunity to explore the depth and complexity of the topic, and to enable the capture of explanations and arguments from the participants.
- The collection of information that may not have been available in company records.

Semi-structured interviews allowed for the exchange of dialogue, and also for informal conversation and discussion to evolve out of the dialogue (Mason, 2011:62). Participants were able to express their views, compared to a structured format where there may have been restrictions on responses. Furthermore, the use of semi structured interviews allowed for a thematic or topic centred approach, where themes could emerge and develop in conversation (Mason, 2011:62).

3.3.2. Defining the population and sample for qualitative interviews

A purposive sampling approach was applied to select the hotel groups for the interview. Desk research was conducted on relevant websites and public company documents, to verify the profiles of the hotel groups and industry information.

The population selected comprised of ten companies representing the large hotel groups, as indicated in Table 3.2. The population was limited to large hotel groups as opposed to a population of all hotel groups. In purposive or judgmental sampling, cases are selected with a specific objective in mind (Neuman, 2011:267). Sampling in a qualitative study is not intended to deliver statistical representativeness (King & Horrocks, 2011:29).

However, the sample should

“relate in some systematic manner to the social world and phenomena that a study seeks to throw light on” (King & Horrocks, 2011:29).

The large hotel groups were appropriate for obtaining information on BBBEE implementation because of the multiple hotel units falling under their operations. The ten hotel groups employ over 50 per cent of the workforce in the tourism sector, and have a geographic presence across the country (FEDHASA, 2011). The hotel groups provide a diverse offering of hotel units in terms of star rating, location, business operating model and market influence (FEDHASA, 2011).

The majority of the hotel groups are locally owned and managed businesses. For example, the top three hotel groups in terms of rooms stock (Southern Sun, Protea group and City Lodge) have operated hotels in South Africa for over 40 years. As career development in the hotel industry has historically been structured on an apprentice model, it was likely that interview participants from the groups would have knowledge of the industry from personal experiences in both hotel and corporate management.

In summary, the sample size for the qualitative study of hotel groups provided access to data required to address the research objectives.

Table 3.2: Top ten hotel groups in South Africa (May 2011)

Hotel group	Number of hotels in group	Number of hotel rooms
City Lodge Group	52 hotels	6,440
Formula 1 & Formula Inn	24 hotels	1,696
Holiday Inn Group	8 hotels	1,724
Legacy Hotel & Resorts	16 hotels	2,121
Premier Hotels Group	10 hotels	1,220
Protea Group	87 hotels	8,233
Radisson Group	5 hotels	1,140
Southern Sun Hotels	53 hotels	10,679
Sun International	6 hotels	1,876
Three Cities Group	27 hotels	2,290
TOTAL	288 hotels	37,419

Source: FEDHASA, 2011; TGCSA, 2011.

3.3.2.1. Sample frame and interview procedure

From the population of ten hotel groups, the researcher selected a sample frame of six groups based on their market size, the diversity of their operations, and ease of access for study purposes. Obtaining six interviews was deemed adequate to meet the objectives of the investigation (Mason, 2011:134).

In July 2008, the researcher's CEO sent an introductory email to six CEOs of the hotel groups, requesting their participation in the research and explaining the value that the research could provide to the hotel industry.

All six CEOs responded within 24 hours indicating their willingness to participate in the study. The researcher followed up with correspondence to CEOs, explaining the scope of the interview. Two of the CEOs referred the interview requests to their human resource directors. The researcher was subsequently unable to secure interviews with the two remaining CEOs due to difficulty in obtaining appointments. Therefore, interviews were conducted with representatives of four hotel groups.

3.3.3. The final sample for qualitative interviews

The final sample was comprised of five executives from four hotel groups, and interviews were conducted between July 2008 and January 2010. Two CEOs from the same hotel group were interviewed in the one case. One interview was with the CEO who was due to retire shortly (in 2008) and the second interview was with the new CEO (in 2010). Views from the outgoing chief executive were deemed important, as he had led the largest hotel group in the country for over 12 years, including during the introductory phase of BBBEE policy in the 1990s.

The final sample represented 66 per cent of the sample frame (six groups) originally contacted, and 40 per cent of the population of ten hotel groups in South Africa. The five executives represented 222 hotels between their organisations. Although the interview sample was small, the group executives were considered industry leaders in tourism.

The demographic profile of the three CEOs and two group human resources managers (HRMs) is presented in the discussion of results in Chapter 4.

Face-to-face interviews were conducted in the offices of the participants. Four interviews were held in Johannesburg and one in Cape Town. The interviews lasted between 75 and 90 minutes. The interviews were recorded on audio tape with the permission of the participants, as recommended by King and Horrocks (2011:46). The atmosphere of the interviews was relaxed yet formal.

3.3.4. Design of the interview guide

An interview guide was developed from constructs emerging from desk research, the literature review and from the research objectives.

The research was limited to exploring BBBEE implementation of the five elements over which hotel executives exercise management control. The five elements are employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

The remaining elements of ownership (equity transfer) and management control (board representation) were not explored, as the two elements are shareholder issues beyond the responsibility of the hotel executives.

Prior to embarking on fieldwork, the researcher familiarised herself with the topic through informal discussions held with a number of tourism and government experts. The researcher took notes during the discussions, but the interviews were not recorded on tape, as the purpose was to gain general knowledge of the BBBEE process.

The questions for the interview guide were arranged under five topics as follows:

- Topic A: General views on BBBEE and transformation in South Africa
- Topic B: Views on the hotel group strategy for BBBEE policy
- Topic C: Views on barriers to and opportunities for BBBEE implementation
- Topic D: Views on leadership and transformation in the hotel industry
- Topic E: General views on BBBEE policy and the hotel and tourism industry.

Table 3.3 below demonstrates the link between the questions in the interview guide, and the research objectives. The questions were developed from the literature review and the research objectives.

The questions under Topic A addressed the participants' general views on BBBEE policy.

Questions indicated in Table 3.3 sought views on the level of engagement of the participants in tourism and government bodies, thereby addressing Research objective 1 of the study. Handley (2008) identified that the process of public policymaking in South Africa was characterised by engagement between the government and the private sector.

Interview questions in Table 3.3 also addressed Research objective 1, on views on BBBEE policy in general, and transformation in South Africa. BBBEE policy is a controversial subject and views on the merits and demerits of the policy are varied. Constructs on affirmative action theory include substantive equality (Ncholo, 1994; Sachs, 2007), social justice (Dupper, 2008; Burns & Schapper, 2008:369; Hoffmann, 2008), racial redress (Kellough, 2006; MacDonald, 2006) and economic growth (Southall, 2007).

Questions in Table 3.3 further addressed Research objective 1, on views on the DTI Scorecard and Tourism Sector Charter. One of the theoretical premises of BBBEE policy was the concept of public-private partnerships through the DTI Scorecard and BBBEE charters (Hamann *et al.*, 2008; Southall, 2007).

Finally, questions in Table 3.3 addressed Research objective 4, on BBBEE in the tourism industry and views on hotel industry and progress on compliance. Studies indicated that the pace of transformation within the hotel industry and the private sector was slow and varied (Van Schalkwyk, 2008:2; Yarona Management Consulting, 2007a:1).

The next set of questions addressed the participants' views on the hotel groups' strategies towards BBBEE policy.

The interview questions under Topic B in Table 3.3 addressed Research objectives 1 and 4, and sought the participants' views on the BBBEE status of their group, and policies and procedures introduced at corporate and hotel unit levels. The involvement of senior management enhanced the effective adoption of affirmative action and BBBEE programmes (Cole, 2004; Crosby *et al.*, 2006). Furthermore, theories on employment equity suggested incentivising and rewarding management as a means of achieving employment equity targets (Horwitz *et al.*, 2002:1116).

Interview questions under Topic C in Table 3.3 addressed Research objective 2 and sought the participants' views on the factors influencing BBBEE implementation within the hotel industry. Factors that facilitated or inhibited the effectiveness of BBBEE and affirmative action programmes were extensive (Bond, 2005; Kellough, 2006; Southall, 2007; Sowell, 2004; Telles, 2004; Turok, 2008).

Questions under Topic D in Table 3.3 addressed Research objectives 3 and 4, and sought the participants' views on their roles as market leaders and as promoters of transformation in tourism. Concepts of the tourism value chain have indicated that hotels have the capacity to control buyer and seller behaviour within the tourism system (Clancy, 1998). The impact of established tourism businesses on the viability of small black enterprises was evident (Lapeyre, 2011; Mbaiwa, 2005; UNECA, 2011).

In closing the interview, the researcher invited the participants to provide general comments on the topic of BBBEE policy and the hotel industry.

Table 3.3: Composition of questions for the interview guide

Topic A: Views on BBBEE policy and progress on compliance	Research objective addressed by the topic
<ul style="list-style-type: none"> • Participation in industry associations and government organisations. • Views on BBBEE policy in general, and transformation in South Africa. • Views on the DTI Scorecard and Tourism Sector Charter. • Views on BBBEE in the tourism industry. • Views on hotel industry and progress on compliance. 	<ul style="list-style-type: none"> • Research objective 1. How and to what extent was the hotel industry implementing BBBEE policy? • Research objective 4. Could the South African hotel industry become the catalyst for transformation in the tourism industry? How?

Topic B: Group strategy for BBBEE policy	Research objective addressed by the topic
<ul style="list-style-type: none"> • Current BBBEE rating of your hotel group. • Views on progress on compliance, for each of the BBBEE elements. • Corporate strategy for BBBEE implementation at corporate and hotel unit level. • BBBEE targets for hotel units. • Resources available at the hotel unit to enable transformation. • Policies and procedures for implementation, monitoring and evaluation of BBBEE. 	<ul style="list-style-type: none"> • Research objective 1. • Research objective 4.
Topic C: Factors influencing BBBEE implementation	Research objective addressed by the topic
<ul style="list-style-type: none"> • Factors influencing levels of compliance - the challenges and opportunities. • The impact of compliance on for example, diversity management, skills and capacity shortage, leadership commitment, general attitude to BBBEE, and resistance to BBBEE. • The impact of BBBEE on other business priorities, for example, commercial considerations, service quality, stakeholder responsibility, community relations 	<ul style="list-style-type: none"> • Research objective 2. What were the factors facilitating or inhibiting BBBEE implementation within the hotel industry?
Topic D: Hotel industry as promoters of transformation in tourism	Research objective addressed by the topic
<ul style="list-style-type: none"> • Leadership and BBBEE transformation. • Hotel groups and beneficiation from BBBEE compliance. • The contribution of the hotel industry transformation in SA. • Was BBBEE achievable in the short/medium/long term? 	<ul style="list-style-type: none"> • Research objective 3. What alternative solutions could be identified to enhance BBBEE implementation in the hotel industry? • Research objective 4.

In summary, the interview questions were intended as a guideline for the interview process. The outline of the guide was centred on several topics, namely views on BBBEE policy and transformation in South Africa, views on the group strategy for BBBEE policy, views on factors influencing BBBEE implementation, views on the role of the hotel industry. At the same time, flexibility was maintained throughout the interviews, to allow for themes which emerged.

3.3.5. Qualitative data analysis

3.3.5.1. Transcription of interviews

The quality of the interview scripts was dependent on the quality of the audio recording and the effective use of audio tapes during interviews (King & Horrocks, 2011:144). The audio equipment used, an Olympus digital voice recorder, enabled clear recordings of the interviews.

The interviews were transcribed by a professional scribe who has experience in the hotel industry, and understands the industry terminology. The scribe was instructed to capture all nuances including pauses and laughing. The researcher made additional tapes of the transcriptions and played them back to get additional insight of the interviews. One of the transcriptions is attached in Appendix 3-A.

The narrative and phenomenological approach to qualitative study requires complete transcriptions of interviews that enable the researcher to explore the experiences of the participants in full (King & Horrocks, 2011:143). Partial transcription is permissible if the research intention is to capture broad patterns of frequent themes, or to obtain detailed information from selected participants only (King & Horrocks, 2011:143). For the present study, the five interviews were transcribed in full, to enable detailed exploration of the views of the participants.

Five interview scripts totalling 125 pages were produced, each ranging from 18 pages to 33 pages (Table 3.4). Each participant was accorded a label (A to E) to preserve their anonymity during data analysis and discussion.

Table 3.4: Interview scripts from the five interviews

List of participants	Length of interview script
Participant A	23 pages
Participant B	33 pages
Participant C	19 pages
Participant D	18 pages
Participant E	32 pages
Total data for quantitative analysis	125 pages

3.3.5.2. Suitability of content analysis approach

The approaches to data analysis vary, but are not mutually exclusive. Examples include discourse analysis, rhetorical analysis, ethnographic analysis, interpretative analysis, conversation analysis and content analysis (Krippendorff, 2004:15; Mason, 2011:54; Neuendorf, 2002:5). In content analysis, emphasis is on how content as the object of analysis is created, and how the techniques applied in the analysis ensure that content is quantified in a systematic and replicable manner (Bryman, 2001:180; Krippendorff, 2004:18). In discourse analysis, talk and text are considered to be data sources, and the focus is on how analysis of data represents the social world (Mason, 2011:57). The ethnographic approach emphasises participant observation and the exploration of phenomenon in a cultural setting through first-hand experience (Mason, 2011:57). In interpretative analysis, the researcher is “in a constant state of discovery and revision”, as theory is formed from observing and coding of messages (Neuendorf, 2002:7). On the other hand, conversation analysis employs an inductive approach where theory construction develops from analysing conversations in progress (Neuendorf, 2002:7).

Krippendorff (2004:40) defined content analysis as “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to their contexts of their use”. Reasons for selecting the content analysis method for the present study were (Elo & Kyngas, 2007:107):

- Content analysis is nonreactive, and an objective way of describing a phenomenon;
- Content analysis can handle unstructured text and large amounts of data; and
- Content analysis is context sensitive, and enables insights and depiction of facts.

An inductive approach to thematic content analysis was adopted, as the views of hotel executives were an unknown phenomenon (Elo & Kyngas, 2007:109). The focus throughout the analysis was on identifying information that would increase understanding of BBBEE implementation.

The thematic content analysis proposed by King and Horrocks (2011:149) was followed. Data analysis involved moving from the observation of specific occurrences to combining themes into broader statements.

Several principles were followed in defining the thematic analysis:

- The researcher made choices on what data to include or exclude in analysis.
- Themes had to be clear and distinct from each other.
- Commonalities and differences between interviewees' views were identified.
- Themes were organised in groups or hierarchies. At the same time, integrative themes that cut across hierarchies were recorded.
- The process of thematic analysis had to be auditable and replicable (King & Horrocks, 2011:149).

Several rounds of grouping codes were applied in the development of distinct themes. The stages of data classification were descriptive coding, interpretive coding, and lastly coding according to the overarching theme (King & Horrocks, 2011:152).

Four steps were undertaken in the thematic content analysis of data:

- **Step 1:** *Reading of the scripts and recording of recurrent topics.* Emphasis was on highlighting items of interest from the scripts, including the participants' experiences, observations or perceptions.
- **Step 2:** *Descriptive coding.* The codes were created from the recurrent topics and merging of overlapping topics, and described in shorter phrases.
- **Step 3:** *Interpretative coding.* Interpretation of data involved reading beyond the data. Links were made with the literature guided by the research objectives.

- **Step 4: Development of main themes.** The higher level of abstraction drew on theoretical concepts of the study. Focus was on the main themes supporting the interpretive coding.

Appendix 3-A provides an extract from one of the interviews, indicating the recording of recurrent themes. The themes which emerged from the thematic content analysis are discussed in Chapter 4.

3.3.5.3. Quality control for the present qualitative study

King and Horrocks (2011:153) recommended several ways to assess the quality of thematic content analysis. One approach is to use independent coding or a panel of experts to perform a quality check. A second approach is triangulation of data through a combination of qualitative and quantitative methods. Another approach is to ask the participants to evaluate whether the interpretation reflects their experience. The final approach involves the provision of thick descriptions and audit trails that illustrate the process undertaken in the study (King & Horrocks, 2011:153).

For this study, the methods to control quality of the analysis were (a) the use of three experts who read through the interview material and cross-checked against the themes from the data analysis; (b) the use of audit trails outlined in this chapter; and (c) the use of thick descriptions in reporting the results (see Chapter 4).

The structure of the themes and the findings from the qualitative data analysis are discussed in Chapter 4.

3.3.6. Limitations of qualitative study

One limitation was that the researcher was employed by one of the hotel groups. While the researcher had an advantage in gaining access to senior hotel executives, there was a possibility of bias from both the researcher and the respondents. Three of the participants were business competitors, while two were superiors of the researcher within the same organisation. This limitation was minimised by the researcher adopting a professional academic approach, and avoiding familiarity, during the process of data collection.

Results from the qualitative interviews were not generalisable because of the small number of participants. Sampling bias was also inherent in the selection of the top ten hotel groups. However, criteria for selection were applied, for example the number of hotel units managed.

Furthermore, there may have been respondent bias considering the sensitive nature of the BBBEE topic. Respondents may have felt obliged to present a positive profile of their organisations. This aspect was minimised by reassuring participants of the confidential nature of the research.

Furthermore, the seniority of the participants, and their activities in industry associations, suggested that they would participate with integrity.

Finally, the executives were unanimous in supporting the publication of the study to the rest of the industry, which suggested integrity and confidence in their participation.

3.3.7. Summary

The qualitative study on hotel group executives achieved its purpose of obtaining the views of top executives in the hotel industry. The demographic profile of the five participants indicated that the participants were accountable for or knowledgeable about BBBEE policy in their organisations. Three of the participants held chief executive officer positions.

The length of the individual interviews, 75 to 90 minutes each, enabled the researcher to explore questions on the interview guide in detail. There was depth and quality in the information collected. Insight from the senior executives is incorporated in the final discussion and interpretation of the research findings in Chapter 9.

The objective of using the qualitative study as a building block to the quantitative study was achieved. Themes that emerged from the thematic content analysis were applied and contributed to the development of the quantitative research instrument, the questionnaire. The methodology applied in the quantitative study of hotel general managers is discussed next.

3.4. SECTION THREE: QUANTITATIVE STUDY OF HOTEL GENERAL MANAGERS

3.4.1. Introduction

Section three of the research methodology describes the descriptive quantitative study, and testing of hypotheses, on BBBEE implementation by hotel general managers. The research constituted the core of the thesis content and contribution.

Churchill and Iacobucci (2005:107) stated that

“A good descriptive study presupposes much prior knowledge about the phenomenon being studied. It rests on one or more specific hypotheses. These conjectural statements guide the research in specific directions”.

Adopting the rationale of Churchill and Iacobucci (2005), the following elements were established prior to the quantitative investigation:

- That the theoretical review of literature provided the themes and concepts defining BBBEE formulation and implementation for the hotel industry;

- That from the literature review, hypotheses were formulated; and
- That information from the qualitative content analysis contributed to the development of the quantitative research instrument, the online questionnaire.

The quantitative data analysis took two forms. Firstly the descriptive quantitative study provided descriptive statistics in tables and histograms on BBBEE implementation in the hotels. Through cross tabulation, data was patterned enabling the comparison and identification of frequencies and significant relationships between the data (Burns & Burns, 2008:136). Secondly, correlational analysis using t-tests and ANOVA tests measured the strength of the relationship between variables. Although correlation does not imply causality, the results provided interpretations and deeper inspection of the subject by testing the hypotheses of relationships (Burns & Burns, 2008:82).

The research process for the quantitative study is presented as follows. First is an explanation on the choice of the questionnaire as the research instrument. Next is the description of the research population, sample size and sampling technique applied. The steps taken in developing the research instrument are discussed next, followed by the data collection and data analyses. The discussion ends with the description of testing the hypotheses of relationships, which provided the theoretical contribution of this study.

3.4.1.1. Selection of the questionnaire as research instrument

A research instrument in the form of a closed questionnaire was developed, as no similar research instrument was available. The closed questionnaire also enabled the capture and statistical analysis of predetermined information made up mostly of Likert scale responses. The format of the questionnaire allowed for the collection of a large sample of hotel general managers without the need for researcher presence in the field. Furthermore, the researcher believed that email communication was more suited to obtaining higher responses from general managers, in view of their irregular hours of work. Electronic distribution enabled efficient and timely distribution.

3.4.2. Research population of the quantitative study

The population for the quantitative study was identified as the GMs of graded hotels in South Africa. A search of the hospitality organisations did not yield a master list of graded hotels in the country (FEDHASA, 2011; TGCSA, 2011; RSA, 2011; South African Tourism (SAT), 2011).

A consultant who specialised in tourism reports explained:

“It always defeats me that we still don’t have a definitive data base of hotels and accommodation establishments in SA. I have my doubts that the DOT (Department of Tourism)

will have an accurate listing – think that the Grading Council may be the best bet. Although they obviously only list graded establishments, I would think (hope) that they should have an approximation or reasonable listing of non-graded hotels as well” (Tourism consultant, May 2011).

Three steps were undertaken in establishing a population for graded hotels in South Africa:

- **Step 1: Collation of national databases on the accommodation industry**

The researcher requested access to the national databases of the accommodation establishments registered with the Grading Council and FEDHASA, and guaranteed confidentiality in the use of the data. The Grading Council supplied a database of 6 663 accommodation establishments (TGCSA, 2011). The FEDHASA office provided a list of 1 208 accommodation establishments registered with the organisation, of which 333 members were from the Cape region, 326 members were from the KwaZulu-Natal region and 549 from the Inland region (where the rest of the country was managed from Johannesburg). Both databases provided information on hotels, guest lodges, bed and breakfast, guest houses, and tented lodgings in the country.

- **Step 2: Delineation of graded hotels**

The following criteria were adopted in defining the population – the hotel had to have a hotel name, location and contact email address to qualify for inclusion in the study. A list of graded hotel establishments was created through a process of manual calculation and cross-checking on websites and databases. Contact details of the hotels were verified using hotel and company websites. The hotel sites provided the email address of the general manager, and a contact email for the hotel. Email addresses were important to facilitate the electronic distribution of the survey.

Based on the above process, a final list of 611 hotels was established as the research population.

- **Step 3: Cross-reference of population of graded hotels**

To evaluate the accuracy of the size of the population, the researcher compared the population frame against hospitality studies. For example, a survey by a hospitality organisation identified 560 hotels in South Africa, with a total room stock of 53 077 rooms (De Witt, 2011). A similar survey by PricewaterhouseCoopers identified 58 800 hotel rooms in 2010 (PwC, 2011:14).

A study by Van der Merwe and Wocke (2007:10) on responsible tourism in hotels identified a population of 600 hotels in South Africa.

It would appear therefore, that the research population was in line with other studies. The population size for the study was determined as at 31st May 2011. However, the variations in the estimates of hotel population from different studies could be attributed to late accreditation by hotels in terms of renewing their graded status, or upgrades to another grade (TGCSA, 2011). During the data analysis, goodness of fit tests confirmed the alignment of the sample for the present research, with those of previous studies (see Chapter 5).

3.4.3. Sample size and sampling technique

A simple random sampling method was applied to ensure that each population unit had a known and equal likelihood of inclusion in the sample (Bryman, 2001). The random sampling was selected for the study because of the relative accuracy of the two databases from the TGCSA and FEDHASA. The FEDHASA database, in particular, was a dependable list of hotels, as the hospitality association is an active industry association with regular communications.

Of the 611 emails distributed, 235 (38%) original responses were received. The final sample was verified following data cleaning by a statistician. A number of respondents were rejected for analysis due to insufficient completion of the survey. The final sample of 178 respondents represented 29.3 per cent of the survey population.

A 29 per cent response rate was considered a good response rate and valid for the purposes of the study. By comparison, for example, Van der Merwe and Wocke's (2007:10) survey to a database of 600 hotels in South Africa using similar sampling criteria yielded a ten per cent response rate.

The sampling process was selected because it enabled practical execution of the research, and was cost and time-effective due to the accessibility of electronic mail.

3.4.4. Design of the questionnaire

The items for the questionnaire were derived from the literature review (Chapter 2), the proposed hypothesis (Chapter 2) and the findings from the qualitative interviews (Section 3.3.5). The link between theory and questions in the interview guide has been discussed (Section 3.3.4). Therefore, theoretical constructs will be discussed by exception in the following discussion.

The questionnaire contained 97 questions grouped under each of the five BBBEE elements, and including general questions on BBBEE (Table 3.5). A copy of the questionnaire is provided in Appendix 3-B.

The five questions generated data on the position, experience of the respondents, and the star rating and the location of the hotels, as indicated in Table 3.5.

Over 90 per cent of hotel general managers in South Africa are white persons (FEDHASA, 2011). The analysis of the black managers was excluded as the small sample did not have statistical power.

The 25 questions on employment equity addressed views on the representation of black managers in hotels, recruitment, skills shortage and perceptions of the hotel industry.

The 13 questions on skills development addressed views on development programmes, and mentoring and coaching of staff in hotels in the previous 12 months. Three questions were on hotel college students, as a source for recruiting future managers.

The 26 questions on procurement addressed views on the status of procurement from black suppliers, and the availability and capacity of black enterprises. Six questions were on the assistance extended to small black enterprises.

Three questions on socio-economic development were about assistance provided to communities in terms of cash or kind contributions.

Ten questions established how respondents ranked the challenges and opportunities of the five BBBEE elements.

Three questions were on the performance management of the GM regarding targets and incentives for BBBEE.

Nine questions on views towards BBBEE policy were placed in the final section of the questionnaire. The questions addressed views of the GMs on the rationale for BBBEE policy in terms of political, economic, social or business motivation.

In summary, information obtained from the theoretical review and the qualitative study contributed to the design of 97 survey questions. The range of questions in the questionnaire enabled the collection of data on the status of BBBEE implementation across the five elements under investigation. Additional questions were included on management factors and GM views on the broad-based empowerment policy.

Table 3.5: Categories and questions in the questionnaire

Category A	Number of questions	Questions on demographic data
A1 to A5	5	<ul style="list-style-type: none"> • Position in the company. • Extent of experience in the hotel industry. • Star rating of hotel. • Municipal and provincial location of hotel.
Category B	Number of questions	Questions on recruitment and employment of black managers
B1 – B9	25	<ul style="list-style-type: none"> • Percentage black persons in middle and senior management and within total staff. • Ease of recruiting black candidates for middle and senior management, within the hotel, hotel group and in the general market. • Attractiveness of hotel sector for black candidates. Whether hotel industry is career option by the black market. • Skills shortage for black candidates for management positions. • Areas of skills shortage for management positions.
Category C	Number of questions	Questions on skills development, hotel students and staff retention
C1-13	13	<ul style="list-style-type: none"> • Staff enrolled in internal and external development programmes. • Black staff receiving mentoring and coaching. • Hosting of college students on attachment in the hotel/skills levels of students. • Availability of black candidates for middle and senior management in 24 months. • Whether the hotel sector is an apprentice industry. • Black management leaving the hotel.
Category D	Number of questions	Questions on the development of black enterprises
D1 - D10	26	<ul style="list-style-type: none"> • Level of hotel procurement from black suppliers. • The top four areas of procurement from black suppliers. • Whether procurement policy is decided at hotel or group level. • Factors determining selection of suppliers for example, price, BBBEE status. • The availability and ability of small black enterprises in hotel location. • The reliability of black enterprises. • Whether the hotel has assisted in establishing or growing a black enterprise. • Assistance offered to black enterprises, e.g. payment terms, training.
Category F	Number of questions	Questions on supporting BBBEE policy
F4-F12	20	<ul style="list-style-type: none"> • BBBEE policy should be supported for: <ul style="list-style-type: none"> ○ the empowerment of all South African people; ○ more equitable representation of the demographics of the country; ○ to create more jobs / develop small enterprises in the country; ○ as a corporate social responsibility /as a responsible tourism practice; ○ because it is the right thing to do/policy makes business sense; and ○ policy should not be supported. • Views on challenges and opportunities on BBBEE. • General comment on BBBEE.
Category E	Number of questions	Questions on socio-economic development
Ei-Eiii	3	<ul style="list-style-type: none"> • Hotel donations in cash and kind.
Category F	Number of questions	Questions of GM performance
Fi-Fiii	5	<ul style="list-style-type: none"> • GM targets for BBBEE • GM incentives for BBBEE • GM progress in BBBEE.

3.4.5. Pilot survey

The questionnaire was tested in four phases. The purpose of the pre-tests was to rectify defects in the attitude scales before the main survey, and to ensure that respondents would be able to understand the questions asked (Churchill & Iacobucci, 2005:274; Patten, 2001:61).

In the item try-out exercise, a multi-disciplinary group of 14 professionals was invited to evaluate whether the questions were easy to understand, and whether the questionnaire was user-friendly (Appendix 3-B). The try-out group was comprised of two hotel GMs, one hotel operations director, one hotel group training manager, one hotel group transformation manager, one corporate strategy consultant, one government researcher, an expert on guest satisfaction surveys, two post graduate students, and four academic experts on research methodology and statistics. Responses were received from 13 (93%) of the 14 participants.

Feedback from the try-out group was incorporated into the research. For example, one participant suggested that the researcher should indicate in the survey cover letter, the intention to share the results of the survey with the hotel industry. Another participant suggested that the researcher should include both the university's and the researcher's business credentials, as hotel general managers would be more responsive to a business colleague rather than to a student.

The online survey was hosted on the Checkbox Online Survey Software tool available through the researcher's institution. A systems specialist from the researcher's institution assisted in the design of the web-based survey. The systems specialist had experience in designing and administering online surveys. The researcher assigned a code to each of the 97 questions, for purposes of data capture (see Appendix 3-C).

The specialist recommended a dual invite system for the survey. Firstly an invitation would be sent to each of the GM email addresses. Addressees that had not answered the survey would be sent a reminder. Secondly, the researcher was provided with a link to the survey that could be sent from the researcher's email address, but with responses collected in the central tool. The researcher obtained authority from her organisation to mail the survey.

A professor of statistics tested and confirmed the functionality of the back-system for data collection and data analysis. Another professor also reviewed the suitability of the survey tool in the context of the research objectives.

The researcher identified the Sandton General Managers Forum in Johannesburg as an appropriate population for the pilot survey. The 90 members of the forum are hotel general managers who meet once a month to network over lunch. The researcher is a member of the

forum. In April 2011, the researcher addressed the forum, provided the context of the study, and obtained consent to use the forum database to pilot the study.

The pilot questionnaire was emailed to the 90 GMs in July 2011 from the secretariat of the GM forum. A follow up email was sent five days later. In addition, the researcher approached four GMs from outside Johannesburg (Durban, Cape Town and Limpopo) to participate in the pilot survey. The total population for the pilot survey was therefore 94 GMs.

A sample of 12 respondents (13%) was achieved out of 14 (15%) respondents who completed the pilot survey. The respondents provided feedback indicating that the questionnaire was usable and easy to understand. Completion time of the survey ranged from 20 to 30 minutes, which was considered reasonable by the respondents.

Data collected in the pilot survey was analysed using the STATISTICA software package with the assistance of two professors. The data analysis confirmed that the research instrument was valid. No changes were made to the survey questions. However, the code allocated for each question was shortened for efficient analysis of data.

3.4.6. Measurement of attitudes

The measurement of attitudes is based on self-reporting, which is subjective, and on evaluating positive or negative feelings towards a person or an event (Burns & Burns, 2008:470). Methods of self-report scales include – differential scales, the Likert scale, the semantic differential and the Stapel scale (Burns & Burns, 2008:471; Churchill & Iacobucci, 2005:274). Both sets of authors suggested the Likert scale for application in business research.

3.4.6.1. The Likert scale

This study applied the five point Likert scale system which is the common categorisation of the Likert scale (Burns & Burns, 2008:473). In terms of advantages, Likert Scale questions are efficient and easy to construct and the data is easy to record and interpret (Burns & Burns, 2008:475). In addition, the limited choice of responses on the Likert scale enables analyses of trends (Fowler, 2009:101).

However, as the Likert scale is not an ordinal scale, it does not rank how favourable or unfavourable an item may be (Burns & Burns, 2008:97). Furthermore, defining the midpoint in a Likert scale poses a challenge because meanings and interpretations of the midpoint may differ among the respondents (Burns & Burns, 2008:475).

The respondents were asked to respond on a five-point Likert scale, indicating - strongly agree, agree, neither agree nor disagree, disagree and strongly disagree. A few questions required excellent/very good/good/fair/poor responses. Two questions required the ranking of items in areas of skills shortages and areas of black procurement. Respondents were invited to comment at the end of each set of questions. The last question of the survey was an open-ended question, to provide the respondents with an opportunity for a final unrestricted response to the survey.

Guidelines for item development promoted the ease of use. The Likert scale was formatted in a double format for ease of response. Scoring of favourable and unfavourable statements was mixed to avoid random selection by the respondent. Finally, some hypothetical responses were included in an effort to elicit a response.

3.4.6.2. Physical characteristics of the questionnaire

On the final administration of the questionnaire, the following points were considered:

- The cover letter explained the purpose of the research and the importance of the research for the hotel industry. The researcher invited the GMs to participate in the survey, and offered to share the results on completion of the research project.
- The cover letter addressed the population as “industry colleagues” to create a sense of affinity between the researcher and the general managers. In addition, the logos of the educational institution and the business title and address of the researcher were placed on the cover letter.

The opening paragraph of the cover letter explained the topic of the research and stated:

“Research is vital to grow and develop our industry. This research project aims to identify the challenges and opportunities that hotel GMs in South Africa currently face in implementing BBBEE in their hotels. In addition, the research will aid in the development of a broader empowerment framework for BBBEE in the South African hotel industry” (Author’s own, 2011).

- The question sequence followed the BBBEE elements on the Tourism Sector Charter, using terminology that GMs were likely to understand, for example, employment equity, staff development, procurement and enterprise development.
- Respondents were guided throughout the survey. For example, they were advised of the pages left and provided with pointers for the next or previous page.

3.4.6.3. Quality control for data collection

Steps were taken to promote the collection of accurate information from the online survey:

- Respondents were asked to recall behaviour over the previous 12 months only.
- Each question addressed a single issue.
- Explanation of concepts was provided to ensure that the meaning was consistent for all the respondents.
- Bold, italics and capital letters were used to distinguish between instructions and content.

For a detailed guide on conducting questionnaire surveys, see Churchill and Iacobucci (2005) and Patten (2001).

3.4.7. Data collection

The final questionnaire was distributed online through the FEDHASA offices with an introductory letter from the CEO of FEDHASA, who urged members to support the survey:

“I urge you to complete the survey and support this project, as our hospitality sector will benefit from the insight gained during this research project. Mati will share the findings of her research with the industry on completion of her project”.

The emails were distributed through the three regional offices of FEDHASA in Johannesburg, Durban and Cape Town. The data collection was strengthened by an additional and unsolicited email from the deputy chairman of FEDHASA, himself a CEO of a hotel group, who wrote to ten CEO's of the large hotels groups urging them to support the survey.

The deputy chairman explained,

“Please can you distribute the below survey to all of your group hotels as per the request from Brett. I believe that it will be a very worthwhile survey and the results thereof will definitely give us a better insight into how our senior management perceive some very poignant issues facing our industry at present”.

The two letters of support confirmed Patten's (2001) view that endorsements from influential persons assist in the success of a survey.

The researcher followed up with the FEDHASA regional offices, and hotel group offices, to verify the email distribution. As her organisation is a member of FEDHASA, the researcher also received the survey and was able to track progress on data collection. Therefore, the validity and reliability of the sample and data collection were established.

3.4.8. Quantitative data analysis

The quantitative data analysis of this study took two distinct forms: a descriptive data analysis and a correlational analysis. The same data set was applied for data cleaning and data analysis techniques. The statistical analyses were performed on raw data using the STATISTICA software system, with assistance provided by two professors from the researcher's institution.

3.4.8.1. Descriptive analysis and Chi-square tests

In the descriptive data analysis, the descriptive statistics were presented numerically, in tables and in histograms, beginning with an analysis of the profile of the respondents. Data was arranged and summarised to gain an initial understanding through the identification of the relationships between the scores on the different variables. Secondly, cross tabulations that made use of chi-square tests were applied in an effort to extract associations and meaning from the data.

3.4.8.2. Goodness of fit tests

To support the descriptive analysis, goodness of fit tests were conducted to test the alignment between the hotel population and the research population developed from FEDHASA and TGCSA.

The results from the descriptive data analysis are presented in Chapters 5, 6, and 7.

3.4.8.3. ANOVA and t-tests

Two statistical techniques were applied, namely (a) one-way between-groups analysis of variance with post-hoc tests (ANOVA), and (b) independent-samples t-tests (T-tests). The ANOVA and t-tests were conducted to explore the relationships among variables in the data set that were not apparent in the previous analysis and to test the hypotheses of the study.

The ANOVA tests explored the relationships between a set of independent variables and grouped (levels) dependant variables. As Burns and Burns (2008:285) explained,

“the purpose of ANOVA is to decide whether the differences between the means of observation is simply due to chance (random sampling error) or whether there are systematic effects that have caused scores of observations in one or more groups to be statistically significantly different from those in other groups”.

Independent-samples t-tests compared the mean scores of two different groups of either GMs or conditions that the GMs met. It was assumed that the items could be treated as interval data. Independent-samples t-tests were considered to be appropriate as the test is robust to non-normality under the sample conditions that were present. Normality tests were omitted as they were considered as not very reliable.

Findings (significant or not significant) that were of interest to the research were reported on and are discussed in Chapter 8.

Prior to conducting the statistical analysis, several procedures were undertaken to promote quality output, including reliability analysis.

3.4.8.4. Reliability analysis

There were not enough cases relative to the number of items to conduct factor analysis (ratio of cases to variables was much less than four). The reliability of each of the scales employed in the study was explored through analysis of the Cronbach's alpha. Cronbach's alpha provides an average value for reliability coefficients that are attainable under dichotomous testing (Burns & Burns, 2008:421).

Adopting the reasoning of Burns and Burns (2008:417), a Cronbach's alpha greater than 0.8 was considered highly acceptable, while 0.7 was the limit of acceptability. Therefore, values greater than 0.8 were interpreted as having a higher degree of reliability. Item analysis was done for five suitable scales based on mixed or unsuitable item format and they were found to have good reliabilities as per computer output. The scales did not have to be interpreted as they came directly from the items grouped on existing factors with clear descriptions (see Appendix 3-D).

The items composing the scales were as follows:

- a) Recruitment: B3i-iii and B4i-iii
- b) Procurement from small black enterprises: D6-9
- c) Assistance to develop small black enterprises: D13i-iv
- d) GM Targets: F3i - F3iii
- e) BBBEE Support: F4 - F11, F12 reversed.

Results of the reliability analysis are discussed in Chapter 8.

3.4.8.5. Limitations of quantitative study

The population for the quantitative survey was defined as hotel general managers of graded hotels. Although the findings (Chapter 5) indicate that the majority of respondents were general managers, it was not possible to verify this fact. The length of the survey (97 items) may have discouraged some general managers from responding due to the time required to complete the survey. However, the response rate that was achieved ensured that the final sample was valid and generalisable.

As the survey included the sensitive topic of a race policy, some respondents may have been reluctant to indicate their views. However, the high volume of voluntary individual comments suggests that the respondents were comfortable to express their opinions. A large number of respondents also provided their personal details at the end of the survey, suggesting integrity in the responses provided.

3.5. CONCLUSION

This chapter on methodology has described the processes taken to address the research objectives provided for the study. The description of the qualitative and quantitative steps was complete and detailed, to enable replication of the study.

The mixed method approach was suitable for an exploratory study followed by a descriptive study of the implementation of BBBEE policy in the hotel industry. Steps were taken to ensure that the study was valid, reliable and generalisable.

The exploratory study was conducted through semi-structured interviews with five executives from hotel groups in South Africa. Data was analysed through thematic content analysis. The second part of the study was the quantitative and primary investigation. The descriptive study was conducted through an online survey of 611 hotel general managers in South Africa.

The findings of the study are presented in five chapters, Chapters 4 to 8, starting with results from the qualitative content analysis in the next chapter, Chapter 4.

CHAPTER 4

RESULTS FROM QUALITATIVE ANALYSIS

4.1. INTRODUCTION

Chapter 4 presents the results from the qualitative content analysis of interviews conducted with five executives representing hotel groups in South Africa. The qualitative approach was the first stage in the mixed methods research (qualitative-quantitative) to explore the implementation of the BBBEE policy in the South African hotel industry. Chapter 3 described the methodology undertaken in the sampling, collection and thematic content analysis of the interview data.

The first objective of the interviews was to gain knowledge on how the hotel groups were implementing BBBEE policy. The researcher believed that leaders from the hotel industry would provide explanations contributing to closing the gap between government objectives on BBBEE policy, and the implementation of BBBEE in the hotel industry. The second objective was the investigation of a diversity of views derived from experts who were familiar with the phenomenon under study, thereby adding credibility and depth to the study. The hotel leaders of four hotel groups represented 222 hotels, or 77 per cent of graded hotels in the country. Thirdly, knowledge from the interviews contributed to the development of the questionnaire for the second stage of research, the quantitative survey of the hotel general managers. Therefore, the interviews achieved the goal of providing a building block in the research study (Alvesson, 2011:137).

Chapter 4 is structured as follows. Section one is a description of the sample of executives who were interviewed. Section two provides the results structured under the six categories that emerged from thematic content analysis of data. Section three provides a summary discussion explaining how the qualitative results answered the research objectives. This is followed by the conclusion.

4.1.1. Thematic content analysis of the interview data

The content analysis approach was suitable because the approach enabled the categorisation or coding of data through several stages of analysis, thereby building on the topic-centred approach adopted during the semi structured interviews (Mason, 2011:62). The data was organised applying the structure suggested by King and Horrocks (2011:149) for thematic content analysis. Following transcription of the interview tapes, the interview material was analysed in three stages – descriptive coding, interpretive coding and finally development of themes. The themes that were identified reflected the patterns in the data that had a direct bearing on the research topic, and which were recurrent and distinctive.

In presenting the findings, thick descriptions were applied. This enabled the voice of the interviewees to narrate the story, and ensured quality of data from the thematic content analysis (King & Horrocks, 2011:153).

4.2. SECTION ONE: PROFILE OF THE HOTEL EXECUTIVES

The final sample of five executives from four hotel groups represented 40 per cent of the largest hotel companies in the country. Three of the interviews were with CEOs, and two interviews were with group HRMs, as indicated in Table 4.1.

The three CEOs were white and male, while the two group HRMs were black with one of them being female. The profile of the participants appeared to confirm the studies indicating corporate South Africa, where white persons are in top management, while black managers hold positions in human resources (CEE, 2011; Mohamed & Roberts, 2006:13). All five participants were South African nationals and the participants ranged in age from 35 to 52 years.

The four hotel groups are locally owned, and two of the groups are listed on the Johannesburg Stock Exchange. Although international hotel chains are operating in South Africa, reflecting the expansion of global hotel chains (Li *et al.*, 2007:271), the large hotel groups are locally owned and managed (Lapeyre, 2011:63).

Additional information on each interview participants is provided next.

Participant A was a CEO who had held his position for over ten years. His group (Hotel Group A) is a listed company managing 52 hotels of two, three and four star grading in South Africa. The shareholder profile of Hotel Group A indicated 51 per cent black ownership, which was accepted for black empowered status (RSA, 2009:5).

Table 4.1: Demographic characteristics of the hotel group executives

Respondent code	Designation	Age	Gender	Work duration	Nationality	Ethnic group	BBBEE level status (Jan '10)
A	CEO	52	M	12	SA	W	4
B	CEO	50	M	11	SA	W	4
C	CEO	40	M	1	SA	W	4
D	HRM	38	M	5	SA	B	Ungraded
E	HRM	35	F	3	SA	B	Ungraded

Notes: CEO = chief executive officer, HRM= human resources manager, M = male, F = female, SA = South African, W = White, B = Black.

Participant B was a CEO who was interviewed 18 months earlier than the rest of the participants, as he was due to retire shortly. Insight from the outgoing CEO was important because he led the

largest hotel group in South Africa (Hotel Group B/C) for over 12 years. Participant B had over 20 years' experience in the hotel industry at national and industry level.

Participant C, who replaced Participant B as CEO, had held the position for one year, when his interview was conducted in 2010.

Hotel Group B/C managed 53 hotels ranging from two star to five star grading, and representing 10 679 rooms. The hotel group also had 51 per cent black ownership. Furthermore, Hotel Group B/C managed another nine hotels across continental Africa and in Dubai, and the group held a 49 per cent shareholding in Formula One hotel group (24 hotels) in South Africa.

Participant D was a Group Human Resource Manager -Transformation with five years' experience and full time responsibility for transformation management in the organisation. Hotel Group D was a gaming and entertainment company managing several casinos and a hotels division. The six hotels (1 876 rooms) in Hotel Group D ranged from three star to five star grading. Hotel Group D also had 51 per cent black ownership. The hotel group also managed hotels in Swaziland, Namibia and Botswana.

Participant E was a group HRM who had transformation as part of his portfolio on human resource management.

Hotel Group E managed 87 hotels (8 233 rooms) ranging from two star to five star grading. The operating model of Hotel Group E differed from the other three groups, in that the hotel portfolio included owned, managed and franchised hotels. Hotel Group E also managed hotels under franchise, in several African countries.

In 2007, shareholders of Hotel Group E sold 74 per cent shareholding to a group based in Australia, which diluted their empowerment credentials. The local company bought back the shareholding in 2009, restoring the profile to 50 per cent black ownership.

4.2.1. Summary

The five participants in the qualitative research held positions of seniority and were qualified to provide views on behalf of their organisations. Based on the above profiles, the participants were familiar with, and could contribute knowledge relevant to the study on the implementation of BBBEE policy within their organisations. Therefore, the profile of the participants fulfilled the objectives of the research in terms of diversity of views and contribution of knowledge from the hotel groups.

4.3. SECTION TWO: RESULTS OF THE INTERVIEWS

Samples of the descriptive, interpretive and thematic coding are provided in Appendix 3.6. The six themes or categories were as follows:

- Category 1. Rationale for BBBEE policy
- Category 2. Hotel group strategy for BBBEE
- Category 3. Factors influencing BBBEE implementation at group level
- Category 4. Involvement of the hotel general manager
- Category 5. Implementing BBBEE in enterprise development
- Category 6. Stakeholders in black economic empowerment.

The results of each category are examined next.

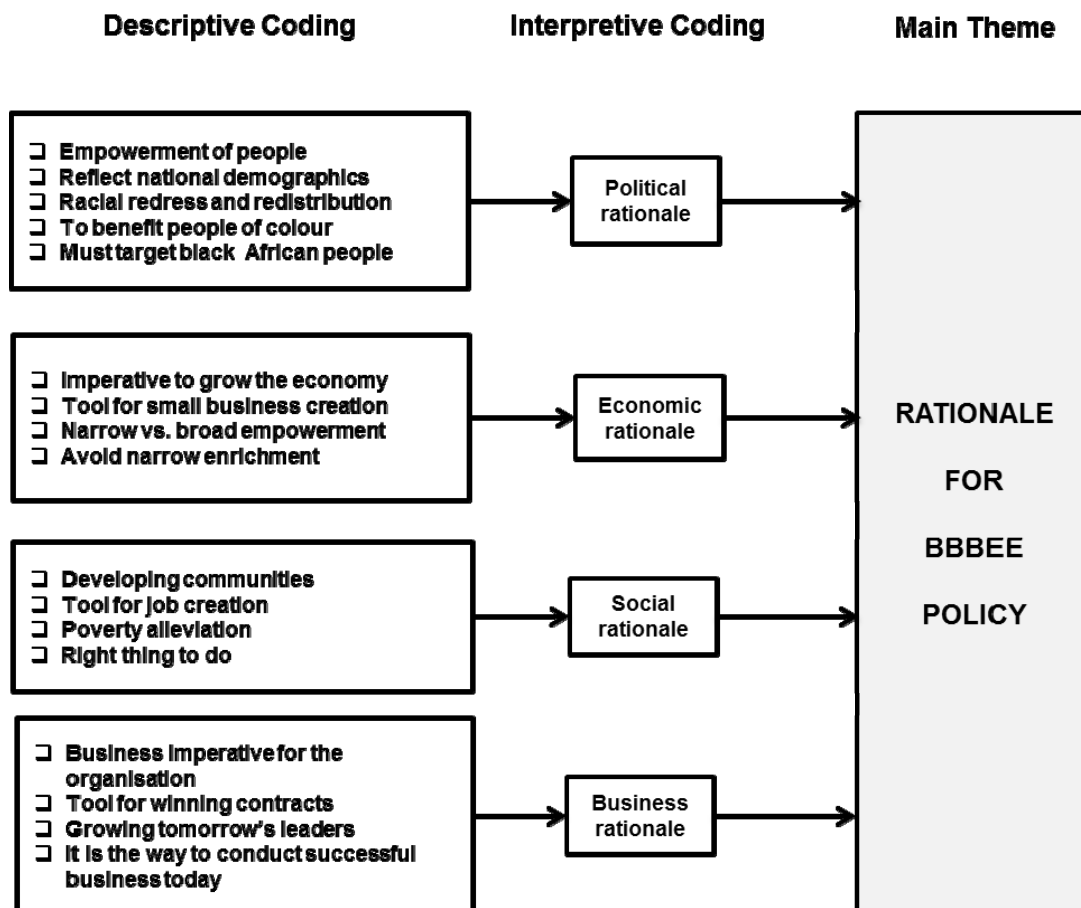


Figure 4.1: Rationale for BBBEE policy

4.3.1. Rationale for BBBEE policy

The results indicated that the participants were aware of the government's objectives on broad-based empowerment. The views on the political, economic, social and business rationale for

BBBEE policy indicated that the participants considered the policy as essential for accelerating development in South Africa (Figure 4.1).

Furthermore, the political, economic, social and business factors were mentioned interchangeably or simultaneously by the participants, thereby suggesting that the sub-themes were perceived as interrelated (King & Horrocks, 2011:150).

4.3.1.1. Political rationale

The political rationale for the BBBEE policy was equitable representation of people and was important, according to the participants. One participant stated that BBBEE policy was about enabling the majority of the people to participate in transformation and economic prosperity. Another participant mentioned that business needed to be 'reflective of the rainbow nation', a local term coined by Archbishop Desmond Tutu in reference to the multi-racial nature of society in democratic South Africa (Tutu, 1994). A third participant described the need for reflecting "the demographics of the country". Evidently, the participants believed that BBBEE policy served to overcome the legacy of apartheid, and to address racial redress. The views were consistent with government objectives on addressing racial redress (Ncholo, 1994:46; Sachs, 2007:6) and inclusion in the workplace (MacDonald, 2006:2; Seekings, 2008a:39; Terreblanche *et al.*, 2006:39).

In describing the beneficiaries of BBBEE, the participants applied terms such as 'our people', 'people of colour' and 'black people'. For one participant, BBBEE was meant to empower black African people in particular.

As participant B explained,

"The majority of South Africans, whether you like it or not, are black. So, if you are going to focus on people, you are going to be focusing on the black people which originally had no focus at all....".

Describing his company's promotion of Indian managers, the participant added,

"Mr X has just come back from overseas. We are going to send Mr Y. But I mean, we are still talking Indians, with the greatest respect, okay. So, I am now saying guys, Indians are Indians, we can maybe get around the BEE but let's stop kidding ourselves here... We want black people. Let's stop bullshitting here. So, we need to get more of those people in" (Participant B).

The views of Participant A supported Dupper's (2008:12) observation that court judgements favoured African candidates over Indian and Coloured people in ruling on cases of affirmation action. Therefore, the theory of substantive equality to support affirmative action appeared

validated, as BBBEE policy provided for a group outcome for the previously disadvantaged (Ncholo, 1994:34).

4.3.1.2. Economic rationale

Growing the economy is important for both the population and for business growth. And BBBEE policy is one way of creating the balance in the ownership of business wealth.

As participant A explained,

“I think it’s the whole objective and, hopefully, outcome of BBBEE campaign or code or program, or whatever you want to call it, is really to help with economic prosperity of the country. Because, I think what it does is....the intent is designed to allow the majority of the population to participate in some degree of transformation and economic prosperity”.

Participant B expressed a similar view on the economic rationale for BBBEE, stating:

“I think it was a necessity. I mean, whether you call it Black Economic Empowerment or Black Economic Development, the reality is we didn’t have enough South Africans to meet the needs of our economy going forward”.

The five participants agreed that economic empowerment needed to be broad based if it was to be effective. As one participant explained, the purpose of BBBEE is not narrow empowerment or the enrichment of a few black people (Fauconnier & Mathur-Helm, 2008:27). Another participant remarked that narrow empowerment has resulted in “a black ruling class without black economic empowerment”. However, the participants regarded the narrow empowerment phase as a learning curve for business which resulted in both good and bad empowerment transactions (Southall, 2007:73). For one participant, business need to embrace broad-based black empowerment because “*it’s good for the industry, the Company and the people*”.

Therefore, achieving economic growth was a key outcome for black empowerment, which was in line with literature on government objectives for BBBEE policy (Bond, 2005:39; Padayachee, 2006:4; Southall, 2007:70; Turok, 2008:147).

4.3.1.3. Social rationale

The two areas identified for BBBEE contribution to socio-economic development were job creation and community development. The participants acknowledged that the hotel industry could employ more black people into management positions. One participant stated that job creation is essential to open up opportunities that have previously been unavailable for black people, particularly in the tourism sector. Another participant spoke of the need to “grow tomorrow’s leaders”. The findings

supported studies that suggested the capacity for the private sector to employ black managers (BUSA, 2010; CEE, 2011) and that tourism businesses were neglecting opportunities to empower communities through job creation (Rogerson, 2008a:1).

According to the participants, the development of sustainable small businesses in communities is important to achieve economic growth. And hotel groups could perform a role in opening up opportunities for small black enterprises, as suggested by Rogerson (2005:623). The participants acknowledged that the hotel and tourism system is owned and controlled by the larger actors. The finding confirmed theories on governance in the tourism value chain, and the marginalisation of smaller actors (Clancy, 1998:122; Lapeyre, 2011:63). However, the participants believed that hotel groups could create opportunities for the smaller actors.

As one participant explained,

“I think the tourism product is still owned largely by the bigger players. I don't think you have an industry that is necessarily evenly distributed. I think it's quite difficult for new entrants to get into our business. And also the SMME tourism is, in this particular current environment, it's very difficult, and the guesthouses and small little operators are going to need the support of the bigger players to be able to help them keep being sustainable” (Participant C).

Participant C suggested that growing small enterprises contributed to the growth of the second economy (Hart, 2006:26).

As the participant explained,

“The only one that is quite exciting and challenging at the same time, is the focus on enterprise development because I think there....and there I applaud the Government's intent there, because they are saying, listen, it's not up to business to provide hand-outs. Business is there to try and assist in the growth of the second economy”.

The views were consistent with theories on enterprise and community development in tourism (Booyens & Visser, 2010:367; Cornelissen, 2005:163; TEP, 2008:1); theories on pro-poor tourism (Goodwin, 2006:1); and theories on the tourism value chain where large businesses control supplier channels (Clancy, 1998; Lapeyre, 2011:63).

On community development, one participant observed that previous activities by the hotel industry focused on community social investment or “hand-outs”, whereas enterprise development was a sustainable investment in the community.

The participant explained,

“We need to be conscientious so when we are doing business....and to realize that it is for the betterment of the country and to see the benefits trickling down to the community in which we are operating. Which is something that I don't think is yet being visible except through what some people would see as handouts through CSI” (Participant E).

Participant C endorsed the view on community development, and explained that

“It's very easy for businesses to dish out 'dosh' as opposed to saying, well, how are we going to make people....how can I assist people in setting up businesses and being sustainable”.

This finding supported the literature on the shift from community social investment to a responsible and sustainable investment in communities by businesses (Esser & Dekker, 2008:158; Hamann *et al.*, 2008:21).

4.3.1.4. Business rationale

Based on the interviews, business commitment to transformation in the hotel industry appeared strong. The hotel executives regarded their organisations as large businesses in the tourism industry whose role is to lead transformation in their sector. However, one participant pointed out that the hotel industry has been adopting BBBEE practices since 2005.

As the participant explained,

“And then again, I must say, that a lot of the players in the market already started their process of this. So, it wasn't a case of everybody was waiting to say, is it going to be 2009, right. Or, is 2005 good enough for us to actually start. So, as I said, a lot of us already started our processes in 2005”. (Participant A).

The phrase “*the right thing to do*” was mentioned several times by each participant. BBBEE policy is “right” because it is beneficial for the company, the industry and the population in general.

Adherence with BBBEE policy has become a requirement for conducting business in South Africa. Two participants stated that BBBEE is a competitive tool for obtaining government contracts. Furthermore, buyers and sellers in the tourism value chain request proof of BBBEE certification of the hotels, as a pre-requisite for conducting business. Therefore, while compliance with BBBEE policy is voluntary, BBBEE certification encourages self-regulation in the hotel industry (Hall & Jenkins, 1995:53; Turok, 2008:264).

As participant E explained,

“..it’s a licence to operate as long as you are operating within the South African environment... But now, slowly but surely, when people are asking them(hotels) for the BEE status and stuff like that, they are starting to appreciate it. And they say, okay, we need to get there otherwise we may be run out of business as it is”.

The word ‘imperative’ was applied several times by the participants, suggesting a sense of urgency towards implementing BBBEE policy.

Evidently, the participants believed greater involvement by big business would ensure the success of BBBEE policy (Southall, 2007:67).

As Participant B explained,

“And I’m sorry, you know, that big business always cries and says, ah but we are being singled out etc. But you know, the reality is that it is only big business that can influence these things... Let me tell you, if 80per cent of big business adopt that, that poverty problem would be solved and an economy would be created by itself.

4.3.1.5. Summary

It was evident that the participants were familiar with government’s objectives on BBBEE policy as they referred to terms which were similar to terms applied in the BBBEE strategy and policy documents (RSA, 2009:4; RSA, 2004:4). The hotel executives were aware of rationale for BBBEE on political, economic, social and business factors. It is clear that BBBEE is a means of accelerating the pace of economic development in the country, and broadening the participation of black people in employment and wealth creation.

The executives also acknowledged their role as industry leaders to drive transformation within their hotel units and in the tourism sector.

4.3.2. Hotel group strategy on BBBEE

Factors which emerged on hotel group strategies included the relevance of the Tourism Sector Charter, the status of the hotel group on compliance with BBBEE, and views on the pace of transformation in the hotel industry (Figure 4.2).

4.3.2.1. The relevance of the Tourism Sector Charter

Hamann *et al.* (2008:24) suggested that industry charters signalled the endorsement of BBBEE policy by the private sector. Yet the findings indicated that the participants questioned whether the existence of a separate charter for tourism was relevant.

Two CEOs participated in the public-private forums established during the development of the Tourism Sector Charter. It would appear, therefore, that the charter process in tourism was consultative (Hamann *et al.*, 2008:24). However, for one participant, the outcome of the charter process was not ideal, because the issues raised by the industry during the consultation phase were not addressed by government.

The participant explained,

“I was on the original Ministerial Steering Committee of the original Tourism Charter for the industry. And, it was a great learning curve I think, at that particular time. And, again, the big problem that we had there is that there was a bit of impatience in getting it to a point where they wanted to make announcements and all that type of thing before we had actually got to that stageSo, once we had made the big announcements and we had had the big celebrations that we had the first Charter etc. etc., we then came across certain issues which we realized had to still be sorted out” (Participant A).

The areas of concern with the charter process included:

- The alignment of the Tourism and DTI Charters in practice.
- The definition of a tourism micro-enterprise in terms of financial turnover.
- The starting date for measuring compliance. The participants believed that there should have been a delay between the introduction phase and the reporting phase for BBBEE compliance.

Although the participants were willing to comply with BBBEE policy, they believed that the Tourism Sector Charter is no longer relevant as a separate charter. The participants preferred to comply with the DTI Codes of Good practice because the DTI Codes are applicable to all industries in the private sector. And compliance with two regulatory Codes has resulted in a bureaucratic burden for the hotel industry.

As Participant A explained,

“Because we find ourselves in a situation now where we are working with two sets of, call them Charters if you want to. We have got the Industry Charter and then we are saying, who is going to measure us against the Industry Charter? And then, we’ve got the Codes of Good Practice

from DTI and who is going to measure us against the Codes of Good Practice? So, we are finding ourselves in a situation now where we have got to get certification from two different agencies so that, when we do go out there.... I don't think that's (Tourism Sector Charter) necessary any more... it would make things a lot easier for a Company like ourselves to have one set of rules".

The challenges with compliance in the hotel sector confirmed studies which identified problems with the interpretation of regulations for BBBEE (Hoffman, 2008:96; Southall, 2007:78; Tangri & Southall, 2008:699). The challenges of understanding BBBEE regulations may have contributed to non-compliance by some businesses (Hoffman, 2008:26; Iheduru, 2004:26).

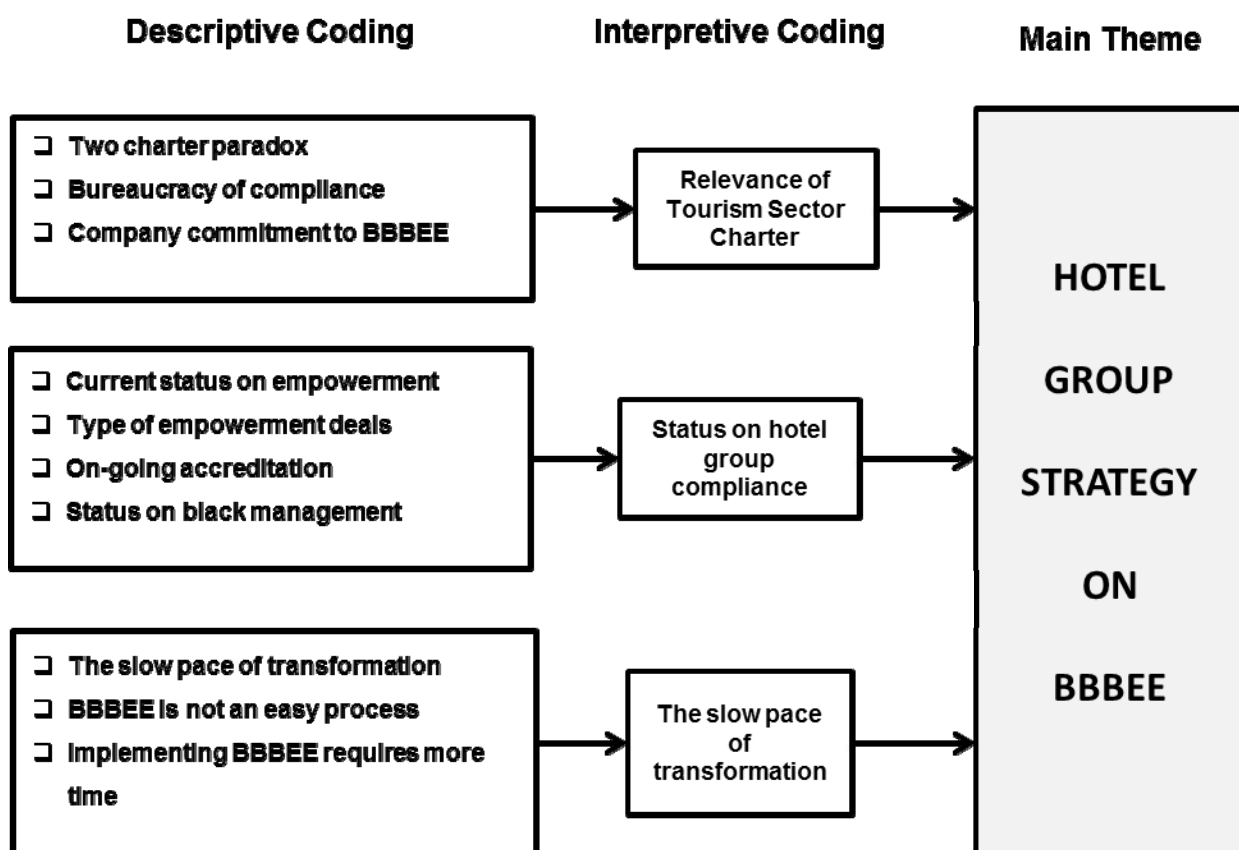


Figure 4.2: Hotel group strategy for BBBEE

4.3.2.2. Status on hotel group compliance

According to the hotel executives, the hotel industry has been performing satisfactorily with BBBEE implementation, when compared to other industries. Two participants cited the results of the tourism industry baseline survey of 2007, which indicated that large organisations in the accommodation sector scored higher in BBBEE compliance (Yarona, 2007b:13).

The participants also confirmed that the hotel groups had BBBEE empowerment deals in place, which was consistent with the publicly available information (City Lodge Group, 2011; Protea

Hotels, 2011; Southern Sun Hotels, 2011; Sun International Group, 2011). The empowerment transactions for the hotel organisations were broad based as the new shareholding structures included stakeholders such as communities, workers' unions and women's associations (see Table 2.7). However, one participant observed that the impact of broad-based shareholding on the beneficiaries has not yet been assessed.

As Participant E stated,

"Now, whether the people are getting the benefit of that is a separate issue. But we are empowered".

Two participants stated that the levels of black representation at general manager level in hotels are still low. One participant whose black managers represent less than ten per cent of general managers stated, "*Yah, about 10 per cent... I am quite ashamed to say, but it's not through not determination and hard work*". Another CEO stated that his group had made progress on black appointments at the general manager level within their three star brands. However, finding black managers for four and five star hotels was challenging (Ozdemir & Cizel, 2007:170).

The participants also indicated that the level of involvement by hotels in enterprise development was low.

It would appear that black empowerment status has been achieved at shareholder level, but the hotel groups have yet to achieve higher levels of black representation in employment and enterprise development. The finding was consistent with several studies on the status of BBBEE in the private sector and in tourism (Financial Mail, 2012:58; Sartorius & Botha, 2008:437; Yarona Management Consulting, 2007a).

4.3.2.3. The pace of transformation in hotels

The hotel executives acknowledged that pace of transformation in the hotel industry was slow, supporting the view of Van Schalkwyk (2008:2).

As Participant B explained,

"..that's where Government is saying when they keep on complaining to say the pace is too slow. I think the issue is not about our companies transforming, the issue is about the pace of transformation. To say, well, companies are taking their good time going around this thing and they must quicken the pace because the poverty levels are sitting here...".

Implementing BBBEE has not been an easy process to accomplish, according to the participants. Although there is room to improve, the BBBEE process will still take time to realise, as it is an evolving process.

As Participant E explained,

“And the issue with BEE is that it takes long to see the benefits. Some of the things we are doing now, we will reap the benefits in a couple of years’ time, and it’s painful. Some of the things are painful, if I may put it as blunt as that....”.

The subject of time required to implement BBBEE was mentioned several times by each participant. Evidently, the hotel executives reflected literature suggesting that affirmative action programmes tended to be long term, in order to be effective (Acemoglu *et al.*, 2007:1; Sartorius & Botha, 2008:448; Sowell, 2004:4).

At the same time, one participant insisted that the hotel industry was performing well in BBBEE implementation although achieving the objectives would take time.

As the participant explained,

“But I do think you need to mention that we have done a good job ... It’s frustrating for black people and it’s frustrating for women. It is taking longer than we thought” (Participant B).

4.3.3. Role of the hotel general manager

The five participants agreed that the slow pace of transformation was linked to some resistance by hotel GMs towards BBBEE policy. The hotel general managers play an important role in implementing BBBEE policy at the hotel unit level. However, the GMs also face challenges and opportunities in BBBEE, as indicated in Figure 4.3.

Views differed on the reasons for the GMs’ responses to BBBEE policy. For two participants, resistance by hotel general managers has not been deliberate. Instead, it is a case of lack of knowledge by hotel managers on how to implement BBBEE policy.

As Participant D explained,

“But also, the challenge is – with the hotels that we are having – because of the way hospitality has grown in South Africa you will find resistance. But I am saying I don’t really blame the people or the owners of the business, it’s lack in understanding. They don’t understand. The moment they understand this industry will be one of the best industries. Because what people are seeing is the black man coming to take something that is not due to them”.

The finding suggested that some of the GMs did not understand the BBBEE regulations, and this evidence supported similar findings in the South African private sector (Duffett *et al.*, 2009:86; Wu, 2008:1).

One participant stated that GMs have resisted BBBEE because they do not appreciate how the policy benefited the managers and the company in the long run. Another participant estimated that about 75 per cent of their general managers support BBBEE implementation, but the remainder of the general managers have yet to be convinced. Evidently, hotel GMs have resisted BBBEE policy because of a fear of losing their jobs (Hoffmann, 2008:104; Garner, 2007:38).

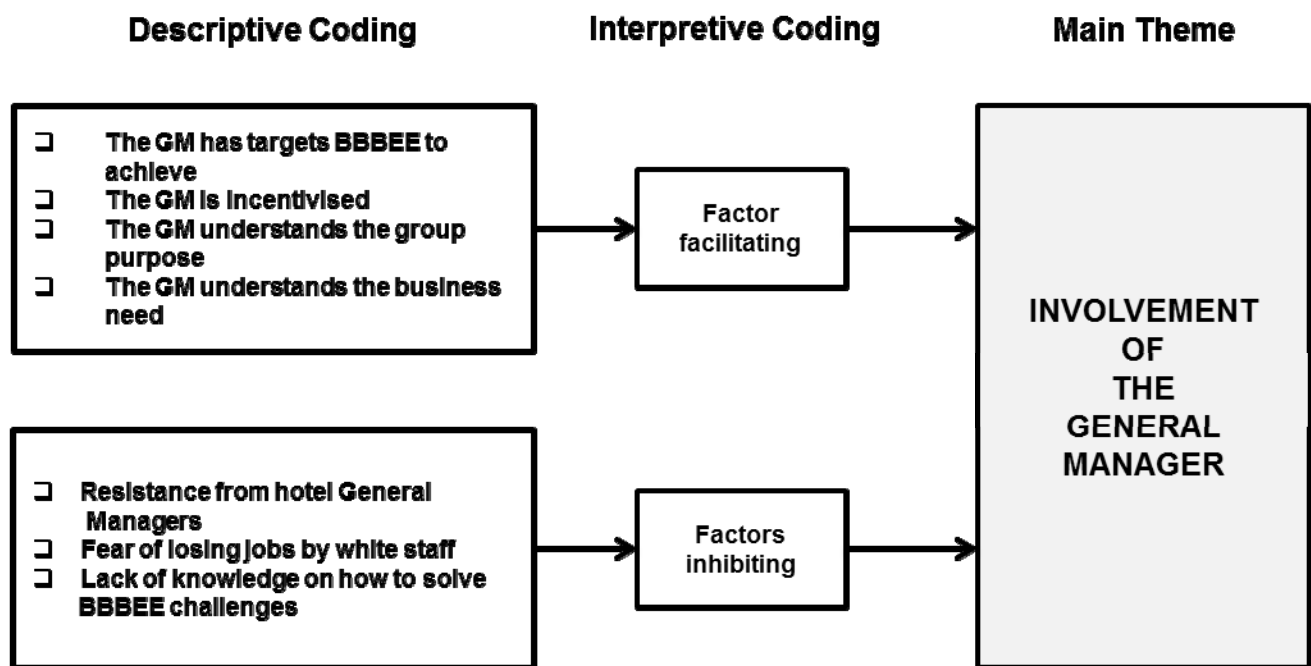


Figure 4.3: Role of the hotel general manager

4.3.3.1. Summary

In summary, the hotel executives questioned whether a Tourism Sector Charter specific to the industry was required. Because the rest of the private sector insisted on accreditation based on the DTI Codes, the tourism industry incurred administrative challenges in complying with two sets of BBBEE codes.

The participants confirmed that the ownership requirement for BBBEE has been fulfilled in their organisations.

However, the pace of BBBEE implementation needed improvement in the remaining elements of employment equity, skills development, preferential procurement and enterprise development.

The role of the hotel GM in influencing the level of BBBEE implementation at unit level was evident. It was also evident that the participants differed over the level of commitment for BBBEE policy by the hotel GMs. There was resistance from some hotel GMs because of fear of losing their jobs or because the GMs did not understand the BBBEE regulations.

4.3.4. Factors influencing BBBEE implementation

The factors identified as influencing BBBEE implementation at the hotel group level were the level of involvement of the group executives in BBBEE, and issues of skills shortage, staff development, succession planning and staff retention (Figure 4.4).

Opportunities for the advancement of black managers included increasing the representation of black women, and senior black managers in hotels. However, the process would involve risk taking in bringing in black candidates to manage senior positions because black candidates still lack the required experience and skills (Jack, 2007:200; Human, 1996:46).

4.3.4.1. Involvement of senior management

According to the participants, hotel groups are committed to BBBEE as evidenced by senior management involvement at board and executive level (Crosby *et al.*, 2006:593; Duffett *et al.*, 2009:110; Mohamed & Roberts, 2006:13).

The following initiatives were initiated at group level:

- Transformation committees comprised of senior executives and chaired by a company director (Cole, 2004:1; Leonard & Grobler, 2006:390).
- The development of processes and procedures for monitoring BBBEE compliance which were also communicated to hotel general managers (Crosby *et al.*, 2006:593; Horwitz *et al.*, 2002:1116).
- Evaluation by senior executives for opportunities to improve empowerment (Crosby *et al.*, 2006:593; Thomas, 2002:237, 2003:6).
- The appointment of a dedicated Director of Transformation, or executive assigned with coordinating the BBBEE portfolio.

Participant A attributed the success in improving their empowerment score to the appointment of a transformation manager. The coordination of BBBEE implementation involved time and effort and therefore a dedicated resource was required. The two human resource managers performed this task within their organisations.

As the participant explained,

“I mean we, as a Company, have had to employ a Director of Transformation to handle this, right. Because it is not something that you can do in your spare time. It is your time, you know, which has to be focused on what it is that is required. And, I don't think anybody understood that, because I don't think it was put out that way. And, now that it's in the bag and all the rest, I think people are now starting to realise it's not as easy as everybody thought it was going to be” (Participant A).

4.3.4.2. Supporting and rewarding hotel general managers

Some of the initiatives that hotel groups introduced to support the hotel GMs were:

- Provision of policy guidelines on employment equity and preferential procurement.
- Provision of advice to GMs through road shows.
- Incentivising hotel GMs to implement BBBEE.
- Setting performance targets for BBBEE implementation.

Participant C stated that although the hotel GMs understood the rationale for BBBEE policy, they would be more likely to implement the policy if they were held accountable and measured on their performance (Human, 1996; Jack, 2007).

As the participant explained,

“If you ask a General Manager what is his view on employment equity, he will tell you what employment equity means and he will tell you, yes, I know what I have got to do etc. But he hasn't been held accountable to it. ...That's now changing” (Participant C).

According to the five participants, achieving progress in BBBEE required hotel leaders to make the right calls with regards to the recruitment of more black people. For example, one suggestion was that white staff should not be retained beyond their retirement date, to allow for young black people to be recruited.

Leadership was required to the right yet difficult calls on achieving BBBEE, as one participant explained,

“I think, if you open the minds of your leadership and of your General Managers and your management team to the realities of what's going on in our country....and, employment equity is not a new concept. BBBEE is not a new concept. There is some mystique surrounding BBBEE and there is an element of fear surrounding BBBEE, but the maturity and openness and transparency of an organization should be able to tackle those issues head-on” (Participant C).

Participant E shared a similar view on leadership making decisions about BBBEE. As she explained,

“To some people, they say – yah, you are denying us, other advantages....it’s painful, it’s not nice to the other people but it makes business sense and it makes sense for the country in which we are. So, those are the painful type of things we are dealing with” (Participant E).

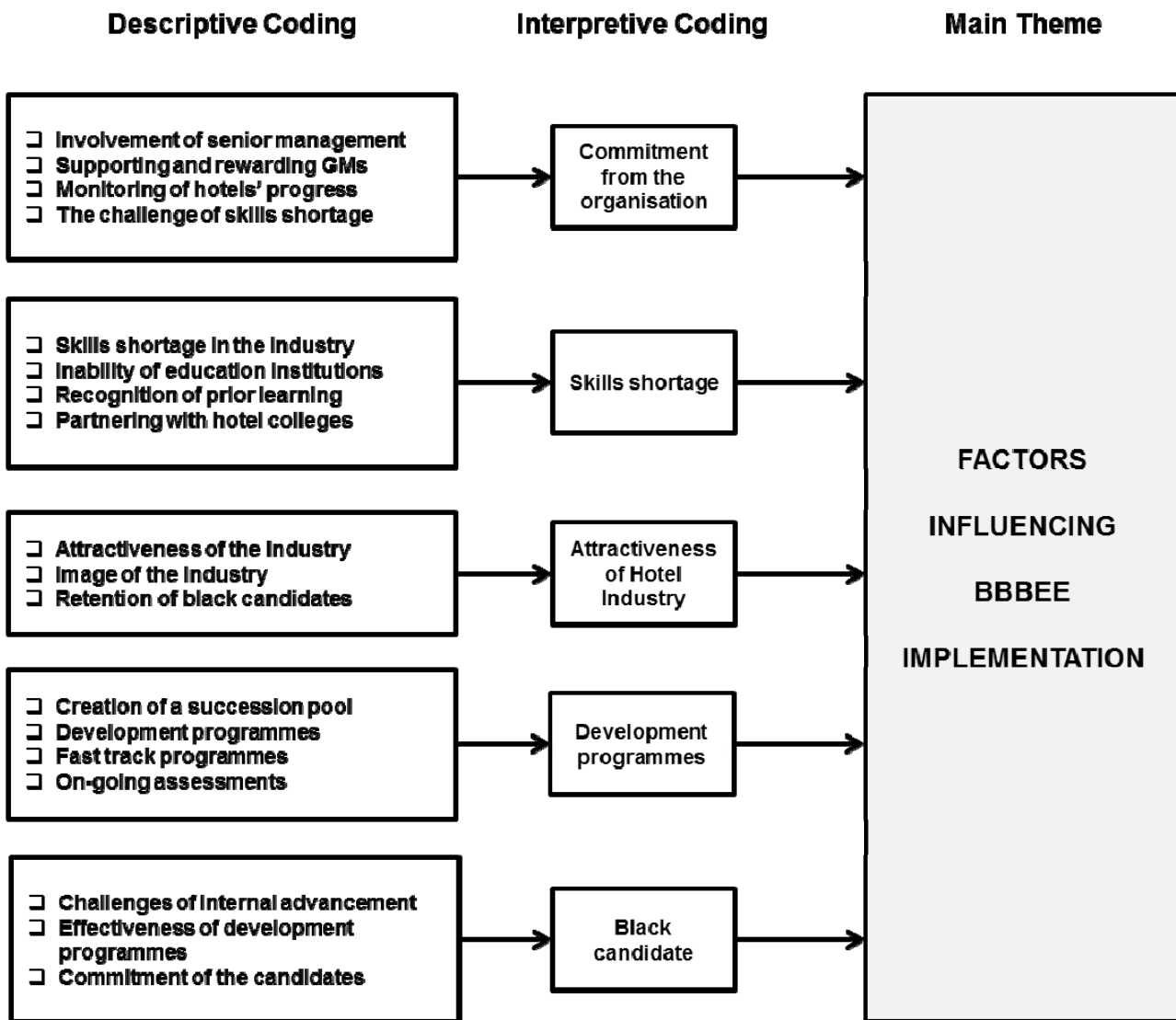


Figure 4.4: Factors influencing BBBEE implementation

4.3.4.3. Recruitment of black candidates and skills shortage for hotels

The hotel industry has not been attracting black candidates due to the lack of attractiveness of the sector (Van Lill, 2005:969). The barriers to recruitment include long working hours and lower paying jobs in the hotel industry. Consequently, the image of the hotel industry as a job for waiters and chefs has lingered.

As one participant explained,

“...you know, people are saying, being a chef, really, do I want to be a chef for the rest of my life, an Executive Chef – no” (Participant E).

In the general market, the hotel industry has had to “*wait until the end of the line*” because there have been more attractive and higher paying jobs on offer (Nemavhandu, 2008:28).

Three participants shared the view that it was easier to recruit black candidates for one star, two star and three star hotels. However, filling four and five star hotel positions was a challenge, regardless of whether the participant was black or white, because skills shortage in five star hotels is a global challenge (Li *et al.*, 2007:263). One participant explained that the international nature of hotels requires a mix of skills among general managers.

As the participant explained,

“And then, ultimately, over time, you get the balance which is some South Africans running some non-South Africans – which is always the best because then you get this, as you say, this pudding which is what our hotel business is about. A mixture of cultures, races, ideas, ideology world-wide” (Participant B).

However, Participant D suggested that general managers usually prefer to recruit from regular sources. As the participant explained,

“I don’t really believe that it (skills shortage) is, indeed, the case. What I believe is the mindset of human beings... Because people tend not to want to do the recruitment the way in which the Company believes it should be done. And then they would run to the next person that they know and get them to employ that kind of person..... So it is a common reason for me to believe that people will go out and recruit what they know” (Participant D).

The participants identified challenges in skills shortage, for example:

- a. The apprentice nature of hotel positions, where persons join hotels at entry-level with no formal skills, and are trained on the job (Baum, 2008:728; D’Annunzio-Green, 2008:814). Hence, the legacy of the apprentice practice is an uneducated workforce.
- b. The inferior education system for black persons has resulted in unsatisfactory levels of basic skills even among educated candidates (Kaplan, 2004:221). As one participant explained, “*we have to develop a generation of South Africans that have previously been uneducated, or poorly educated, and move them into positions of management*” (Participant B).

- c. The quality of students from hotel schools is low (Spowart, 2011:169). One participant stated that the quality of students from hotel schools is disappointing. *“It is pitiful. It really, really is” (Participant A).*
- d. THETA has failed to produce skilled candidates for the hotel industry (Kraak, 2008). As one participant explained, *“... it doesn't help to have a BBBEE or transformation agenda when you have got THETA that is absolutely useless” Participant C).*

Additional areas of skills shortage include housekeeping, technical skills in food and beverage and middle and senior management. However, it is easy to recruit black candidates in finance and human resources, a view consistent with the findings of Mohamed and Roberts (2006:13) and Costen *et al.* (2002:57) on the employment patterns for black managers in South Africa and the USA respectively.

4.3.4.4. Staff development and succession planning

Developing black candidates internally within hotels was one of the solutions identified for broadening employment, confirming the views of Scott and Revis (2008:788). All the participants referred to the concept of a “succession pool”. Training initiatives include formal development programmes and fast track programmes.

As one participant explained,

“The pools are populated by people who have indicated their ability, willingness and all of those kinds of things, to better themselves. To become proficient in whatever pool they are in, in order to move to the next pool. So, in those particular pools, there's lots of potential which is there. And they are given stretch assignments while they are in the pools to do exactly that – to stretch them” (Participant A).

However, Participant A also questioned the effectiveness of the development programmes. The participant stated that sometimes the development programmes are not successful because the selected candidates cannot cope with the complexity of the hotel job. The comment appeared to be another reference to the challenge of the capacity of black candidates in employment.

One solution was to “catch” the black candidates at school level and assist in their development. Hotel groups invest in bursaries for university students and in the creation of a hotel training fund for black people who show potential (Scott & Revis, 2008:788).

As one participant explained,

“We felt that, as an industry, who better could we have as a partner than the one institution (university) that is going to bring our people into the industry. In other words, teach them, train them and all the rest which needs to happen” (Participant A).

Views also differed on the retention of black candidates. One participant believed that retention is not an issue in his organisation while the remaining participants identified retention as a challenge due to the market demand for black candidates (Kraak, 2008:1). One hotel group was unsuccessful in retaining MBA graduates, because the candidates received better offers from other industries. Furthermore, participants found that the practice of recruitment from other hotels groups negated the effects of growing skilled staff in the industry.

The solution was to keep the young candidates motivated and challenged, confirming the views of Gursoy *et al.* (2012:32) on meeting the needs of Generation Y employees in the hotel industry.

As Participant C explained,

“The other way of doing it is ensuring that our young people of potential, no matter what colour they are really, are challenged and are given opportunities to move and grow at a far more rapid rate that they possibly would have done in the past” (Participant C).

4.3.4.5. Summary

Skills shortage and the image of the hotel industry are two areas of concern for human resource development in hotels. The quality of black candidates from both the market place and the tertiary institutions lack the level of skills that the industry expects. In response to the challenge, hotel groups have invested in development initiatives both internally and externally, to develop a pool of black candidates for promotion. Efforts have also made to strengthen one of the educational institutions through a bursary programme and funding support.

4.3.5. Enterprise and community development

The findings indicated the factors identified influencing BBBEE implementation in enterprise and community development as, group procurement policy, challenges faced by small enterprises, and opportunities to assist small enterprises (Figure 4.5).

Hotel groups have encouraged procurement from local suppliers. However, the participants indicated that a group procurement approach where established suppliers were prescribed for hotels also makes economic sense. And the group policy sometimes results in the marginalisation

of smaller enterprises at hotel locations. The finding further confirmed theories on the tourism value chain (Clancy, 1998:122; Lapeyre, 2011:63; Rogerson, 2005:623).

The challenges inhibiting small black entrepreneurs, and reflected in several studies, were identified as:

- Access to capital. One participant observed that the prevalent economic climate created a problem of financial sustainability for small black businesses.
- Higher operating costs compared to established businesses.
- Lack of access to markets.
- Having little or no track record in business, which creates challenges of credibility.
- The cost burden on small enterprises in obtaining BBBEE accreditation.
- Lack of trust by hoteliers in products produced by small businesses.
- Hoteliers' reluctance to switch to new suppliers. One participant suggested that the hotel GMs have established supplier relationships which they do not wish to replace with black suppliers.

(See, for example, Akama & Kieti, 2007; Andriotis, 2002; Ashley & Roe, 2002; Cole, 2006; Goodwin, 2006; Kibicho, 2008; Manyara & Jones, 2007; Mbaiwa, 2005; Spenceley, 2008; TEP, 2008:1).

The initiatives that hotel groups have been considering in assisting small black enterprises include:

- Creation of a procurement hub at group level, to facilitate access to black suppliers by the hotels.
- Creation of a database of small and medium enterprises for hotel managers.
- Providing preferential payment terms to smaller suppliers.
- Developing skills through training and coaching.
- Mentorship of small enterprises by hotel general managers.
- Partnership with the Tourism Enterprise Partnership to ensure monitoring and sustainability of enterprise initiatives.

4.3.5.1. Summary

The participants expressed support for the development of small black enterprises, however, driven at group and hotel level the current engagement of black enterprises is still low. Small black enterprises have challenges of business viability, which could inhibit hotel efforts to assist the small businesses. Group procurement policies within hotel groups could also inhibit small enterprise development.

During the interviews, it was evident that the participants were referring to future plans for enterprise development. More time is required to implement the initiatives for enterprise development, in view of the capacity challenges of small black enterprises.

Hotel groups also acknowledged that a shift to a more sustainable approach to enterprise and community development is optimal.

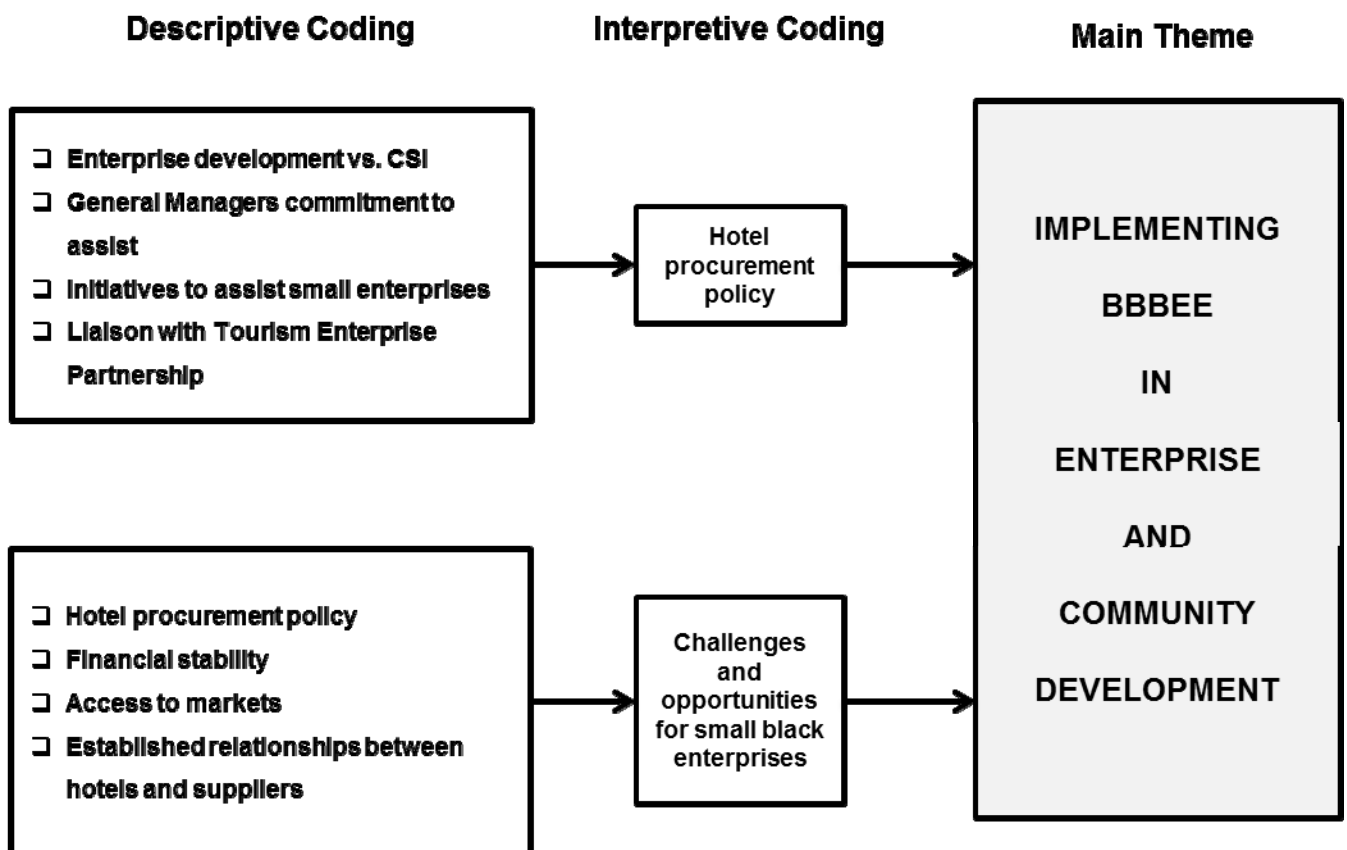


Figure 4.5: Implementing BBBEE in enterprise and community development

4.3.6. The role of government and industry associations

External stakeholders identified by the hotel industry were the government institutions and industry associations in tourism (Black, 2002:1154). The role of these stakeholders is illustrated in Figure 4.6 below.

A more active role by government in enforcing BBBEE implementation is essential to improve the pace of transformation in the tourism sector, according to the participants.

Two participants suggested that a way of increasing BBBEE implementation would be for government to introduce punitive measures for non-compliance (Alexander, 2002:158; MacDonald, 2006:152). One participant suggested that government should name and shame businesses which are not implementing BBBEE as a means of changing corporate behaviour, as suggested by Wu (2008:1).

The participant explained,

“So punish big business. Then they say ah, you can’t do that because you make South Africa uncompetitive. So, the problem with anything you come with a solution, there is always a problem but that’s where your commitment comes to empowerment” (Participant B).

Four participants regarded the industry associations as important for lobbying government on policy issues. For example, associations such as FEDHASA and the TBCSA could lobby for changes in tourism policy.

As one participant explained,

“Well, TBCSA, it does have a role to play because it is the voice of the Tourism industry, the private sector. I think that the role that TBCSA has to play, in terms of trying to facilitate interventions or change through Government (Participant C).

Industry associations could also contribute to building a positive image of the hotel and tourism industry among the public and in educational institutions. The initiative would address the negative perceptions of the industry to young persons, as identified by Van Lill (2005:969).

As Participant C explained,

“But, I think, we need to be vocal. We are going to increasingly play a leading role, together with Theta and the Department of Tourism, in being involved in getting into schools, getting into universities, telling them about the industry..... So we should be a little more vocal, I think, in supporting the objectives of BBBEE”.

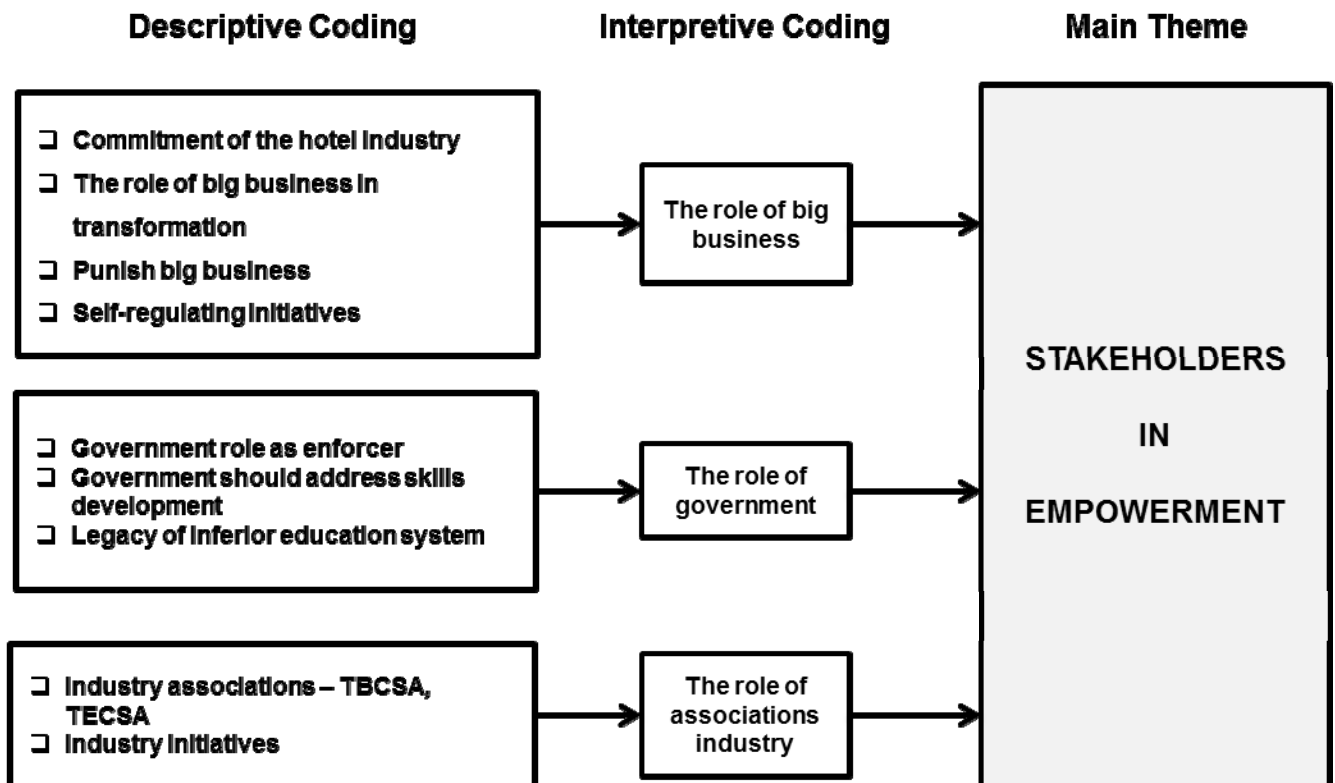


Figure 4.6: Stakeholders in empowerment

4.4. SECTION THREE: SUMMARY AND DISCUSSION

Based on the above findings, the objectives of the qualitative study of hotel group executives were achieved. The first objective was to obtain knowledge to respond to the research objectives and provide explanations contributing to closing the gap between government objectives for BBBEE policy and BBBEE implementation in the hotel industry. The second objective was to provide a diversity of views from experts in the field. The third objective was to contribute to the development of the questionnaire for the primary research of the study, which was the quantitative research of hotel general managers.

In response to Research objective 1, the findings provided information on the extent of BBBEE implementation and how the BBBEE compliance was being achieved.

The executives provided information on their organisations on the following:

- The status of each hotel group on BBBEE compliance with black representation at the shareholding level.
- Progress and views on human resource development.
- Progress and views on enterprise development.

- General views relating to the implementation of BBBEE at group and hotel unit levels.

There were more areas of agreement than areas of disagreement among the participants on supporting and implementing the BBBEE policy.

The executives agreed on the following issues which addressed the research objectives on how BBBEE was being achieved, factors facilitating and inhibiting implementation and solutions for improving transformation in the hotel industry:

- That the hotel groups understood and endorsed the objectives of government in introducing BBBEE policy in terms of political, economic and social factors. The participants acknowledged that the legacy of apartheid has created disadvantages for black persons, and that state intervention to introduce affirmative action is important for the development of the country. The hotel executives concurred that introducing BBBEE policy was “the right thing to do” in the country.
- The rationale for business involvement in implementing BBBEE policy. Big business in the private sector, including the hotel industry, is the appropriate vehicle to drive transformation. And hotel groups have resources, through their hotel units, to enable the inclusion of black persons in economic development.
- The need for businesses to move from a narrow approach to broader black empowerment. Broad-based empowerment has been achieved at shareholder level in the four hotel groups. However, the challenge is to implement BBBEE in human resource and enterprise development.
- The role of the hotel groups to support implementation through corporate commitment, provision of policies and procedures, and communication and evaluation of BBBEE implementation. For example, the role and commitment of hotel general managers in implementing BBBEE policy is essential. At the same time, hotel groups need to address issues of resistance to implementing the policy which were identified among some of the general managers. For example, the hotel groups should encourage and reward performance in BBBEE compliance.
- That the implementation of BBBEE policy required more time to fully succeed because of shortages in the required level of skills among black persons for employment and for entrepreneurial development. The legacy of an inferior education system has produced a generation of black candidates who lack hotel skills. Furthermore, the negative perceptions of the hotel industry have created challenges in attracting potential candidates and recruiting from the general market. The challenges of human resource development in hospitality are

not confined to South Africa, but have been identified as a global phenomenon (Baum, 2008:728; D'Annunzio-Green, 2008:814; Enz, 2009:578). Consequently, the hotel industry has focused on developing internal candidates and on the creation of a succession pool to grow and retain future black managers.

- The hotel businesses could facilitate the growth of small businesses in communities where the hotels operate. There is a need to invest in the entrepreneurial capacity of black businesses. At the same time, there is a need to balance the commercial interests of hotel businesses in terms of maximising on group purchasing and economies of scale.

The findings contributed to Research objective 4 by suggesting ways that the South African hotel industry could become the catalyst for transformation in the tourism industry. For example, the hotel industry suggested solutions for engagement between government, industry associations and the educational institutions. The role of government in providing an enabling environment for BBBEE to prosper through collaboration with the private sector was emphasised. And industry associations and the hotel groups continually need to invest in building a positive image of the hotel industry in order to attract black candidates.

It was evident that the hotel group executives perceived the hotel industry as pivotal to transformation in tourism. The executives questioned whether the Tourism Sector Charter is still relevant as a separate charter. Preference was for adherence to the DTI Scorecard which is accepted by the private sector and not tourism only, as the measuring instrument for black empowerment. This contribution is new knowledge not previously shared by the industry in the research available.

At the same time, the executives took accountability for the slow pace of transformation and were involved in formulating policies for BBBEE implementation.

There were differences in approach between the contributions from the CEOs and those from human resources managers. The approach of the three CEOs was a broader private sector approach addressing factors beyond the hotel and tourism industry. The CEOs regarded their organisations as part of big business in South Africa. They referred to the role of big business in championing the development of BBBEE not just in tourism but in the private sector in general (Van Schalkwyk, 2008). For the CEOs, the role of government in addressing the skills shortage in the country is critical.

In contrast, the two human resources executives referred to directives on BBBEE from their Boards of Directors, which suggested that final accountability for BBBEE policy resides at a higher level of authority. However, the human resource managers are active in the formulation and implementation of BBBEE strategies within their organisations. The human resource executives

addressed issues on the appointment of middle and senior management, compared to the chief executives who were more vocal on the appointment of hotel general managers.

Chief executives were critical of the quality of students and quality of educational institutions for hospitality training. Human resource managers did not address this topic in detail.

Analysis of the qualitative results by race indicate that the black candidates perceived more resistance to BBBEE policy from hotel general managers. On the other hand, chief executives attempted to provide explanations for GM resistance to BBBEE policy.

The link between the interview findings and the questionnaire items were discussed in the methodology chapter, Chapter 3. During the interviews, the information gathered was general in terms of trends on human resource and enterprise development. However, the topics emerging from the interviews were explored in detail in the questionnaire. For example, the interview questions did not seek actual levels of representation of middle and senior black managers within hotels. The questions on per cent ages of black representation were addressed in the survey. Therefore, the objective of the contribution of the interview results to the development of the questionnaire for quantitative research was achieved.

4.5. CONCLUSION

It is evident that the findings in Chapter 4 fulfilled the research objectives of the study. The knowledge from the interviews provided factors explaining the lack of compliance or the slow pace of black economic empowerment in the hotel industry. The hotel executives indicated support for BBBEE policy, and suggested that there was willingness within hotel groups to improve the pace of transformation, despite the challenges identified.

New knowledge was obtained which questioned the relevance of the Tourism Sector Charter. Previous studies had positioned sector-specific BBBEE Charters as vehicles for transformation endorsed by the private sector. Yet, the hotel executives indicated that the issues of alignment between the Tourism Sector Charter and DTI Charter were not addressed by government even during the policy formulation process. The findings suggest that the collaborative process of the BBBEE Charter did not guarantee the outcomes expected by the private sector in tourism. It is also probable that the Tourism Sector Charter was impaired by the challenge of experimentation at public policy level, having been the first charter to be gazetted by government. In terms of the intellectual puzzle, the diagnosis of government appeared appropriate in identifying inequalities in the tourism system, but the prescription of the Tourism Sector Charter did not appear appropriate for large tourism businesses, in terms of execution.

The results of the interviews are not generalisable to the hotel industry, because of the small size of the sample and the purposive sampling approach applied to selecting the hotel groups for the interview. However, the research added credibility and depth to the study because of the diversity of the executive profile of participants, the experience of the participants, the volume of hotels represented, and the positioning of their respective organisations in the tourism and private sector was important. In particular, the objective of providing information relevant for the design of the questionnaire in the quantitative study was achieved. Descriptive results from the quantitative survey of hotel GMs are discussed in the following Chapters 5, 6 and 7.

CHAPTER 5

RESULTS FROM QUANTITATIVE ANALYSIS: SUPPORT FOR BBBEE POLICY

5.1. INTRODUCTION

Chapter 5 is the first of four chapters that present the results of the quantitative research conducted on the implementation of BBBEE policy by the hotel industry of South Africa. Chapter 4 presented the hotel group perspectives through qualitative research conducted on hotel group executives. Chapter 5 then provides hotel unit perspectives, through the views of general managers based at the individual hotels, where the BBBEE policy would be implemented. The views of general managers regarding their performance management and their opinions on BBBEE policy are presented. Subsequent chapters present the statistical findings relating to specific BBBEE elements.

The research process applied in the quantitative research was described in Chapter 3. The descriptive statistics are presented in numerical and graphical formats, and include the results of Chi-square tests that were performed to test the association of variables. A significance level of .05 was specified for the examination of hypotheses.

The outline of Chapter 5 is as follows. Section one presents the profile of the respondents. Section two presents the respondent views on supporting BBBEE policy. In Section three are the findings on the performance management of the general manager in terms of BBBEE targets and incentives. Chapter 5 ends with a summary of the findings presented in the discussion.

5.1.1. The final sample

The quantitative data was obtained from the population of 611 general managers of graded hotels. The final sample of 178 respondents represented 29% per cent of the research population.

5.1.1.1. Hypothesis

The **null hypothesis** stated that there was no association between the performance management of hotel general managers and the general managers' support for BBBEE policy, and the variables of length of experience of the hotel manager, star rating of the hotel, municipal location and provincial location of the hotel, respectively.

5.2. SECTION ONE: DEMOGRAPHIC PROFILE OF HOTEL GENERAL MANAGERS

5.2.1. Profile of the sample

The demographic characteristics examined were (a) position in the company, (b) the extent of the respondents' experience in the hotel industry, (c) the star rating, (d) municipal location, and (e) provincial location of the hotel. The demographic factors emerged from the literature review as factors that impacted on the business performance of hotels, for example impact on recruitment, talent management and procurement of supplies in the hotels (Baum, 2008; D'Annunzio-Green, 2008; Davidson & Wang, 2011; Enz, 2009; Willie *et al.*, 2008). Therefore, the demographic factors had direct relevance to the research objectives of the study.

5.2.1.1. Position in the company

Figure 5.1 indicates that 155 (87%) respondents held the title of general manager (N=170). Included in this group was one respondent who described their title as hotel manager. Five (3%) respondents described their position as director. Two (1%) persons described themselves as hotel owner. The remaining 16 (9%) respondents held varying management positions within the hotel, including deputy or assistant general manager, finance manager and human resources manager.

The results fulfilled the research intention as the respondents were employed in the most senior capacity within a hotel, or had senior accountability for business operations within a hotel.

5.2.1.2. Extent of experience in present position

The findings in Figure 5.2 indicate that 99 (56%) of the respondents had 11 years or more experience as hotel managers (N=175). Another 31 (18%) respondents had occupied the present position for a period between six and ten years. The remaining 45 (26%) respondents had five years or less experience.

The extent of management experience among the respondents provided a context to evaluate responses against the time frame of the introduction of BBBEE policy in the country.

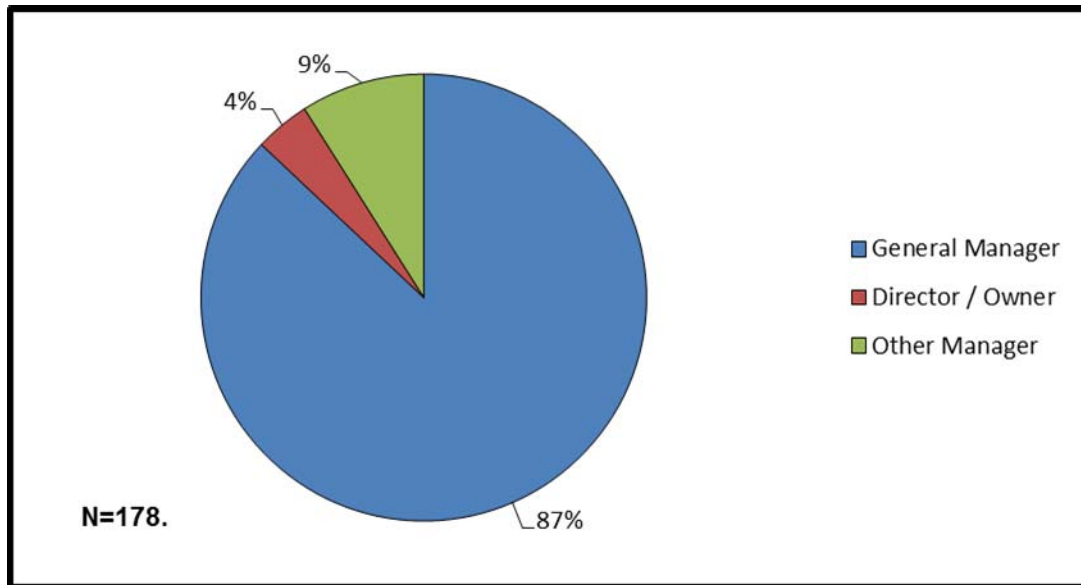


Figure 5.1: Position within the hotel

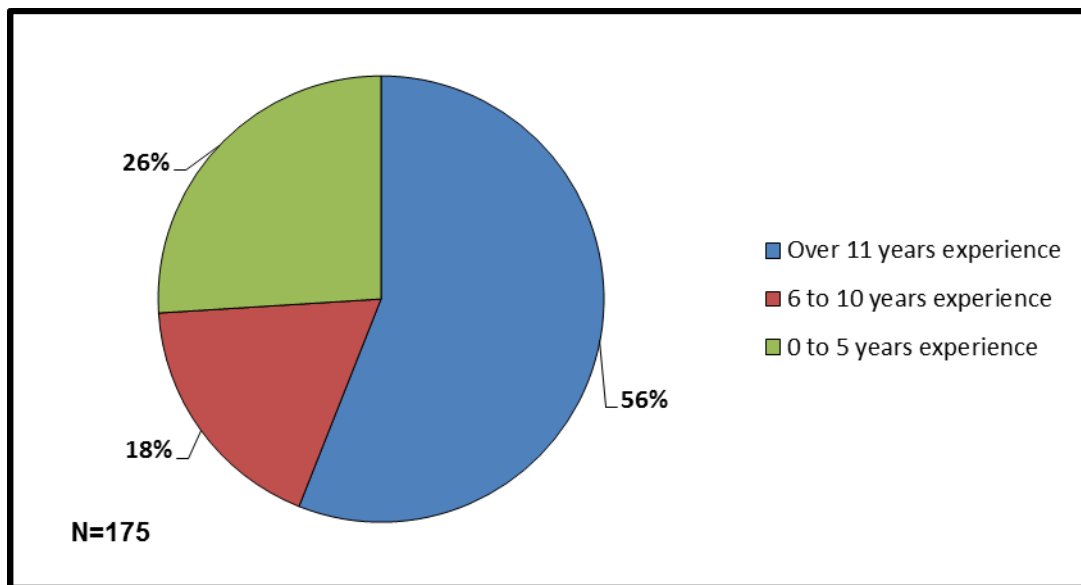


Figure 5.2: Extent of experience in the present role

5.2.1.3. Star rating of the hotel and goodness of fit

In terms of star grading, 136 (74%) of the respondents managed three star (36%) and four star hotels (28%) hotels. The p-value of goodness of fit procedure using a Chi-square test, equals .00, on the association between the population and the sample data (Table 5.1). The goodness of fit indicates a lack of fit at $p=0.05$. However, the main contribution to the Chi-square statistic is made by oversampling from the one star graded hotels. If that category is ignored for the goodness of fit test, the sampling reflects the distribution of five, four three and two star hotels in the population.

5.2.1.4. Location of the hotel

Half of the respondents (50%) operated hotels situated in urban metropolitan locations (Figure 5.3). In addition, 74 per cent of the hotels were located in the Gauteng (36%), Western Cape (23%), and KwaZulu-Natal (15%) provinces (Figure 5.4). The geographical profile of hotels depicts the concentration of tourism activity in the commercial hubs of Johannesburg (Gauteng province), Cape Town (Western Cape province) and Durban (KwaZulu-Natal province).

Table 5.1: Goodness of fit tests: The final sample vs. the population on star grading

National grading criteria	Hotel population AA	Observed N Hotel sample BB	Expected N AA vs BB	Residual	Chi-Square test
5 Star	67	24	22.2	3.3	Chi-Square: 44.26 df : 5 Asymp. Sig .000
4 Star	172	61	57.0	13.0	
3 Star	220	55	72.9	-8.3	
2 Star	36	9	11.9	-1.5	
1 Star	18	21	6	17.1	
TOTAL	513	170	170	-	p=.000

5.2.1.5. Summary

The objectives of the research with regards to the target respondents were met in terms of demographic profile. The respondents held the position of general manager or similar senior position, and they managed three, four and five star hotels primarily. Three quarters (75%) of hotels were situated in locations of leisure and business tourism activity.

Desk research and the qualitative results determined that there was less than ten per cent representation of black persons in general manager positions within the hotel industry of South Africa. Therefore the black sample of respondents (numbering less than 10 persons) was not analysed due to low power.

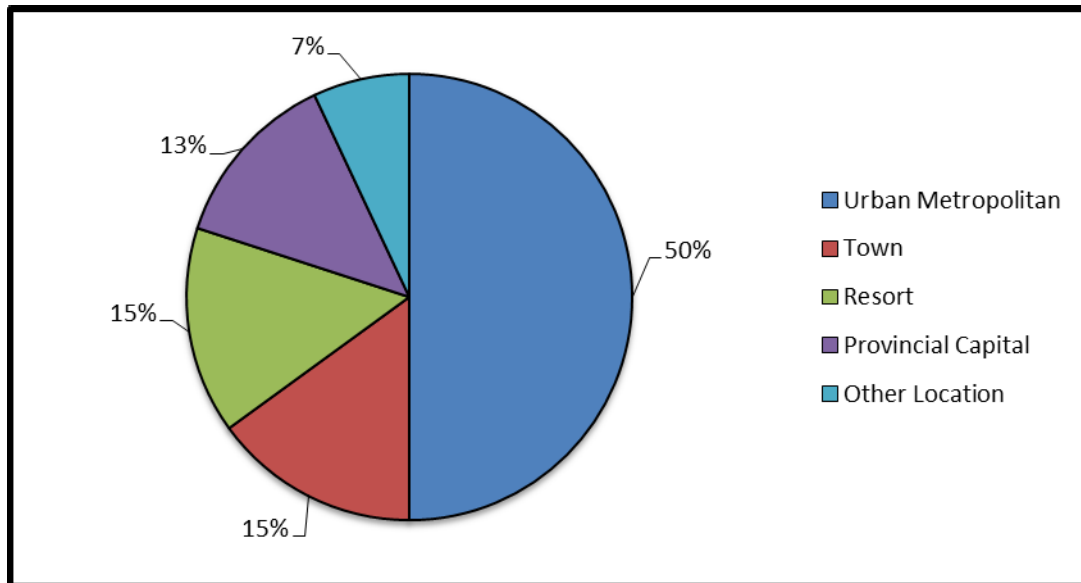


Figure 5.3: Municipal location of the hotel

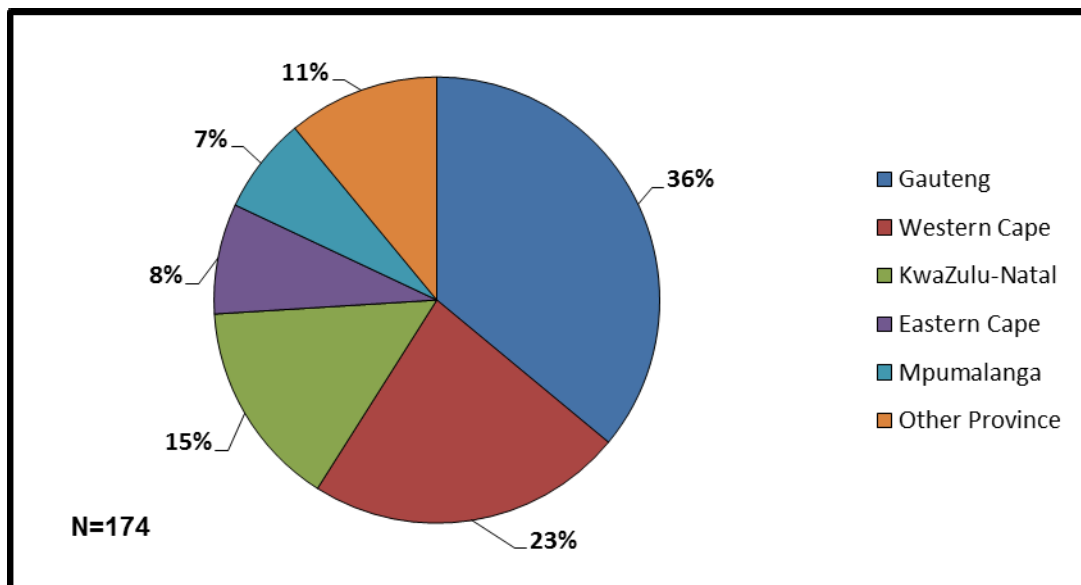


Figure 5.4: Provincial location of the hotel

5.3. SECTION TWO: SUPPORT FOR BBBEE POLICY

This section presents the views of the hotel general managers on supporting BBBEE policy.

5.3.1. Political, economic, social and business rationale for BBBEE policy

The findings in Figure 5.5 indicate that 135 (78%) respondents believed that BBBEE policy should be supported to empower all people in South Africa. A lesser number, 101 (58%) respondents, believed that BBBEE policy should be supported for more equitable representation of the demographics of the country.

Figure 5.6 indicates that 120 (70%) respondents support BBBEE policy for the creation of more jobs. There was increased support from 132 (77%) respondents for BBBEE policy aimed at developing small black enterprises in the country.

Figure 5.7 shows that 104 (61%) respondents viewed BBBEE as a responsible tourism practice. However, the views were more divided with regards to whether BBBEE is a corporate social responsibility programme. Although 77 (45%) respondents agreed with the view, 46 (27%) respondents disagreed that BBBEE policy represents corporate social responsibility.

A cross-tabulation test showed that the majority of the respondents in the 'other' provinces category (59%) viewed BBBEE as a corporate social responsibility programme, compared to 28 per cent of the respondents in KwaZulu-Natal who shared the same view (Table 5.2).

The p-value of the chi-square testing the association between the provincial location of the hotel and the view that BBBEE was corporate social responsibility equals .048. Therefore the null hypothesis is rejected. However, the null hypothesis that states no association between BBBEE as corporate social responsibility, and the variables of work experience ($p=.921$), star rating ($p=.119$), and municipal location ($p=.41$), respectively, is confirmed (Table 5.2).

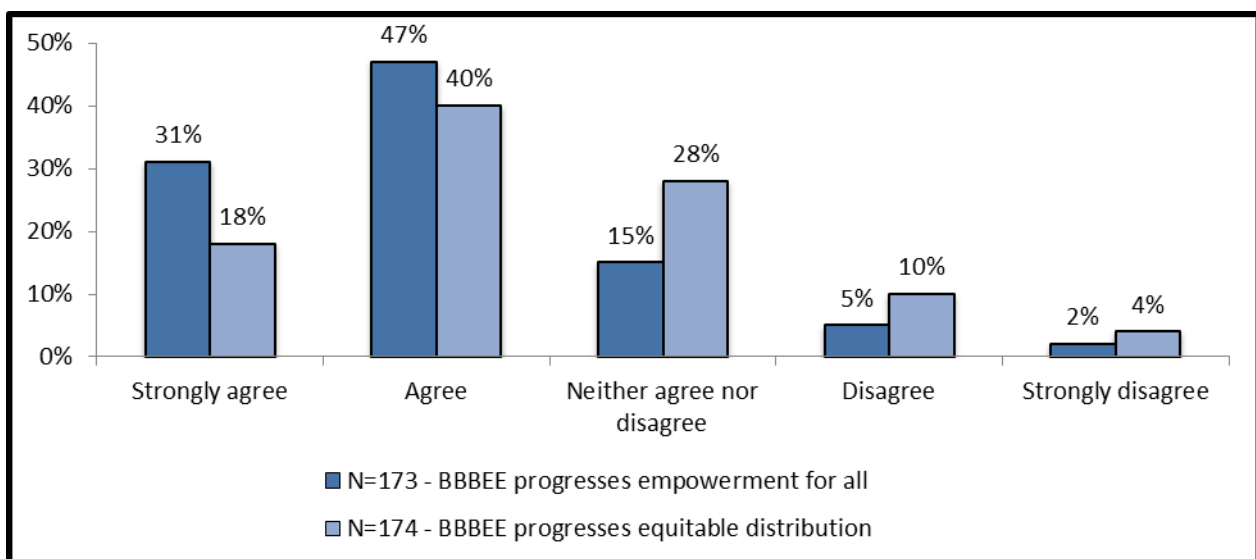


Figure 5.5: BBBEE policy for empowerment and for equitable representation

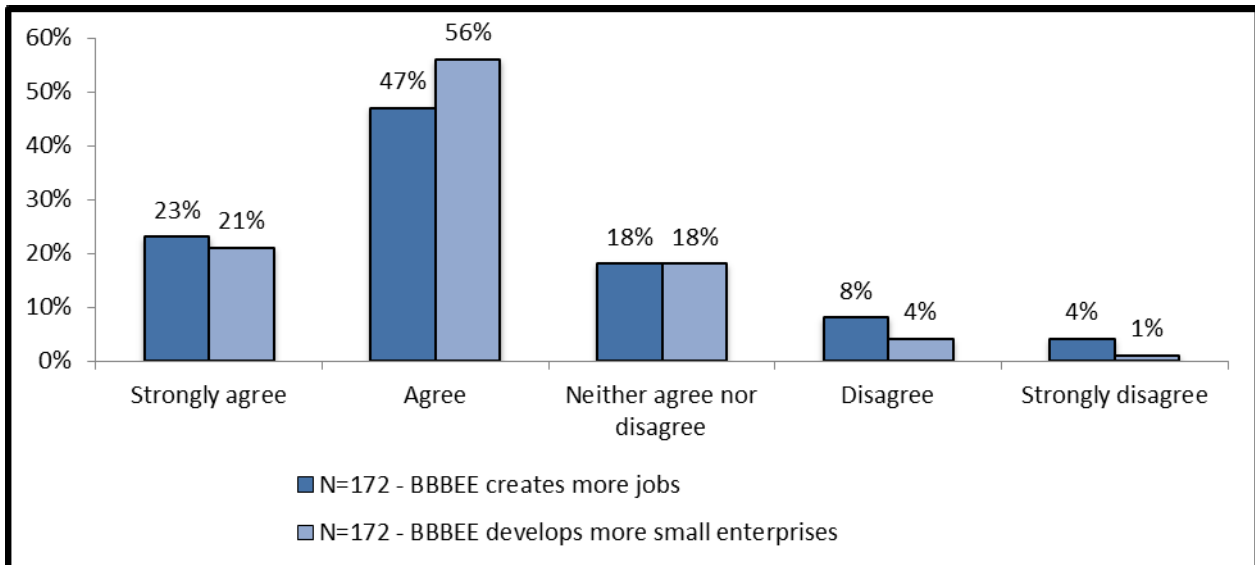


Figure 5.6: BBBEE policy for job creation and for small business development

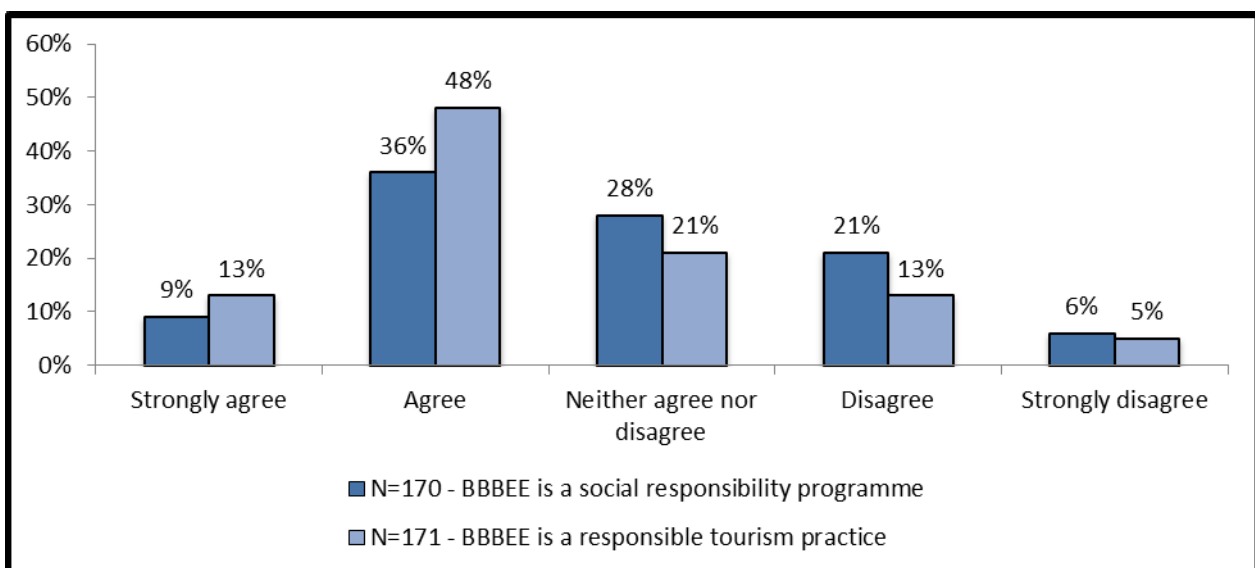


Figure 5.7: BBBEE as corporate social responsibility and as responsible tourism

The p-values of the chi-square testing the view that BBBEE is a responsible tourism practice were above 0.05 on the variables of work experience ($=.802$), star rating ($=.253$), municipal location ($=.724$) and provincial location ($=.134$). Therefore, the null hypothesis stating no association between the demographic variables and the view that BBBEE is a responsible tourism practice, is confirmed (see Appendix 5-A).

The findings in Figure 5.8 indicate that 104 (60%) respondents believed that implementing BBBEE in South Africa was the right thing to do, compared to 26 (15%) respondents who did not share this view.

The p-values of the chi-square testing the view that implementing BBEE was the right thing to do were above 0.05 on experience (=.583), star rating (=.800), municipal location (=.356) and provincial location (=.483). Therefore, the null hypothesis stating no association between demographic variables and the view that implementing BBEE was the right thing to do, is confirmed (see Appendix 5-B).

Table 5:2: BBEE as a corporate social responsibility programme

		Agree	Neither agree nor disagree	Disagree	Total	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	33 (45.80%)	19 (26.40%)	20 (27.80%)	72 (100.00%)	
	11+ years	43 (43.90%)	29 (29.60%)	26 (26.50%)	98 (100.00%)	
	Total	76 (44.70%)	48 (28.20%)	46 (27.10%)	170 (100.00%)	0.921
Star rating of hotel	One to three star hotels	45 (54.20%)	19 (22.90%)	19 (22.90%)	83 (100.00%)	
	Four star hotels	24 (40.70%)	18 (30.50%)	17 (28.80%)	59 (100.00%)	
	Five star hotels	6 (25.00%)	10 (41.70%)	8 (33.30%)	24 (100.00%)	
	Total	75 (45.20%)	47 (28.30%)	44 (26.50%)	166 (100.00%)	0.119
Municipal location of hotel	Other	40 (49.40%)	22 (27.20%)	19 (13.50%)	81 (100.00%)	
	Urban metro cities	33 (39.80%)	24 (28.90%)	26 (31.30%)	83 (100.00%)	
	Total	73 (44.50%)	46 (28.00%)	45 (27.40%)	164 (100.00%)	0.41
Provincial location of hotel	Gauteng	25 (40.30%)	15 (24.20%)	22 (35.50%)	62 (100.00%)	
	KwaZulu-Natal	7 (28.00%)	9 (36.20%)	9 (36.00%)	25 (100.00%)	
	Other	26 (59.10%)	14 (31.80%)	4 (9.10%)	44 (100.00%)	
	Western Cape	17 (44.70%)	10 (26.30%)	11 (28.90%)	38 (100.00%)	
	Total	75 (44.40%)	48 (28.40%)	46 (27.20%)	169 (100.00%)	0.048

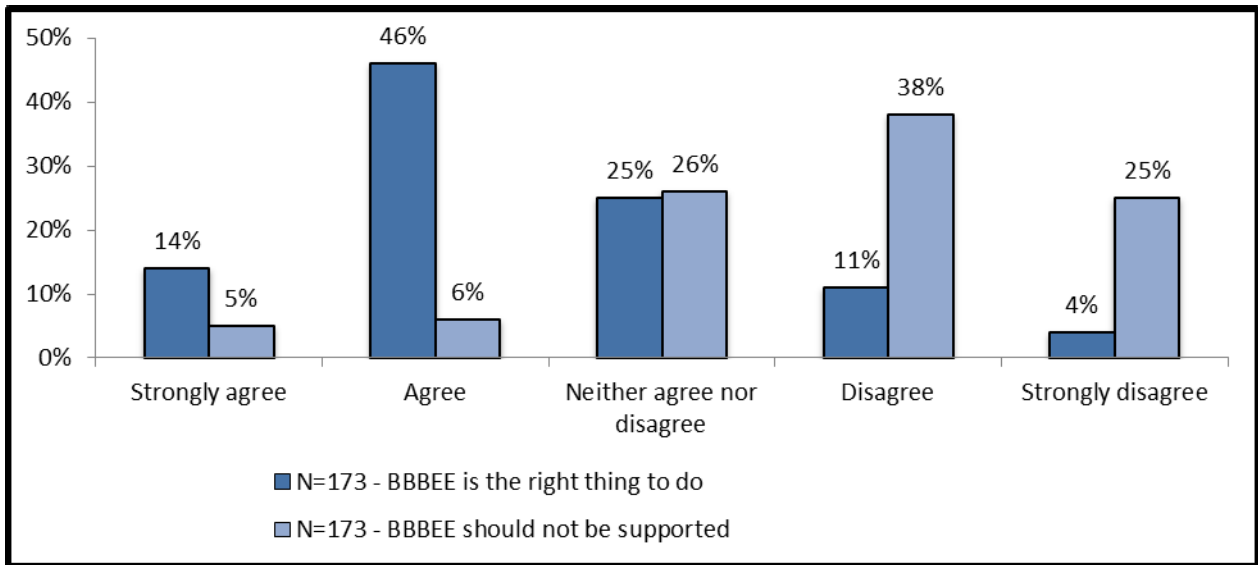


Figure 5.8: Views on whether BBBEE is the right thing to do

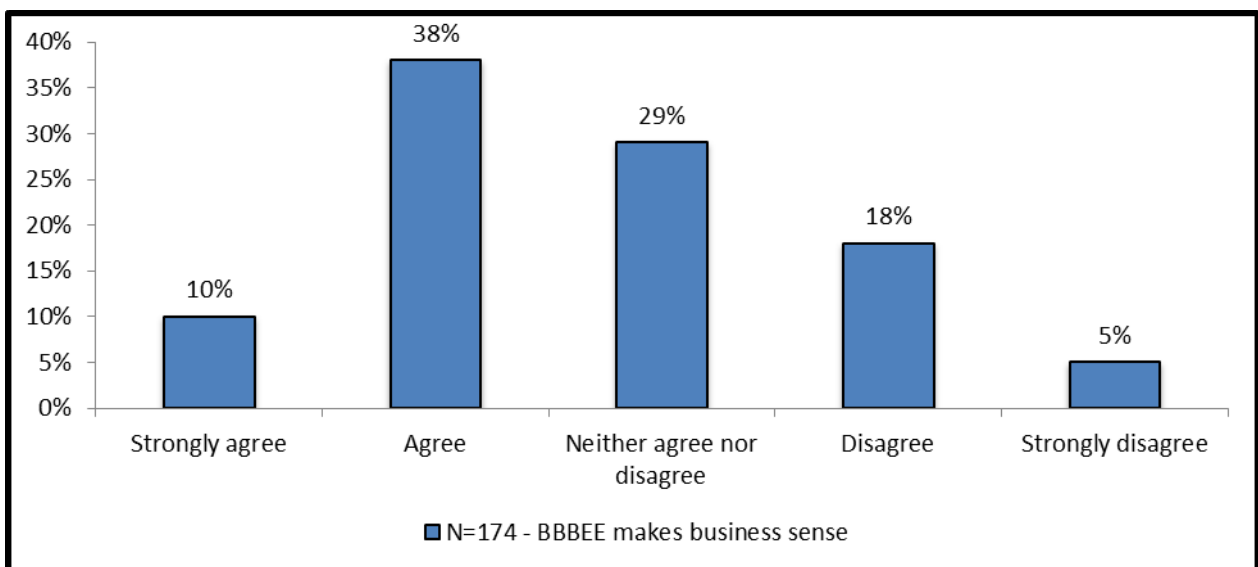


Figure 5.9: Views on whether BBBEE makes business sense

Figure 5.8 also shows that 109 (63%) respondents believed that BBBEE policy should be supported, compared to 19 (11%) respondents who did not share the view.

Finally, Figure 5.9 indicates that the respondents differed on whether BBBEE made business sense. Whereas 82 (48%) respondents supported the view that BBBEE made business sense, 40 (23%) respondents did not share the view.

Based on the above results, it would appear that the majority of the respondents supported broadening black empowerment through the primary vehicles of job creation and small business development, which was in line with government objectives (RSA, 2004).

5.4. SECTION THREE: PERFORMANCE MANAGEMENT OF THE GENERAL MANAGER

This section presents the views of the hotel general managers with regards to implementing BBBEE policy and their performance management in BBBEE compliance.

5.4.1. Performance targets and incentives for BBBEE

The results in Figure 5.10 indicate that 126 (74%) respondents had a performance target to meet for BBBEE compliance. In contrast, only 65 (38%) respondents were incentivised to meet BBBEE targets, and 82 (48%) respondents reported that they were not incentivised for BBBEE implementation.

Table 5.3 shows that 83 per cent of the urban-based respondents, and 67 per cent of the respondents from non-metro urban locations, had a performance target for BBBEE compliance. The p-value of the chi-square testing the association between the municipal location of the hotel and whether the general manager had a performance target for BBBEE equals .045. Therefore the null hypothesis is rejected. However, the null hypothesis that states no association between whether the general manager had a performance target for BBBEE and the extent of manager experience ($p=.852$), star rating ($p=.818$), and the provincial location of hotels ($p=.103$), respectively, is confirmed (Table 5.3).

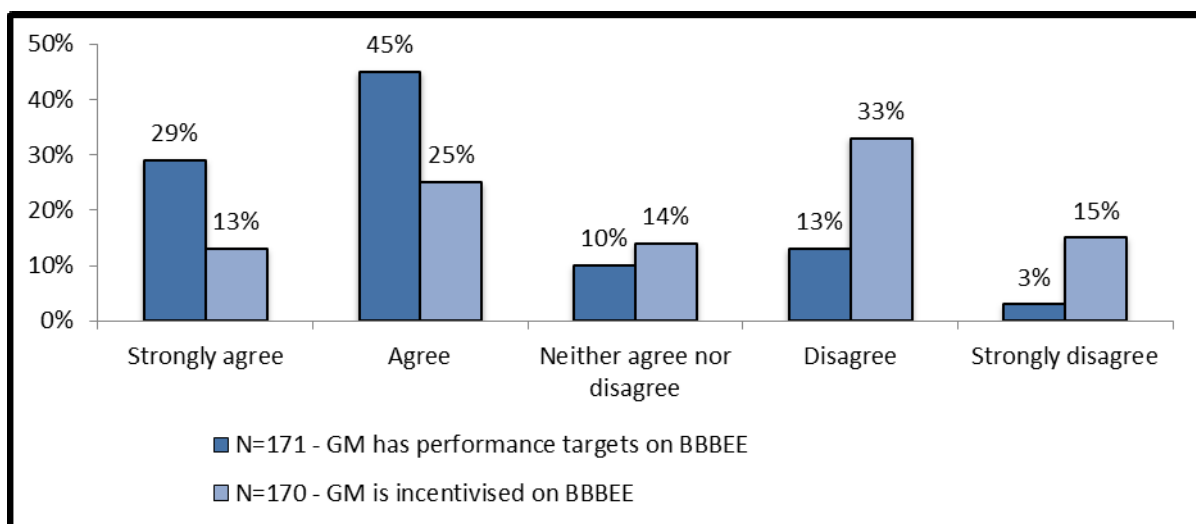


Figure 5.10: Targets and incentives for the general manager

The findings in Table 5.4 indicate that 48 per cent of hotel managers in the one to three star hotels were incentivised. In contrast, only 30 per cent of respondents managing five star hotels were incentivised.

The p-values of the chi-square testing whether the general manager was incentivised for BBBEE were above 0.05 on work experience ($=.266$), star rating ($=.055$), municipal location ($=.344$) and

provincial location (=0.379). Therefore, the null hypothesis stating no association between demographic variables and whether the GM was incentivised for BBBEE, is confirmed.

5.4.2. Views on progress in BBBEE implementation

Figure 5.11 shows that 103 (60%) respondents understood how the scoring system for the Tourism Sector Charter worked. The finding suggests that four out of every ten GMs were not familiar with the legal requirements for implementing BBBEE policy. As indicated in Figure 5.12, views differed over whether hotels had made considerable progress with the general implementation of BBBEE. Whereas 57 (33%) respondents believed that considerable progress had been achieved, 55 (32%) respondents did not share the view. At the same time, 80 per cent of respondents believed that more time was required to implement BBBEE within the hotels.

Table 5.3: General manager having targets to meet BBBEE compliance

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	54 (73.0%)	7 (9.5%)	13 (17.6%)	74 (100%)	
	11+ years	73 (75.3%)	10 (10.3%)	14 (14.4%)	97 (100%)	
	Total	127 (74.3%)	17 (9.9%)	27 (15.8%)	171 (100%)	0.852
Star rating of hotel	One to three star hotels	64 (76.2%)	8 (9.5%)	12 (14.3%)	84 (100%)	
	Four star hotels	42 (70.00%)	7 (11.7%)	11 (18.3%)	60 (100%)	
	Five star hotels	18 (78.3%)	1 (4.3%)	4 (17.4%)	23 (100%)	
	Total	124 (74.3%)	16 (9.6%)	27 (16.2%)	167 (100%)	0.818
Municipal location of hotel	Other	54 (66.7%)	11 (13.6%)	16 (19.8%)	81 (100%)	
	Urban metro cities	70 (83.3%)	5 (6.0%)	9 (10.7%)	84 (100%)	
	Total	124 (75.2%)	16 (9.7%)	25 (15.2%)	165 (100%)	0.045
Provincial location of hotel	Gauteng	51 (83.6%)	2 (3.3%)	8 (13.1%)	61 (100%)	
	KwaZulu-Natal	15 (62.5%)	5 (20.8%)	4 (16.7%)	24 (100%)	
	Other	33 (73.3%)	7 (15.6%)	5 (11.1%)	45 (100%)	
	Western Cape	28 (70.0%)	3 (7.5%)	9 (22.5%)	40 (100%)	
	Total	127 (74.7%)	17 (10.0%)	26 (15.3%)	170 (100%)	0.103

Table 5.4: General manager incentivised to meet BBBEE targets

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	33 (45.2%)	9 (12.3%)	31 (42.5%)	73 (100%)	
	11+ years	32 (33.0%)	14 (14.4%)	51 (52.6%)	97 (100%)	
	Total	65 (38.2%)	23 (13.5%)	82 (48.2%)	170 (100%)	0.266
Star rating of hotel	One to three star hotels	40 (48.2%)	12 (14.5%)	31 (37.3%)	83 (100%)	
	Four star hotels	21 (35.0%)	8 (13.3%)	31 (51.7%)	60 (100%)	
	Five star hotels	4 (17.4%)	3 (13.0%)	16 (69.6%)	23 (100%)	
	Total	65 (39.2%)	23 (13.9%)	78 (47.0%)	166 (100%)	0.055
Municipal location of hotel	Other	31 (38.3%)	14 (17.3%)	36 (44.4%)	81 (100%)	
	Urban metro cities	33 (39.8%)	8 (9.8%)	42 (50.6%)	83 (100%)	
	Total	64 (39.0%)	22 (13.4%)	78 (47.6%)	164 (100%)	0.344
Provincial location of hotel	Gauteng	26 (42.6%)	4 (6.6%)	31 (50.8%)	61 (100%)	
	KwaZulu-Natal	10 (41.7%)	2 (8.3%)	12 (50.0%)	24 (100%)	
	Other	16 (35.6%)	9 (20.0%)	20 (44.4%)	45 (100%)	
	Western Cape	13 (33.3%)	8 (20.5%)	18 (46.2%)	39 (100%)	
	Total	65 (38.5%)	23 (16.6%)	81 (47.9%)	81 (100%)	0.379

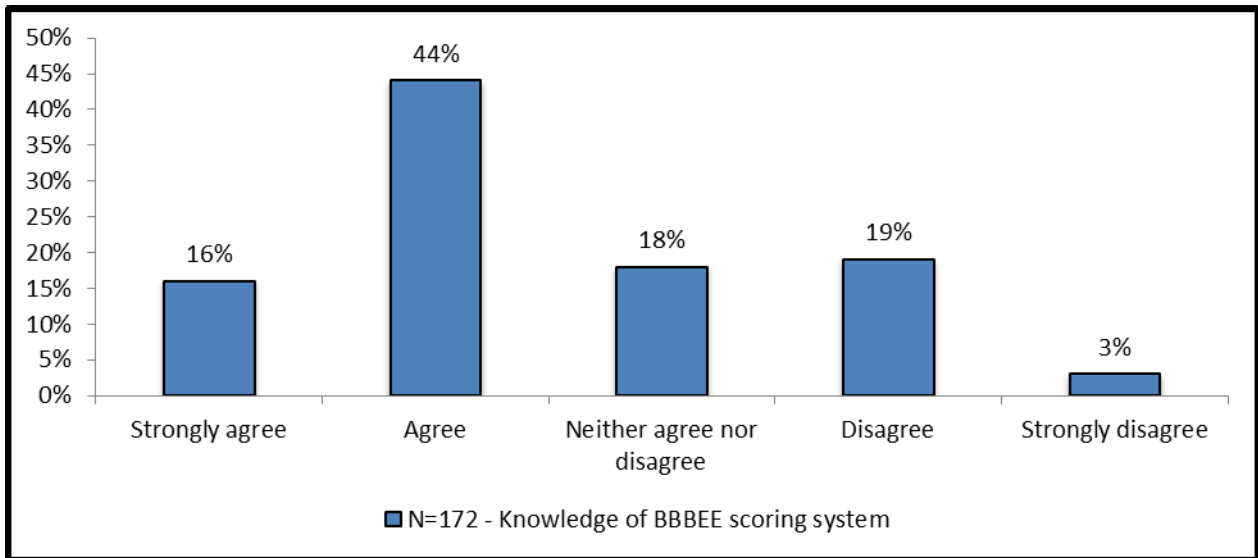


Figure 5.11: Knowledge of BBBEE scoring system

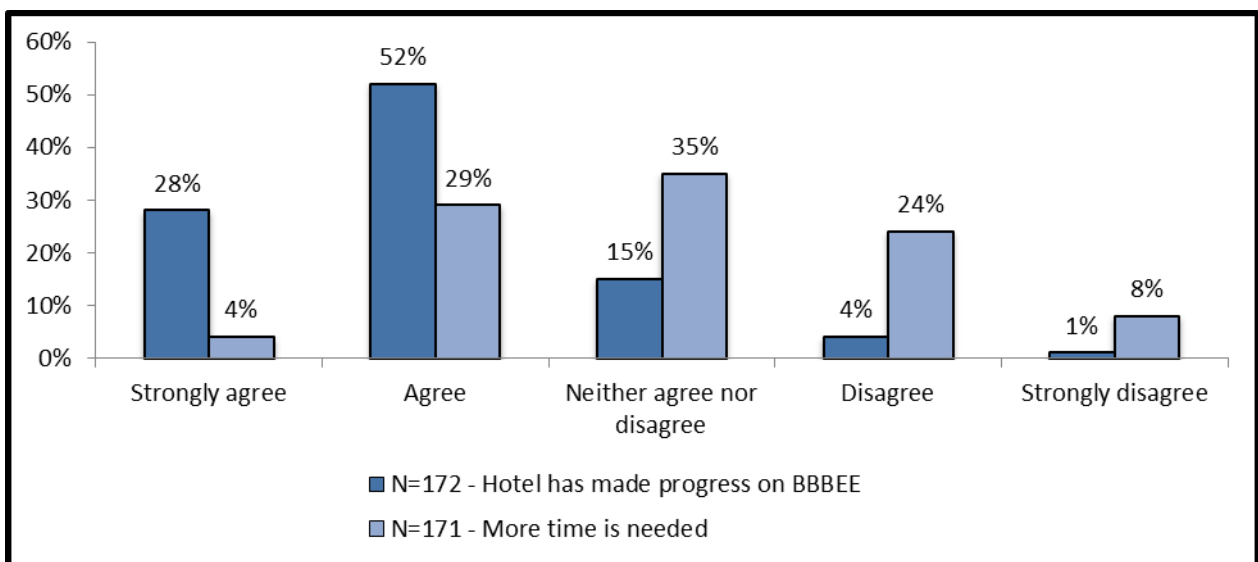


Figure 5.12: Views on progress on BBBEE implementation

5.4.3. Additional individual comments on BBBEE policy

One third of respondents provided comments in response to the open question at the end of the survey. Of the comments, 50 (86%) respondents indicated a positive attitude to BBBEE policy. The positive comments covered topics on the BBBEE policy in general, human resource development and enterprise development. A number of comments endorsed the need for investment in the training of black people in hotels. A sample of the comments is provided in Table 5.5.

Seven respondents suggested opposition to the BBBEE policy, and opposition to the approach adopted by government on BBBEE (see Table 5.6).

Evidently, the individual comments by the general manager suggested a level of understanding the topic of BBEE policy and implementation. Furthermore, the volume and depth of the comments from the respondents suggested an interest to share views on the topic, thereby supporting the reliability of the findings.

Table 5.5: Selected comments supportive of BBEE policy

Comment	Comments in support of BBEE policy
1	<i>We have achieved high levels of BBEE scoring over the past 2 years and I think at the stage we need to sustain what we have been doing as well as improve in certain areas.</i>
2	<i>We have reached it already as group.</i>
3	<i>This is not something that can be rushed or the programme will fail. The biggest problem in this country is finding people who have attention to detail. This and personality, is a must in recruitment.</i>
4	<i>Planning is not the issue - in my specific unit with such limited positions, and with those positions already occupied by trusted, loyal employees, it is a question of them choosing to seek career paths elsewhere before I can improve BBEE representation. It would be a mistake to not improve on BBEE statistics, but it would be catastrophic to do it at the expense of the current talent that will be the ones to mentor and train the next generation.</i>
5	<i>Within my hotel and our group we are placing the emphasis on the development of potential BBEE candidates for middle and senior management. When the position becomes available - it is encouraged that those individuals are placed in those positions on the condition that they have completed their development process and have the skills to perform the functions of those positions.</i>
6	<i>I am a white South African and feel the Black South African is being abused by BBEE. Only a select same few are receiving benefits from BBEE, the system is flooded. What was the intended vision of BBEE and after 17 years of democracy what has BBEE achieved? For the average Non-white South African absolutely nothing in my opinion!</i>
7	<i>Only a select few are feeling the positive rewards of BBEE and those who actually need the support are not receiving any assistance from the BBEE policy.</i>
8	<i>There is a definite need to train and develop people. There needs to be a strongly supported Government Unemployed Learners.</i>
9	<i>All planning is in place, just waiting for positions to become available.</i>
10	<i>I think we are doing this quite well.</i>

Table 5.6: Selected comments critical of BBEE policy

Comment	Comments criticising BBEE policy
1	<i>BBEE and EE is legislated racism. The focus should be on entrepreneurial skills development, education etc. Merit should be a focus, not skin colour.</i>
2	<i>It is unfair to force companies to practise BBEE when there are no qualified black people available.</i>
3	<i>In my opinion, I believe the country is totally mis managed, (we just do not produce good Black managers)Top Management are corrupt and in my opinion are killing the goose that lays the golden egg. For example, NHI,Gauteng freeway improvement project, high taxes with no services. If you continue in this light, the white tax payer will eventually leave also (as in bbbee) and you will be left with nothing (see north Zimbabwe) as a good example.</i>
4	<i>I am not from South Africa and find BBEE non workable as with the equivalent program in the States. Black people will naturally succeed because of opportunities they now have and the drive and ambition of the individual, not a policy, As with every country there will always be gardeners and dishwasher, there is nothing wrong with that.</i>
5	<i>We should employ the person most suited for the job and not based on colour.</i>

Comment	Comments criticising BBBEE policy
6	<i>Since I cannot agree with the concept of Black Empowerment 17 years after the new SA was established. Government and Labour should be making every effort to enable ordinary South Africans to create small businesses, to enable medium and large business to employ as many people as possible without the restrictions of employment policies... FREE MARKET enables free development.</i>
7	<i>Should be implemented correctly and not through a "token position" system.</i>
8	<i>Keep Politics and Business separated.</i>

5.5. SUMMARY AND CONCLUSION

The demographic profile of the respondents was comprised of hotel general managers, the majority of whom managed three and four star hotels. Half of the hotels were located in urban metropolitan centres.

From Tables 5.7 and 5.8, the results show that there were more areas of agreement in support of BBBEE policy among the general managers. However, views were divided over whether BBBEE policy makes business sense and whether it is a corporate social responsibility programme. The divergence of views appears to confirm the controversial nature of BBBEE (Southall, 2007, Hamann *et al.*, 2008).

Table 5.7: Areas of agreement and disagreement on support for BBBEE policy

Areas of agreement on BBBEE policy in general	Score % agreed
1. BBBEE policy should be supported for the empowerment of all our South African people	78%
2. BBBEE policy should be supported to develop more small enterprises	
3. BBBEE policy should be supported to create more jobs	77%
4. BBBEE policy should be supported	70%
5. BBBEE is a responsible tourism practice	63%
6. Implementing BBBEE in South Africa is the right thing to do	61%
7. BBBEE policy should be supported for more equitable representation of the demographics of the country	60%
	58%
Areas of disagreement on BBBEE policy in general	Score % agreed
1. BBBEE makes business sense	47%
2. BBBEE is a corporate social responsibility programme	45%

Table 5.8: Areas of agreement and disagreement on the GM's performance

Areas of agreement on the GM's performance	Score % agreed
1. The GM needed more time to implement BBBEE within his hotel	80%
2. The GM had a performance target to meet on BBBEE compliance	74%
3. The GM understood the scoring system for the codes of the Tourism Sector Charter	60%
Areas of disagreement on BBBEE policy in general	Score % agreed
1. The GM had made considerable progress with implementing BBBEE in his hotel	36%
2. The GM was incentivised to meet BBBEE targets	33%

The general managers supported BBBEE policy to address the socio-economic challenges in employment and small enterprise development. However, the support for BBBEE policy appeared to be with respect to political and socio-economic factors, rather than for commercial considerations. Although awareness of BBBEE policy appeared high, some of the GMs (40%) did not understand how the scoring system of the Tourism Sector Charter worked. This finding appears to confirm the view that there are challenges in understanding BBBEE regulations within the private sector (Bond, 2005; Iheduru, 2004; Southall, 2007).

The view that more time was required to implement the BBBEE policy was also expressed by hotel group executives in Chapter 4, and was cited in several studies (Acemoglu *et al.*, 2007; Iheduru, 2004). Furthermore, the findings that general managers were provided with targets for achieving BBBEE supported the views expressed in Chapter 4 that hotel groups were encouraging BBBEE implementation at hotel level.

Chapter 5 has contributed to fulfil the objectives of the study by identifying factors and solutions influencing support for BBBEE policy in the hotels, in particular the views of general managers towards BBBEE policy. Evidently, the municipal location of a hotel was found to influence the level of activity on supporting black empowerment.

In the next chapter, Chapter 6, the discussion presents results on the nature and extent of compliance among the hotels with regards to employment equity and skills development.

CHAPTER 6

RESULTS FROM QUANTITATIVE ANALYSIS: EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

6.1. INTRODUCTION

Chapter 6 presents the quantitative results of the implementation of employment equity and skills development in the hotel industry of South Africa. The chapter is the second of four chapters presenting the findings of quantitative research conducted on hotel general managers.

In Chapter 5, general managers (70%) supported the BBBEE policy for job creation. Employment equity policy was intended to drive black empowerment through the recruitment and development of black persons into middle and senior management within hotels. Linked to employment creation was skills development, which contributed to talent development and career mobility of employees.

Therefore, whereas Chapter 5 presented findings on approaches and attitudes (the what and why) towards BBBEE policy, Chapter 6 presents the status of and trends (the how) on BBBEE implementation.

The outline of Chapter 6 is as follows. Section one presents the results on employment equity. Section two provides the results on skills development. The challenges in employment equity and skills development are presented in Section three, followed by a summary and conclusion.

6.1.1. The sample

To recap, descriptive statistical analysis was conducted on data collected from a sample of 178 respondents. The sample profile showed that 155 (87%) respondents held the position of general manager, 136 (75%) respondents managed three, four and five star hotels, and 99 (57%) had 11 years or more of experience in the positions. Half of the hotels represented in the sample were located in urban metropolitan centres, and 74 per cent of hotels were based in the provinces of Gauteng, Western Cape and KwaZulu-Natal.

6.1.1.1. Hypothesis

The **null hypothesis** stated that there was no association between the recruitment and development of black persons for middle and senior management, and the variables of length of experience of the hotel manager, star rating of the hotel, municipal location and provincial location of the hotel, respectively. A significance level of .05 was specified for the examination of hypotheses.

6.2. SECTION ONE: RESULTS ON EMPLOYMENT EQUITY

The criteria for measuring employment equity was the proportion of black persons employed in management within a hotel. A definition of job categories for middle and senior management positions was provided in the research instrument (Appendix 3-A). Senior management positions included the positions of general manager, deputy general manager, front office manager, rooms division manager, finance manager, food and beverage manager, housekeeper, sales and marketing manager and senior chef. Positions in middle management included assistant front office manager, assistant rooms division manager, assistant finance manager and assistant food and beverage manager.

6.2.1. Status on black representation

The respondents were asked to indicate the level of black representation in the hotels on four dimensions: 0-25 per cent, 26-50 per cent, 51-75 per cent and over 75 per cent of black representation, respectively.

6.2.1.1. Black representation within total staff

Figure 6.1 shows that 167 (96%) respondents had over 50 per cent of the staff complement comprised of black people. Analysis by star grading shows that black persons represented 86 per cent of staff in the one to three star hotels and 79 per cent staff within the four star hotels (see Table 6.1). In terms of provincial location, the representation of black staff in hotels was higher in Gauteng province (86%), and in KwaZulu-Natal province (85%).

The p-values of the chi-square testing the representation of total black staff in hotels were above .05 on experience ($=.399$), star rating ($=.961$), municipal location ($=.422$) and provincial location ($=.134$). Therefore, the null hypothesis stating no association between demographic variables and the recruitment of black persons in total staff within hotels, is confirmed.

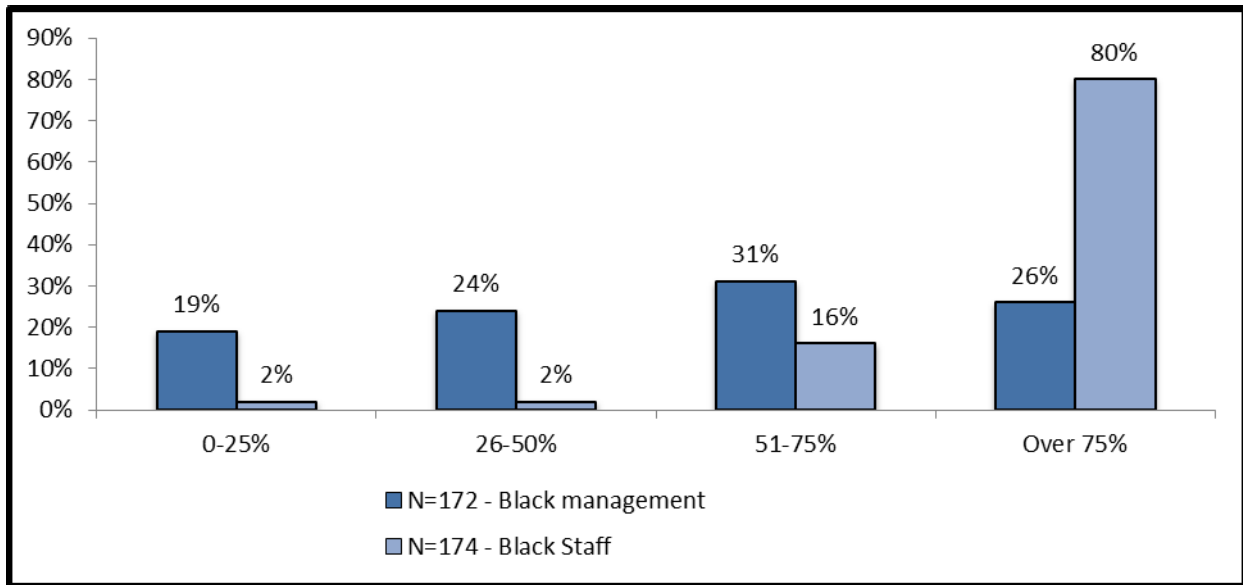


Figure 6.1: Status on black representation in hotels

6.2.1.2. Black representation in management

Figure 6.1 shows that 79 (58%) of the hotel managers reported over 50 per cent black representation in management levels.

Table 6.2 reflects that 40 per cent of respondents with ten years or less experience reported black representation in over 75 per cent of management positions. In contrast, 14 per cent of respondents with longer experience employed black candidates in over 75 per cent of the management positions. The p-value of the chi-square testing the association between length of experience of the hotel manager and the employment of black managers equals .001. Therefore the null hypothesis is rejected. However, the null hypothesis that states no association between the employment of black managers, and the star rating ($p=.206$), municipal location ($p=.882$), and the provincial location of hotels ($p=.120$), respectively, is confirmed (Table 6.2).

Evidently, black representation in management levels was lower than black representation within total staff in the hotels. The findings confirm the view that the hotel industry in South Africa employs high volumes of black labour, albeit in low level positions (FEDHASA, 2011; RSA, 2007a).

Table 6.1: Positions occupied by black persons within the total staff in hotels

		75% or less	Over 75%	Valid n	Pearson Chi-Square exact sig. p=
Experience in present role	10 or under years	16 (21.1%)	60 (78.9%)	76 (100.0%)	0.399
	11+ years	18 (18.4%)	80 (81.6%)	98 (100.0%)	
	Total	34 (19.5%)	140 (80.5%)	174 (100.0%)	
Star rating of hotel	One to three star hotels	12 (14.3%)	72 (85.7%)	84 (100.0%)	0.961
	Four star hotels	13 (21.3%)	48 (78.7%)	61 (100.0%)	
	Five star hotels	8 (33.3%)	16 (66.7%)	24 (100.0%)	
	Total	33 (19.5%)	136 (80.5%)	169 (100.0%)	
Municipal location of hotel	Other	15 (17.9%)	69 (82.1%)	84 (100.0%)	0.422
	Urban metro cities	17 (20.2%)	67 (79.8%)	84 (100.0%)	
	Total	32 (19.0%)	136 (81.0%)	168 (100.0%)	
Provincial location of hotel	Gauteng	9 (14.5%)	53 (85.5%)	62 (100.0%)	0.134
	KwaZulu-Natal	4 (15.4%)	22 (84.6%)	26 (100.0%)	
	Other	8 (17.8%)	37 (82.2%)	45 (100.0%)	
	Western Cape	13 (32.5%)	27 (67.5%)	40 (100.0%)	
	Total	34 (19.7%)	139 (80.3%)	173 (100.0%)	

Table 6.2: The recruitment of black persons for middle and senior management in hotels

		0-25%	26-50%	51-75%	Over 75%	Valid n	Pearson Chi-Sq. exact sig. p=
Ex-perience in present role	10 or under years	12 (16.0%)	17 (22.7%)	16 (21.3%)	30 (40.0%)	75 (100.0%)	.001
	11+ years	20 (20.6)	25 (25.8%)	38 (39.2%)	14 (14.4%)	97 (100.0%)	
	Total	32 (18.6%)	42 (24.4%)	54 (31.4%)	44 (25.6%)	172 (100.0%)	
Star rating of hotel	One to three star hotels	13 (15.5%)	18 (21.4%)	24 (28.6%)	29 (34.5%)	84 (100.0%)	.206
	Four star hotels	13 (22.0%)	14 (23.7%)	20 (33.9%)	12 (20.3%)	59 (100.0%)	
	Five star hotels	6 (25.0%)	6 (25.0%)	10 (41.7%)	2 (8.3%)	24 (100.0%)	
	Total	32 (19.2%)	38 (22.8%)	54 (32.3%)	43 (25.7%)	167 (100.0%)	
Municipal location of hotel	Other	15 (18.3%)	19 (23.2%)	25 (30.5%)	23 (28.0)	82 (100.0%)	.882
	Urban metro cities	14 (16.7%)	23 (27.4%)	27 (32.1%)	20 (23.8%)	84 (100.0%)	
	Total	29 (17.5%)	42 (25.3%)	52 (31.3%)	43 (25.9%)	166 (100.0%)	

6.2.2. Recruitment of black managers

6.2.2.1. Recruitment of black middle managers

As Figure 6.2 indicates, 100 (58%) respondents reported ease in recruiting black candidates for middle management from within the hotel. Recruiting black candidates for middle management from the hotel group was easy for 102 (64%) of the respondents. However, the respondents differed on the ease of recruiting black middle managers from the general market, with 62 (37%) who agreed with the statement, and another 62 (38%) respondents who disagreed with the view.

The p-values of the chi-square testing the recruitment of middle managers from the general market were above 0.05 on experience ($=.074$), star rating ($=.960$), municipal location ($=.939$) and provincial location ($=.926$). Therefore, the null hypothesis stating no association between the demographic variables and the ease of recruiting black middle managers from the general market, is confirmed (see Appendix 6-A).

6.2.3. Recruitment of black senior managers

Figure 6.3 shows that one third (34%) of respondents found it easy to recruit black candidates as senior managers from within the hotel. Views were divided over the ease of recruiting black senior managers from the hotel group, with 67 (43%) respondents indicating that it was easy to recruit, while 55 (34%) did not agree with the view.

The challenge increased for the external recruitment of black senior managers, with only 25 per cent of respondents reporting ease in recruiting senior managers from the general market, and 79 (48%) who did not agree with the statement. The p-value of the chi-square testing the association between the municipal location of a hotel and the ease of recruiting senior black managers equals .037. Therefore, the null hypothesis is rejected (Table 6.3). However, the null hypothesis that states no association between the ease of recruiting senior black managers and the extent of manager experience ($p=.805$), star rating ($p=.246$), and the provincial location of hotels ($p=.300$), respectively, is confirmed (Table 6.3).

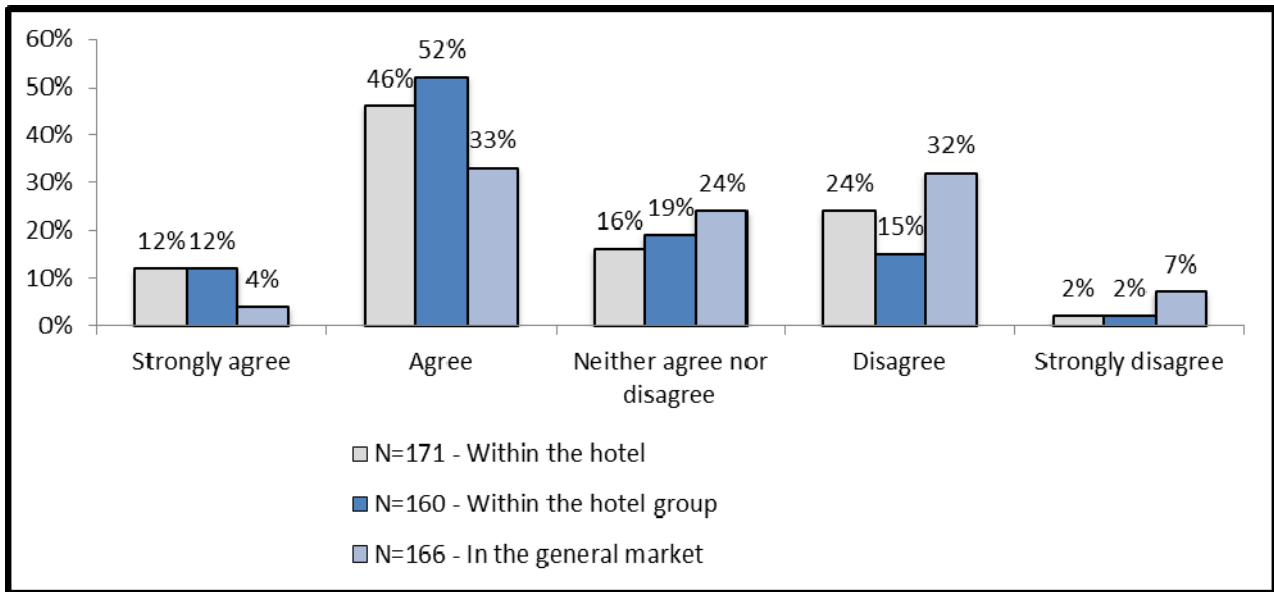


Figure 6.2: Recruitment of black middle managers

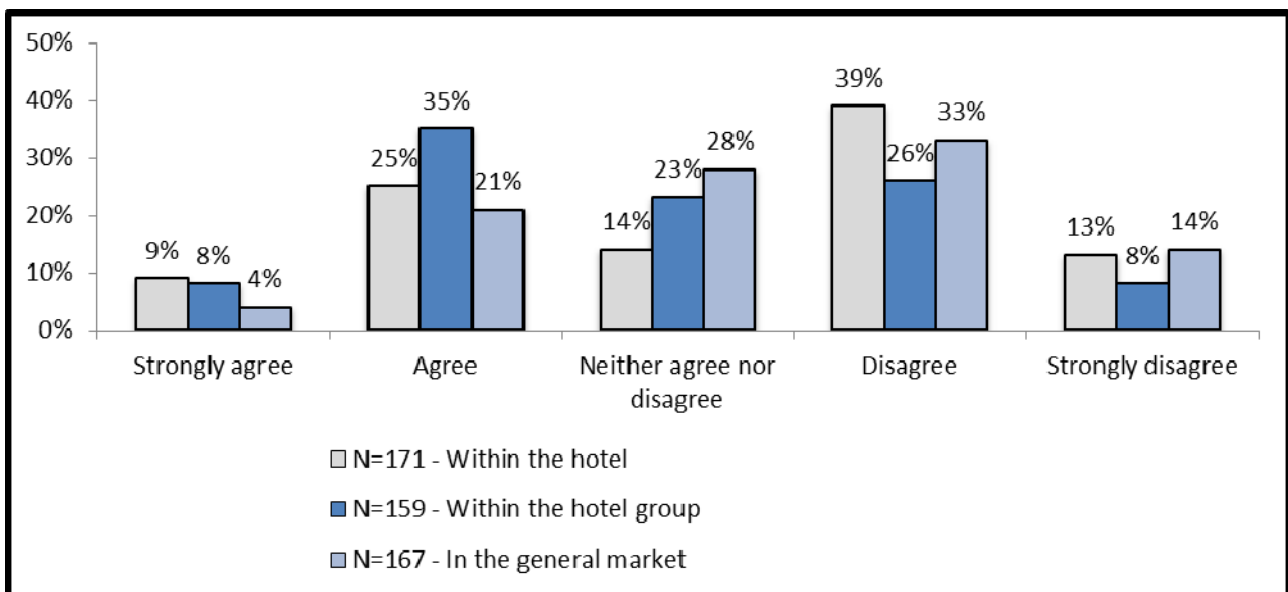


Figure 6.3: Recruitment of black senior managers

Table 6.3: The recruitment of senior managers from within the hotel

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	24 (32.4%)	11 (14.9%)	39 (52.7%)	74 (100%)	-
	11+ years	35 (36.1%)	12 (12.4%)	50 (51.5%)	97 (100%)	-
	Total	59 (34.5%)	23 (13.5%)	89 (52.0%)	171 (100%)	0.805
Star rating of hotel	One to three star hotels	34 (41.5%)	8 (9.8%)	40 (48.8%)	82 (100%)	-
	Four star hotels	18 (30.0%)	12 (20.0%)	30 (50.0%)	60 (100%)	-
	Five star hotels	6 (25.0%)	3 (12.5%)	15 (62.5%)	24 (100%)	-
	Total	58 (34.9%)	23 (13.9%)	85 (51.2%)	166 (100%)	0.246
Municipal location of hotel	Other municipality	35 (43.8%)	13 (16.3%)	32 (40.0%)	80 (100%)	-
	Urban metro cities	24 (28.2%)	10 (11.8%)	51 (60.0%)	85 (100%)	-
	Total	59 (35.8%)	23 (13.9%)	83 (50.3%)	165 (100%)	0.037
Provincial location of hotel	Gauteng	24 (38.7%)	4 (6.5%)	34 (54.8%)	62 (100%)	-
	KwaZulu-Natal	7 (26.9%)	5 (19.2%)	14 (53.8%)	26 (100%)	-
	Other provinces	18 (41.9%)	6 (14.0%)	19 (44.2%)	43 (100%)	-
	Western Cape	10 (25.6%)	8 (20.5%)	21 (53.8%)	39 (100%)	-
	Total	59 (34.7%)	23 (13.5%)	88 (51.8%)	170 (100.0%)	0.300

6.2.4. Appeal of the hotel industry to black candidates

Figure 6.4 indicates that 98 (57%) respondents considered the hotel sector as attractive to black candidates for employment. The respondents differed on whether the hotel industry is considered a serious career option by the black market, as 37 per cent agreed, and another 37 per cent disagreed with the statement. In addition, the views were divided between respondents (35%) who agreed that it is easy to compete for black candidates in the open market, and respondents (36%) who disagreed with the statement (Figure 6.4).

Table 6.4 shows that more respondents, 56 (68%), in non-urban locations found the industry attractive, compared to 35 (45%) respondents who were based in urban metro locations. The p-value of the chi-square value testing the association between the municipal location of a hotel and the attractiveness of the hotel sector to black candidates for employment equals .005. Therefore,

the null hypothesis which states no association between the municipal location and the attractiveness of the hotel sector to black candidates for employment, is rejected.

However, the null hypothesis that states no association between the attractiveness of the hotel sector to black candidates for employment, and the extent of manager experience ($p=.258$), star rating ($p=.146$), and the provincial location of hotels ($p=.720$), respectively, is confirmed (Table 6.4).

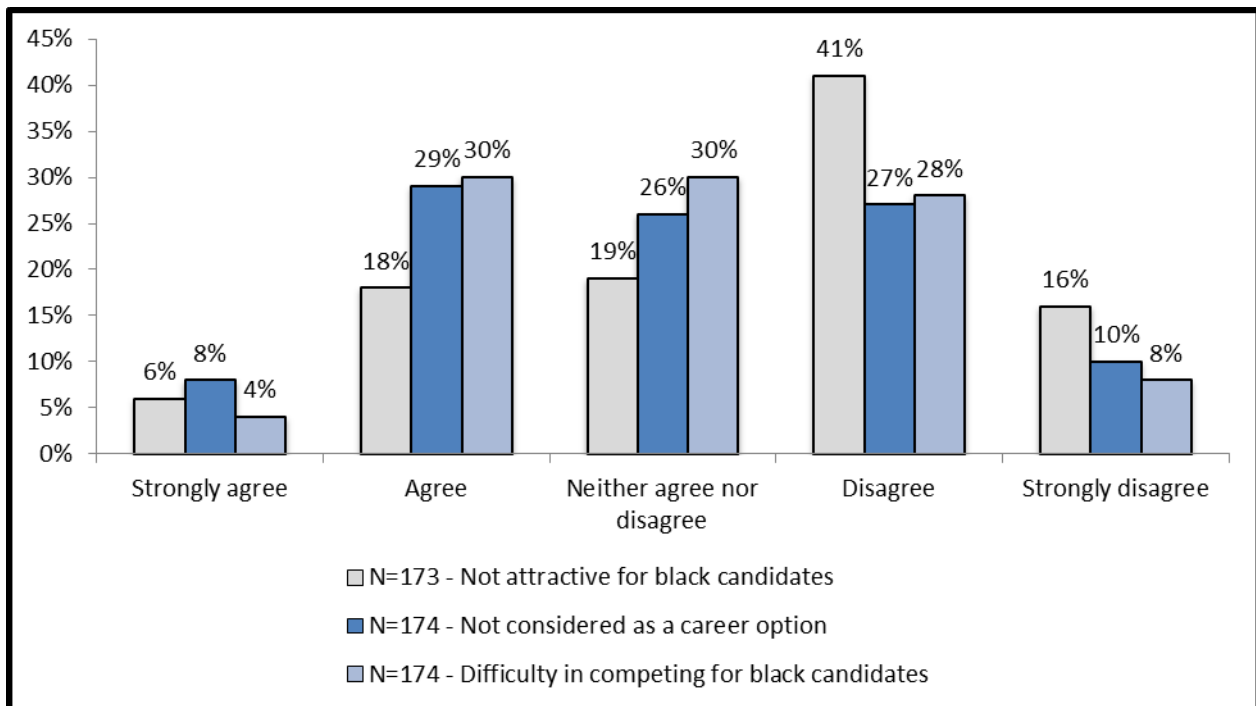


Figure 6.4: Attractiveness of the hotel sector for black candidates

6.2.5. Skills shortage in the hotel industry

Figure 6.5 indicates the skills shortage for black candidates in management positions reported at the hotel level (57%), within the hotel group (51%) and in the general market (68%).

The p-values of the chi-square testing the skills shortage for black candidates for management positions within the hotel were above 0.05 on experience ($=.575$), star rating ($=.353$), municipal location ($=.231$) and provincial location ($=.701$). Therefore, the null hypothesis stating no association between the demographic variables and the skills shortage for black candidates for management positions within hotels, is confirmed (see Appendix 6-B).

Table 6.4: The attractiveness of the hotel industry

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	20 (26.7%)	10 (13.3%)	45 (60.0%)	75 (100.0%)	-
	11+ years	22 (22.4%)	23 (23.5%)	53 (54.1%)	98 (100.0%)	-
	Total	42 (24.3%)	33 (19.1%)	98 (56.6%)	173 (100.0%)	0.258
Star rating of hotel	One to three star hotels	26 (31.0%)	12 (14.3%)	46 (54.8%)	84 (100.0%)	-
	Four star hotels	11 (18.3%)	12 (20.0%)	37 (61.7%)	60 (100.0%)	-
	Five star hotels	5 (20.8%)	8 (33.3%)	11 (45.8%)	24 (100.0%)	-
	Total	42 (25.0%)	32 (19.0%)	94 (56.0%)	168 (100.0%)	0.146
Municipal location of hotel	Other	12 (14.5%)	15 (18.1%)	56 (67.5%)	83 (100.0%)	-
	Urban metro cities	29 (34.5%)	17 (20.2%)	38 (45.2%)	84 (100.0%)	-
	Total	41 (24.6%)	32 (19.2%)	94 (56.3%)	167 (100.0%)	0.005
Provincial location of hotel	Gauteng	17 (27.0%)	14 (22.2%)	32 (50.8%)	63 (100.0%)	-
	KwaZulu-Natal	4 (16.0%)	4 (16.0%)	17 (68.0%)	25 (100.0%)	-
	Other	9 (20.0%)	9 (20.0%)	27 (60.0%)	45 (100.0%)	-
	Western Cape	12 (30.8%)	6 (15.4%)	21 (53.8%)	39 (100.0%)	-
	Total	48 (24.4%)	33 (19.2%)	97 (56.4%)	172 (100.0%)	0.720

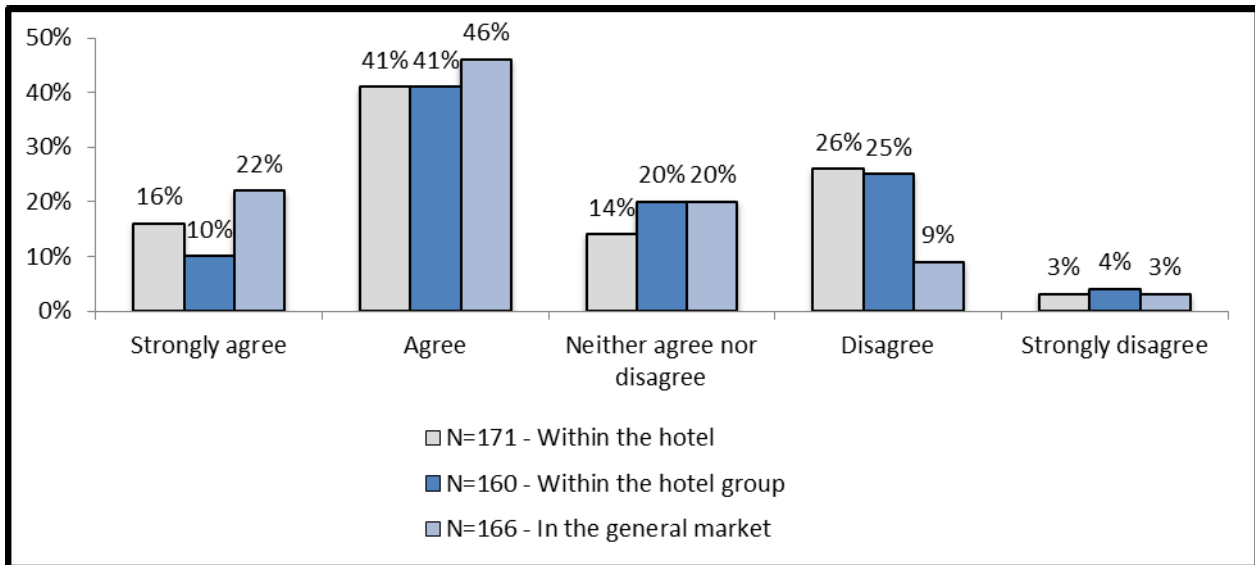


Figure 6.5: Skills shortage for black candidates for management

More respondents in urban metro based locations (59%) believed that there is a skills shortage within the hotel group, compared to 40 per cent of the non-urban respondents who shared the same view (Table 6.5).

The p-value of the chi-square value testing the association between the municipal location of a hotel and the skills shortage for black candidates for management positions within the hotel group equals .045. Therefore, the null hypothesis which states no association between the municipal location and the skills shortage for black candidates for management positions within hotel groups, is rejected. However, the null hypothesis that states no association between the view that there is skills shortage for black candidates in management positions within hotel groups, and the extent of manager experience ($p=.176$), star rating ($p=.354$), and the provincial location of hotels ($p=.875$), respectively, is confirmed (Table 6.5).

Table 6.6 shows that the perception of skills shortage in the general market was identified by 72 (75%) respondents with longer experience, compared to 44 (60%) respondents with shorter experience.

The p-value of the chi-square value testing the association between the extent of manager experience and the skills shortage for black candidates for management positions within the general market equals .020. Therefore, the null hypothesis which states no association between the extent of manager experience and the skills shortage for black candidates in management within the general market, is rejected. However, the null hypothesis that states no association between the skills shortage for black candidates within the general market, and the star rating ($p=.529$), municipal location ($p=.262$), and the provincial location of hotels ($p=.918$), respectively, is confirmed (Table 6.6).

Furthermore, the results in Figure 6.6 indicate that the top three areas that the respondents reported skills shortages for management positions were sales and marketing, housekeeping and maintenance.

The findings support the work of Kaplan (2004) and Kraak (2008) suggesting challenges of skills shortages in the tourism industry as well as within the general labour market of South Africa.

6.2.6. Summary on employment equity

The representation of black managers within the hotels rated as low to average, by employment equity regulations. The recruitment of black middle managers was identified as manageable through internal resources (hotel and hotel group). Respondents experienced difficulty in recruiting senior managers internally, and the challenge appeared to affect more respondents in non-urban metro locations. However, the challenge of identifying black candidates for recruitment in the general market applied to both middle and senior management positions.

There were mixed views with regards to whether the hotel industry is attractive for black candidates and whether the industry is considered a serious career option. The exception was in the rural areas where skills shortage is not considered as a serious problem. Sales and marketing were identified as key areas of skills shortage.

Table 6.5: The skills shortage for black candidates within the hotel group

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	31 (42.5%)	17 (23.3%)	25 (34.2%)	73 (100.0%)	-
	11+ years	51 (57.3%)	15 (16.9%)	23 (25.8%)	89 (100.0%)	-
	Total	82 (50.6%)	32 (19.8%)	48 (29.6%)	162 (100.0%)	0.176
Star rating of hotel	One to three star hotels	40 (50.6%)	15 (19.0%)	24 (30.4%)	79 (100.0%)	-
	Four star hotels	25 (43.9%)	12 (21.1%)	20 (35.1%)	57 (100.0%)	-
	Five star hotels	15 (68.2%)	4 (18.2%)	3 (13.6%)	22 (100.0%)	-
	Total	80 (50.6%)	31 (19.6%)	47 (29.7%)	158 (100.0%)	0.354
Municipal	Other	30	16	29	75	-

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
location of hotel		(40.0%)	(21.3%)	(38.7%)	(100.0%)	
	Urban metro cities	49 (59.0%)	15 (18.1%)	19 (22.9%)	83 (100.0%)	-
	Total	79 (50.0%)	31 (19.6%)	48 (30.4%)	158 (100.0%)	0.045
Provincial location of hotel	Gauteng	30 (48.4%)	15 (24.2%)	17 (27.4%)	62 (100.0%)	-
	KwaZulu-Natal	12 (54.4%)	4 (18.2%)	6 (27.3%)	22 (100.0%)	-
	Other	22 (53.7%)	5 (12.2%)	14 (34.1%)	41 (100.0%)	-
	Western Cape	18 (50.0%)	7 (19.4%)	11 (30.6%)	36 (100.0%)	
	Total	82 (50.9%)	31 (19.3%)	48 (29.8%)	161 (100.0%)	0.875

Table 6.6: The skills shortage for black candidates in the general market

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	44 (59.5%)	22 (29.7%)	8 (10.8%)	74 (100.0%)	-
	11+ years	72 (75.0%)	12 (12.5%)	12 (12.5%)	96 (100.0%)	-
	Total	116 (68.2%)	34 (20.0%)	20 (11.8%)	170 (100.0%)	0.020
Star rating of hotel	One to three star hotels	59 (71.1%)	14 (16.9%)	10 (12.0%)	83 (100.0%)	-
	Four star hotels	37 (61.7%)	14 (23.3%)	9 (15.0%)	60 (100.0%)	-
	Five star hotels	18 (78.3%)	4 (17.4%)	1 (4.3%)	23 (100.0%)	-
	Total	114 (68.7%)	32 (19.3%)	20 (12.0%)	166 (100.0%)	0.529
Municipal	Other	55	14	13	82	-

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
location of hotel		(67.1%)	(17.1%)	(15.9%)	(100.0%)	
	Urban metro cities	57 (68.7%)	19 (22.9%)	7 (8.4%)	83 (100.0%)	-
	Total	112 (67.9%)	33 (20.0%)	20 (12.1%)	165 (100.0%)	0.262
Provincial location of hotel	Gauteng	43 (68.3%)	14 (22.2%)	6 (9.5%)	63 (100.0%)	-
	KwaZulu-Natal	18 (75.0%)	4 (16.7%)	2 (8.3%)	24 (100.0%)	-
	Other	30 (68.2%)	7 (15.9%)	7 (15.9%)	44 (100.0%)	-
	Western Cape	25 (65.8%)	8 (21.1%)	5 (13.2%)	38 (100.0%)	
	Total	116 (68.6%)	33 (19.5%)	20 (11.8%)	169 (100.0%)	0.918

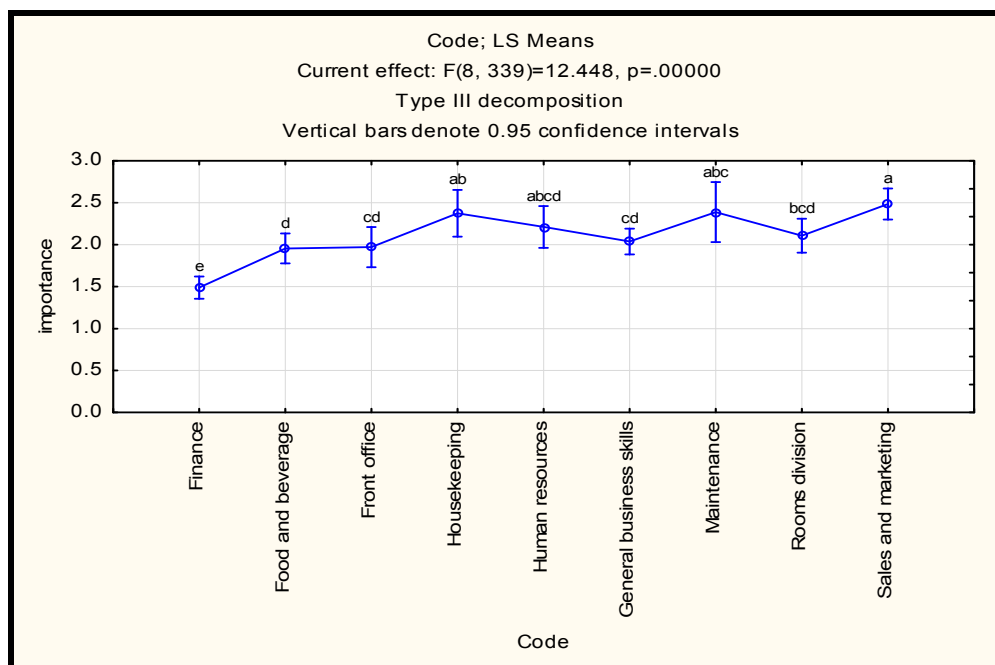


Figure 6.6: Ranking of top three areas for skills shortage

6.3. SECTION TWO: SKILLS DEVELOPMENT

The following discussion presents the findings on the internal and external development of black staff within the hotels. The discussion also presents views with regards to the work capacity of students from hotel schools because skills development of students is one criterion for achieving BBBEE implementation.

6.3.1. Development of black staff

Table 6.7 reflects that 89 per cent of respondents reported internal development training for black staff within the previous 12 months. The respondents also reported training of black staff through mentoring sessions (92%), coaching sessions (89%) and external training (64%) within the 12-month period. The evidence of high levels of training and development in hotels supported studies indicating that the hotel industry relies on internal development and apprentice learning for talent management (Spowart, 2011).

6.3.2. Hotel college students

The results showed that 88 per cent of hotels hosted college students on attachment during the previous 12 months. However, the hotel managers differed on whether hotel graduates had the required skills to become middle managers within a 24 month period of employment, with 44 per cent in agreement, and 33 per cent disagreeing with the statement (Figure 6.7).

The p-values of the chi-square testing the skills ability of hotel students for management positions in hotels were above 0.05 on experience ($=.851$), star rating ($=.747$), municipal location ($=.636$) and provincial location ($=.131$). Therefore, the null hypothesis stating no association between the demographic variables and the skills ability of hotel students for management positions in hotels, is confirmed (see Appendix 6-C).

6.3.2.1. Comments regarding students and work readiness

Hotel students were hosted on attachment by 151 (88%) respondents within the previous 12 month period. The respondents differed on whether hotel graduates had the required skills to become middle managers within a 24 month period of employment, with 44 per cent in agreement, and 33 percent disagreeing with the statement (Figure 6.7).

The subject of hotel students and student potential for management positions generated 35 comments, which was the second largest volume of individual comments for a question in the study. The respondents observed that hotel schools are not producing the right calibre of students, resulting in hotel graduates who lack the basic skills and who are “*all theory and no practice*”. The respondents’ comments included the following themes:

- hotel students lacking basic skills and knowledge
- students lacking ambition and passion
- students having unrealistic expectations on career development
- hotel colleges not producing the right quality of skills
- more time required for hotel graduates to be considered for management
- the hotel job viewed by students as interim to a better career elsewhere.

Table 6.7: The development of black staff in hotels

Question	YES	NO
1. <i>Black staff have been enrolled in internal development programmes during the past 12 months (N = 174).</i>	89%	11%
2. <i>Black staff have been enrolled in external development programmes during the past 12 months (N = 174).</i>	64%	36%
3. <i>Black staff have received mentoring sessions in the past 12 months (N = 173).</i>	92%	8%
4. <i>Black staff have received coaching sessions in the past 12 months (N = 174).</i>	89%	11%

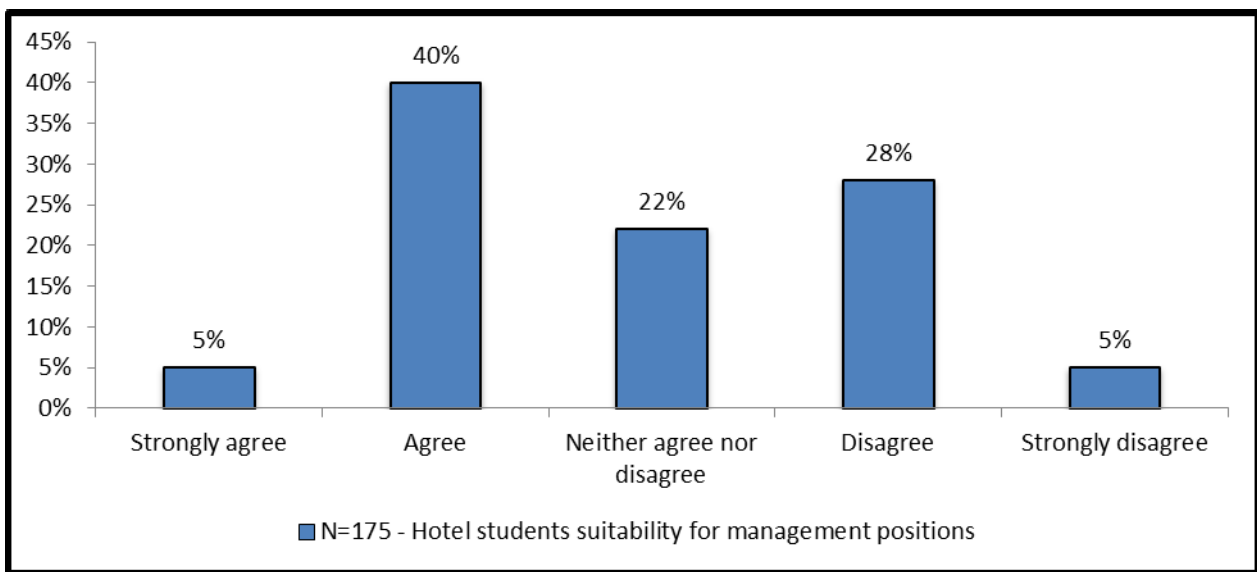


Figure 6.7: Hotel students suitability for management positions

One respondent observed that hotel students lacked motivation and the personal drive to succeed in hospitality and explained,

“Succeeding in the Hotel Industry has a lot to do with commitment and attitude towards your work. I would definitely say that a H/S diploma helps as it gives you a broader over-view of the industry but no less than a 3 year diploma. You get a lot of fly by night institutions where the

qualification is not worth the paper it's written on. Saying that I have also seen employees with no formal education in the Hotel Industry that is worth their weight in gold".

Another respondent suggested that the hotel students needed to invest in further development and training, before expecting to take up management positions. As the respondent explained,

"Hotel School students graduate now a days with an expectation to start at Senior Management. They need to work Junior Management roles and come up the ranks with the required experience. They often believe that their 6 months pracs takes care of the hard work - now it's time to join senior management".

However, one respondent observed that "some incredible students" were on attachment at his hotel.

The comments and the findings confirmed concerns with regards to the quality of hotel students generated by training institutions, the work-readiness of hotel students, and the capacity of the students for management development (cited by Josiam *et al.*, 2009; Spowart 2011; Zong *et al.*, 2011).

6.3.3. Development of a succession pool

The respondents believed that the black candidates required for development to middle management within the next 24 months are available within the hotels (60%) and from within the hotel group (65%), as indicated in Figure 6.8.

The respondents differed on the availability of black candidates, both at hotel and group level, for development to senior management positions within a 24 month period. However, more respondents (47%) regarded opportunities for development of black senior managers as higher from the hotel group (Figure 6.9).

Hotel managers in the one to three star hotels (73%) and in four star hotels (67%) agreed that black candidates for development to middle management are available from within the hotel group (see Table 6.8). The p-values of the chi-square testing the association between star rating of the hotel and the availability of black candidates for development to middle and senior management positions within hotel groups equals .001. Therefore the null hypothesis is rejected. However, the null hypothesis that states no association between the availability of black candidates for development to middle management within the hotel group, and the municipal location ($p=.172$), and the provincial location of hotels ($p=.749$), respectively, is confirmed (Table 6.8).

Furthermore, the null hypothesis is rejected on the association between the availability of black candidates for development to senior management in hotel groups, and the star rating of hotel ($p=.01$) and extent of manager experience ($p=.044$), respectively (Table 6.9).

6.3.4. Apprentice model for staff development

Figure 6.10 shows that 92 per cent of hotel managers believed that the hotel industry is an apprentice industry where candidates acquire skills through internal development in different positions. There was more belief in the apprentice model from the respondents in one to three star hotels (55%) and from those in four star hotels (62%), compared to support from the respondents in the five star hotels.

The p-values of the chi-square testing the belief in the apprentice model of hotel development were above .05 on experience ($=.432$), star rating ($=.391$), municipal location ($=.182$) and provincial location ($=.316$). Therefore, the null hypothesis stating no association between the demographic variables and the belief in the apprentice model of hotel development, is confirmed.

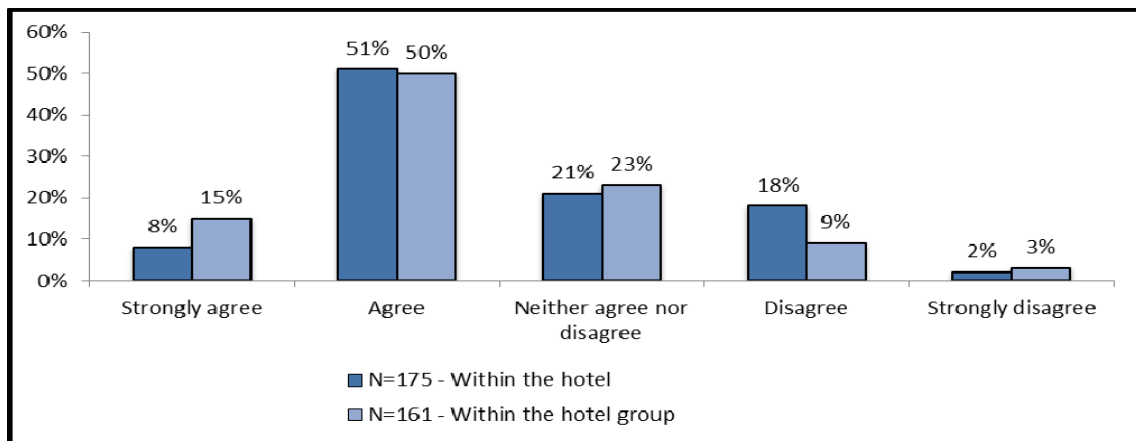


Figure 6.8: Black candidates available for middle management

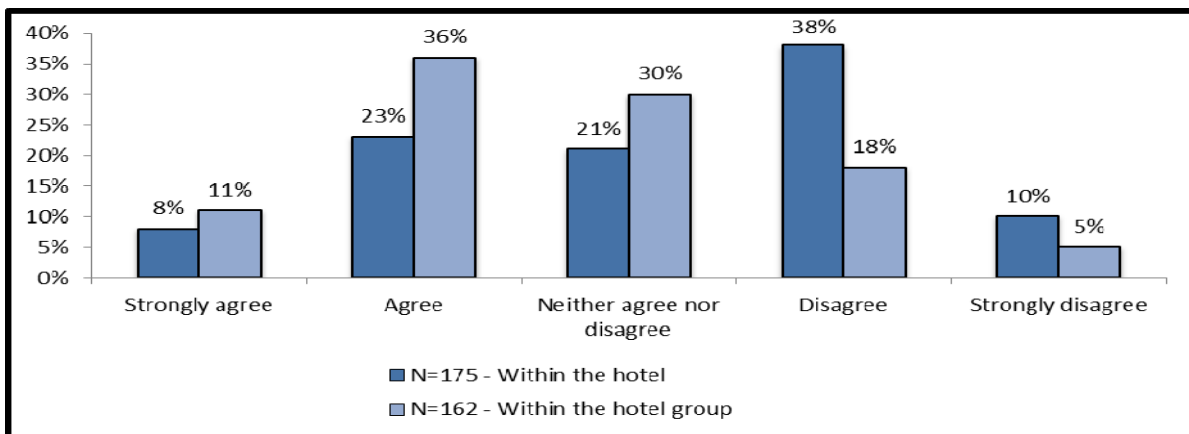


Figure 6.9: Black candidates available for senior management

Table 6.8: The availability of black candidates for development to middle management in hotel groups

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	54 (74.0%)	15 (20.5%)	4 (5.5%)	73 (100.0%)	-
	11+ years	50 (56.8%)	22 (25.0%)	16 (18.2%)	88 (100.0%)	-
	Total	104 (64.5%)	37 (23.0%)	20 (12.4%)	161 (100.0%)	0.026
Star rating of hotel	One to three star hotels	58 (72.5%)	11 (13.8%)	11 (13.8%)	80 (100.0%)	-
	Four star hotels	37 (67.3%)	16 (29.1%)	2 (3.6%)	55 (100.0%)	-
	Five star hotels	7 (31.8%)	9 (40.9%)	6 (27.3%)	22 (100.0%)	-
	Total	102 (65.0%)	36 (22.9%)	19 (12.1%)	157 (100.0%)	0.001
Municipal location of hotel	Other	53 (71.6%)	15 (20.3%)	6 (8.1%)	74 (100.0%)	-
	Urban metro cities	48 (57.8%)	22 (26.5%)	13 (15.7%)	83 (100.0%)	-
	Total	101 (64.3%)	37 (23.6%)	19 (12.1%)	157 (100.0%)	0.172
Provincial location of hotel	Gauteng	41 (66.1%)	12 (19.4%)	9 (14.5%)	62 (100.0%)	-
	KwaZulu-Natal	14 (63.6%)	8 (27.3%)	2 (9.1%)	22 (100.0%)	-
	Other	28 (70.0%)	7 (17.5%)	5 (12.5%)	40 (100.0%)	-
	Western Cape	21 (56.8%)	12 (32.4%)	4 (10.8%)	37 (100.0%)	-
	Total	104 (64.6%)	37 (23.0%)	20 (12.4%)	161 (100.0%)	0.749

Table 6.9: The availability of black candidates for development to senior management in hotel groups

		Agree	Neither agree nor disagree	Disagree	Total	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	39 (53.40%)	24 (32.90%)	10 (13.70%)	73 (100.00%)	
	11+ years	38 (42.70%)	24 (27.00%)	27 (30.30%)	89 (100.00%)	
	Total	77 (47.50)	48 (29.60%)	37 (22.80%)	162 (100.00%)	0.044
Star rating of hotel	One to three star hotels	43 (53.80%)	19 (23.80%)	18 (22.50%)	80 (100.00%)	
	Four star hotels	29 (51.80%)	19 (33.90%)	8 (14.30%)	56 (100.00%)	
	Five star hotels	4 (18.20%)	8 (36.40%)	10 (45.50%)	22 (100.00%)	
	Total	76 (48.10%)	46 (29.10%)	36 (22.80%)	158 (100.00%)	0.01
Municipal location of hotel	Other	37 (49.30%)	22 (29.30%)	16 (21.30%)	75 (100.00%)	
	Urban metro cities	38 (45.80%)	25 (30.10%)	20 (24.10%)	83 (100.00%)	
	Total	75 (47.50%)	47 (29.70%)	36 (22.80%)	158 (100.00%)	0.915
Provincial location of hotel	Gauteng	29 (46.80%)	16 (25.80%)	17 (27.40%)	62 (100.00%)	
	KwaZulu-Natal	9 (40.90%)	10 (45.50%)	3 (13.60%)	22 (100.00%)	
	Other	22 (53.70%)	10 (24.40%)	9 (22.00%)	41 (100.00%)	
	Western Cape	17 (45.90%)	12 (32.40%)	8 (21.60%)	37 (100.00%)	
	Total	77 (47.50%)	48 (29.60%)	37 (22.80%)	162 (100.00%)	0.602

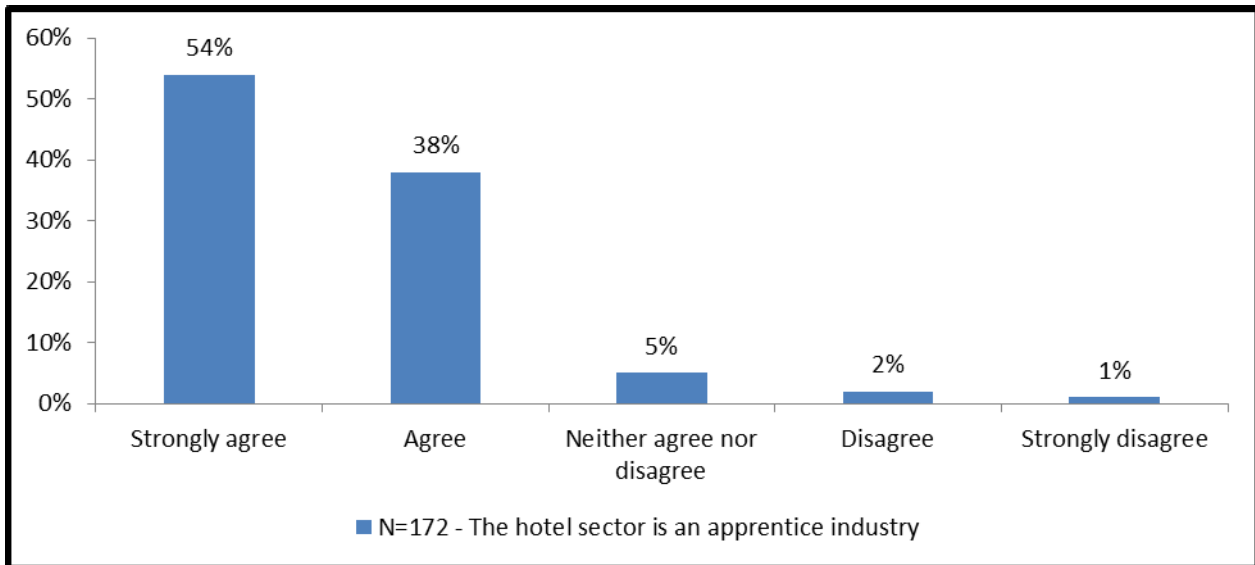


Figure 6.10: The hotel sector is an apprentice industry

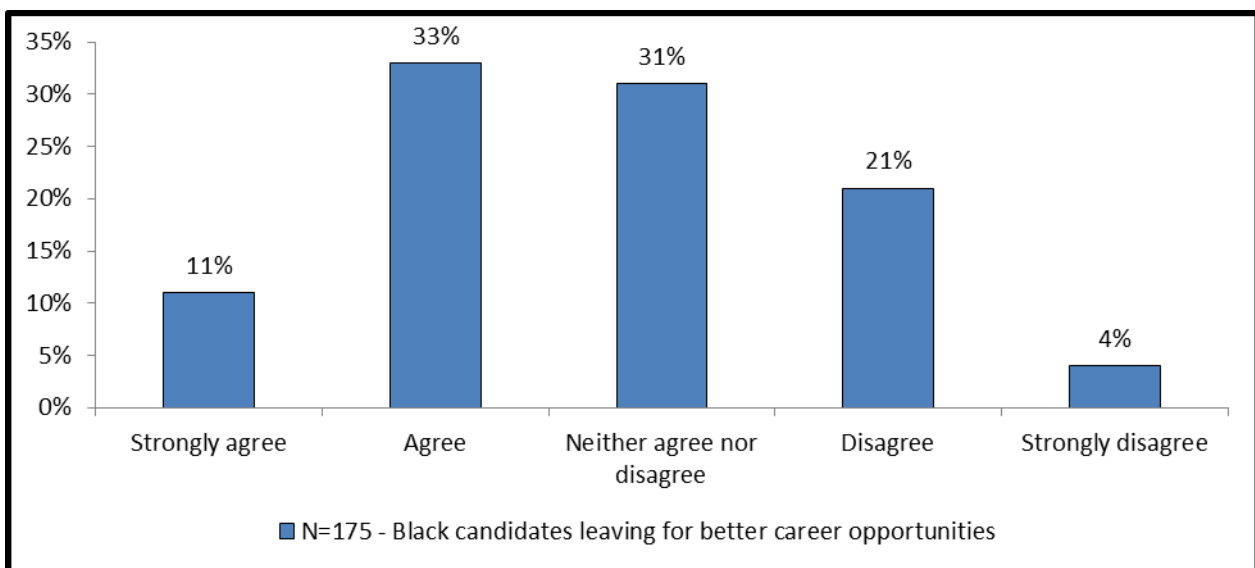


Figure 6.11: Black candidates leaving for better career opportunities

6.3.5. Black management staff leaving the hotel

On staff retention, more staff left to join a hotel within the same hotel group (47%), compared to staff who left to join another company (33%). However, the respondents differed on whether black management staff have left their jobs for better career opportunities, with 44 per cent agreeing with the statement, while 25 per cent disagreed with the view (Figure 6.11).

Some respondents stated that staff left the hotel for better salary opportunities. However, one respondent stated that hotel employees also stay in their jobs for family reasons and because options for alternative employment in rural locations are limited. The respondent explained,

‘In this economic climate, rural employees hold on to their jobs with great enthusiasm. They have chosen to live near their rural homes and the opportunities for other employment are very limited’.

In summary, belief in the apprentice model for development is strong in the hotel industry of South Africa. The respondents have invested in the internal development of candidates for career development. In addition the respondents expressed reservations about the work readiness of hotel students.

6.4. SECTION THREE: CHALLENGES AND OPPORTUNITIES IN EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

The results in Figure 6.12 indicate that the respondents experienced challenges in implementing both skills development (56%) and in implementing employment equity (51%). Belief in improving BBBEE implementation was also identified by the respondents for skills development (62%), and for employment equity (55%) (Figure 6.13).

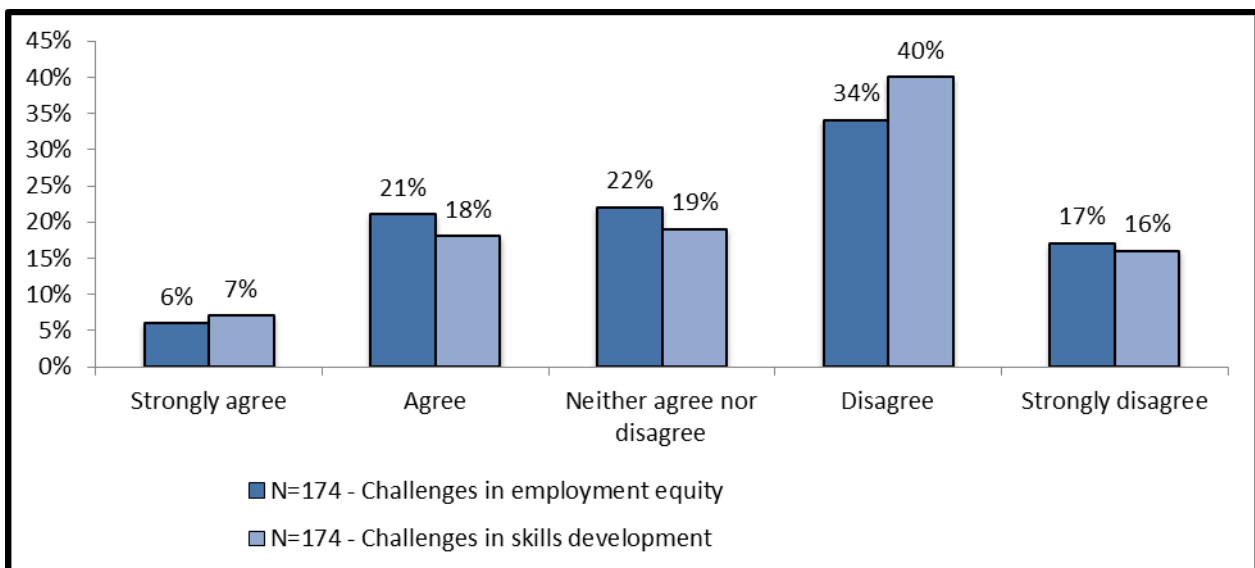


Figure 6.12: Challenges in employment equity and skills development

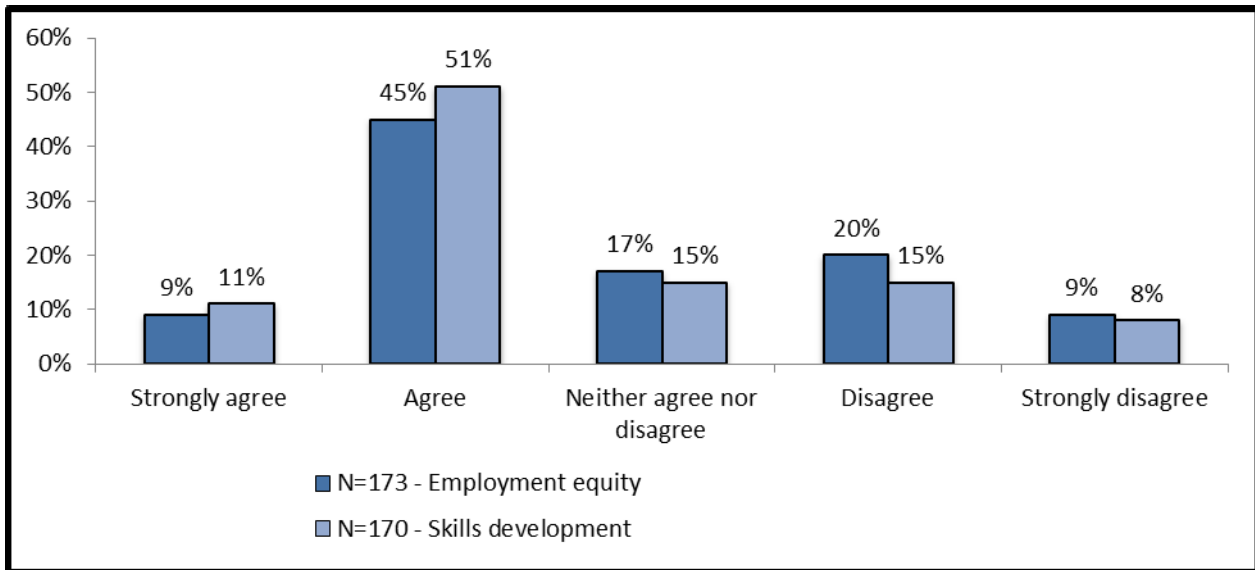


Figure 6.13: Opportunities in employment equity and skills development

6.5. SUMMARY AND CONCLUSION

Tables 6.10, 6.11 and 6.12 provide a comparative view of the findings on employment equity and skills development.

The hotels' status on implementing employment equity was lower than status achieved for skills development (Table 6.10). The respondents appeared more confident about the skills development of black candidates for management than they were about recruiting black candidates for employment. There were also more areas of agreement on factors relating to employment equity than on skills development (Table 6.11). Areas of agreement related to the recruitment of black candidates for middle and senior management positions within the hotels or within the hotel groups.

Views differed on the availability of black candidates in the general market and the ability of the hotel industry to compete, attract and retain candidates from the open market. However, there is room to improve with regards to the implementation of employment equity and skills development in the hotel industry. The challenges with student capacity appear to be a local challenge linked to inefficiencies in the educational system of South Africa, despite the global challenge faced by the hotel industry on student work-readiness.

Chapter 6 has contributed to fulfilling the objectives of the study by identifying factors which influence the implementation of two of the five elements of BBBEE policy, namely employment equity and skills development. The demographic variables of the municipal location and star rating of hotels supported the level of activity in employment equity and skills development within the hotels.

The next chapter, Chapter 7, presents the findings on the remaining three elements of preferential procurement, enterprise development and socio-economic development.

Table 6.10: Summary status on employment equity and skills development

Hotels status on employment equity and skills development	Score % agreed
Employment equity	
1. The majority of hotels had over 75% of total staff complement comprised of black people.	80%
2. The majority of hotels had over 50% representation of black staff in middle and senior management.	58%
Skills development	
1. Black staff were enrolled in the following training programmes in the past 12 months:	
- mentoring sessions	92%
- coaching sessions	89%
- internal development training	89%
- development through external institutions	64%
2. Hotels hosted college students on attachment in the previous 12 months	88%
3. The hotel general managers had themselves been enrolled in a development programme during the previous 12 months	29%

Table 6.11: Areas of agreement on employment equity and skills development

Areas of agreement and disagreement on employment equity	Score % agreed
Employment equity	
1. It was easy to recruit black candidates for middle management positions	
- from within the hotel	58%
- from within the hotel group	64%
- from the general market	37%
2. It was easy to recruit black candidates for senior management positions	
- from within the hotel	34%
- from within the hotel group	43%
- from the general market	25%
3. The hotel sector was attractive for black candidates	57%
4. The hotel industry was considered a serious career option by the black market	37%
5. It was easy for the hotel industry to compete in the open market	35%
6. There was a skills shortage for black candidates for management positions :	57%
- at the hotel	51%
- at the hotel group level	68%
- within the general market	

Table 6.12: Areas of disagreement on employment equity and skills development

Areas of agreement and disagreement on skills development	Score % Agreed
<p>Succession pool</p> <ol style="list-style-type: none"> 1. Black candidates for middle management positions were available within the next 24 months <ul style="list-style-type: none"> - within the hotel - within the hotel group 2. Black candidates for senior management positions were available within the next 24 months <ul style="list-style-type: none"> - within the hotel - within the hotel group 3. Hotel students had the required skills to become middle managers within a 24 month period 4. The hotel industry was an apprentice industry where candidates needed to work their way up through different positions 	<p>60%</p> <p>65*</p> <p>31%</p> <p>47%</p> <p>44%</p> <p>92%</p>

CHAPTER 7

RESULTS FROM QUANTITATIVE ANALYSIS: SMALL ENTERPRISE AND SOCIO-ECONOMIC DEVELOPMENT

7.1. INTRODUCTION

Chapter 7 is the third of the four chapters analysing the quantitative data. The findings present the respondents' views in three areas – preferential procurement from small black enterprises, assistance provided to the enterprises, and assistance provided to local communities by the hotels.

Chapter 6 presented the GM views on implementing employment equity and skills development.

In Chapter 5, the general managers (77%) indicated support for BBBEE policy in principle, to develop small black enterprises. Small enterprise development is important in tourism because of the potential for job creation, rural development and, in general, delivering economic benefits to communities (Goodwin, 2006; Rogerson, 2008b). Furthermore, the increased participation of businesses in enterprise development signals one of the key shifts from narrow to broader black economic empowerment policy in South Africa. A small black enterprise is defined in the research instrument as a small, medium or micro enterprise company with at least 51 per cent shareholding by black people, and an annual turnover of less than five million South African rands (Appendix 3.5).

To recap, the final sample for the study comprised of 178 respondents, 87 per cent of whom were hotel general managers; 75 per cent of respondents managed three, four and five star hotels; and 99 respondents had 11 years or more experience as hotel general managers. Half of the hotels were located in urban metropolitan centres.

This chapter is comprised of three sections. Section one presents findings on preferential procurement from small black enterprises. Section two presents assistance provided to black enterprises and local communities. Section three ends the chapter with a summary discussion and conclusion.

7.1.1. Hypothesis

The **null hypothesis** stated that there was no association between the level of procurement and assistance to develop black enterprises and the variables of length of experience of the hotel manager, star rating of the hotel, municipal location and provincial location of the hotel, respectively. A significance level of 0.05 was specified for the examination of hypotheses.

7.2. SECTION ONE: PREFERENTIAL PROCUREMENT FROM SMALL BLACK ENTERPRISES

The respondents provided views on the level of procurement from black enterprises at the hotel unit, the ability and resourcing of small black enterprises, and additional hotel assistance to develop black enterprises.

7.2.1. Hotel procurement from small black enterprises

The findings in Figure 7.1 indicate that 93 (54%) respondents derived less than 25 per cent of hotel procurement from small black enterprises. Only 34 (20%) respondents derived more than 50 per cent of hotel procurement from small black enterprises.

From Figure 7.2 the findings show that the top three areas identified for procurement from black suppliers were cleaning services, security services and maintenance services. The areas of least black procurement were linen supplies, beverage procurement and printing and stationery. The general managers also stated the additional areas of enterprise procurement as concierge and travel, guest supplies (flowers, cookies), guest transport services and garden services.

Black procurement appeared limited in the business areas requiring structured operations or capital investment, for example beverage procurement. The results supported the view that small black enterprises appear marginalised in the supply channel relationships within the tourism sector (Manyara & Jones, 2007; Rogerson, 2005; TEP, 2008; Wall & Mathieson, 2006).

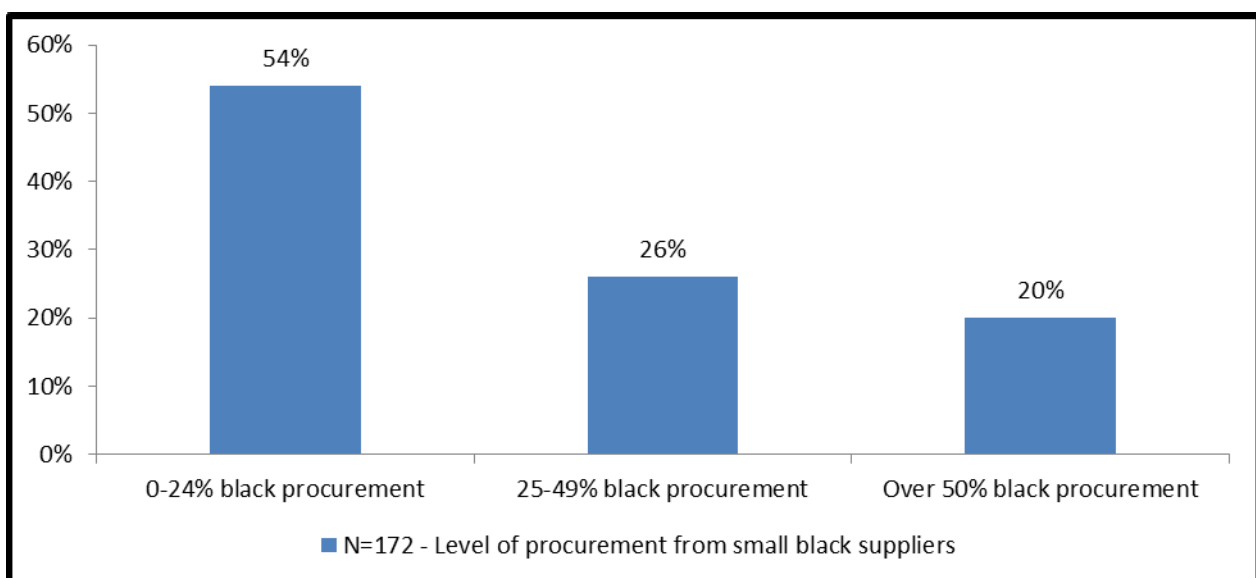


Figure 7.1: Level of procurement from small black enterprises

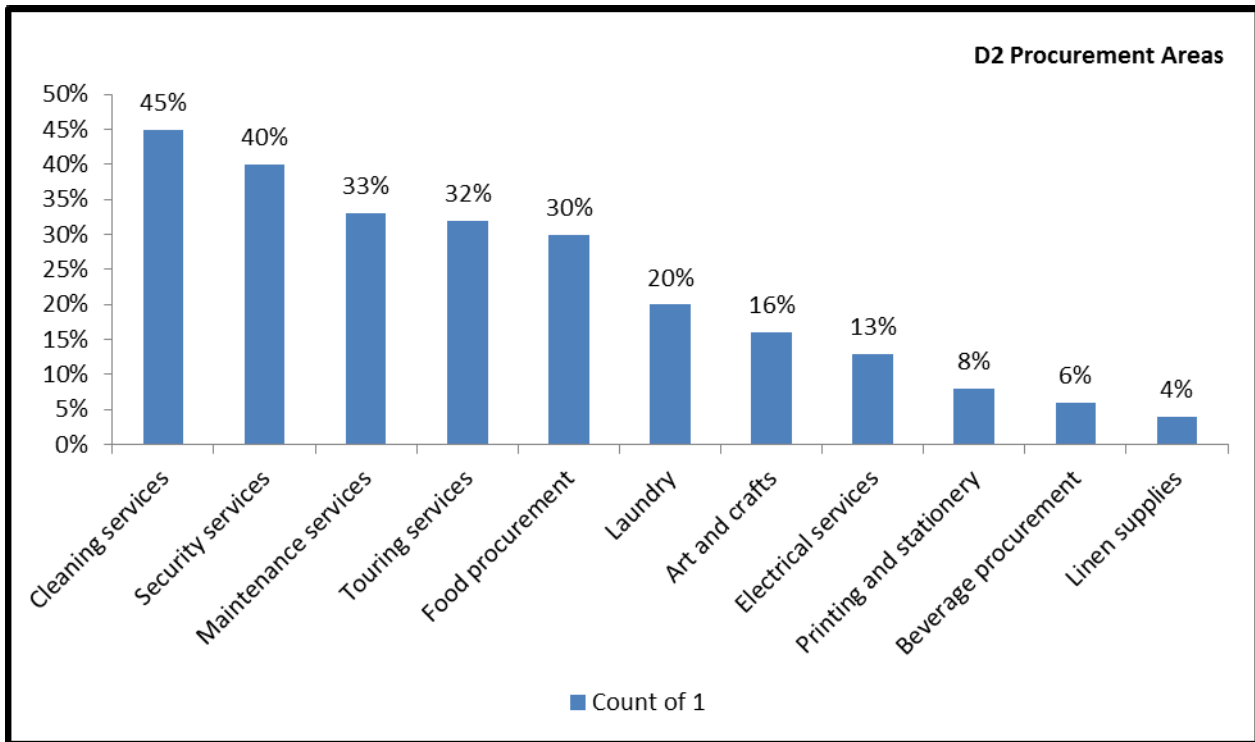


Figure 7.2: Top areas of procurement from small black enterprises

7.2.1.1. Decision making about procurement policy

Approaches to hotel procurement policy differed. One third of the respondents (33%) made decisions with regards to hotel procurement at the unit level compared to 91 (52%) of the respondents who did not decide procurement policy at the hotel unit (Figure 7.3). Furthermore, 62 per cent of the respondents with lesser work experience had more autonomy over procurement policy, compared to 44 per cent of respondents with longer experience (Table 7.1). The p-value of the chi-square testing the association between extent of experience of the hotel manager and the hotel deciding its procurement policy equals .02. Therefore, the null hypothesis is rejected. However, the null hypothesis that states no association between the hotel deciding its procurement policy, and the star rating ($p=.65$), municipal location ($p=.67$), and the provincial location of hotels ($p=.13$), respectively, is confirmed (Table 7.1).

Figure 7.3 also shows that the selection of suppliers for hotels was made by the group head offices of 133 (78%) respondents. Furthermore, procurement policy was decided by the hotel group for 96 per cent of respondents in KwaZulu-Natal province, compared to group decisions for 74 per cent of respondents in the Western Cape (Table 7.2). The p-value of the chi-square testing the association between provincial location of the hotel and the hotel group selecting suppliers for hotel procurement policy equals .04. Hence, the null hypothesis is rejected. However, the null hypothesis that states no association between the hotel group selecting suppliers for hotel procurement policy,

and the extent of manager experience ($p=.20$), the star rating of hotel ($p=.13$), and the municipal location ($p=.43$), respectively, is confirmed (Table 7.2).

Additional results indicated that the respondents were divided over whether hotels selected suppliers based on the most competitive price and regardless of the BBBEE status of the supplier (Figure 7.4). Whereas 28 per cent agreed with the statement, 38 per cent disagreed and another 34 per cent neither agreed nor disagreed with the statement. The respondents also indicated that an additional factor influencing the choice of suppliers was the quality of service received from the suppliers.

The findings suggest that corporate policy at hotel group level shaped the level of engagement with black suppliers at the hotel level. The procurement patterns appear to reflect what Cornelissen (2005) and Mbaiwa (2005) referred to as “enclave behaviour” in tourism, where supplier channels are controlled centrally by large organisations.

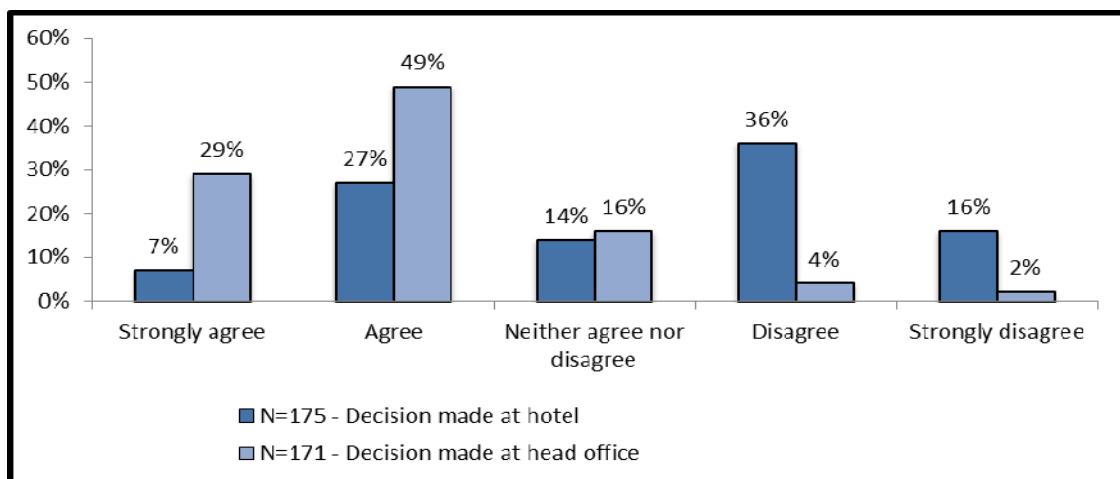


Figure 7.3: Decision making on hotel procurement policy

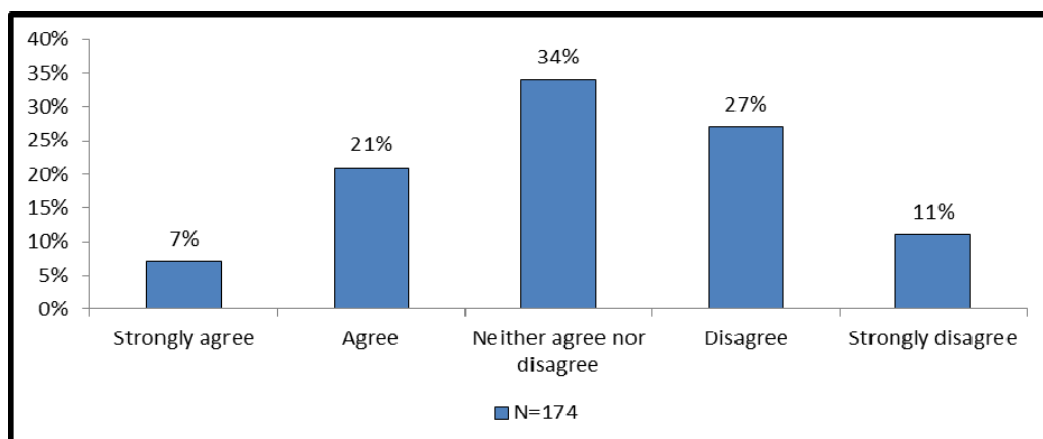


Figure 7.4: Hotel procurement based on competitive pricing

Table 7.1: Hotel unit deciding procurement policy

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	18 (23.7%)	11 (14.5%)	47 (61.8%)	76 (100%)	-
	11+ years	42 (42.4%)	13 (13.1%)	44 (44.4%)	99 (100%)	-
	Total	60 (34.3%)	24 (13.7%)	91 (52%)	175 (100%)	0.02
Star rating of hotel	One to three star hotels	30 (35.3%)	10 (11.8%)	45 (52.9%)	85 (100%)	-
	Four star hotels	18 (29.5%)	10 (16.4%)	33 (54.1%)	61 (100%)	-
	Five star hotels	11 (45.8%)	3 (12.5%)	10 (41.7%)	24 (100%)	-
	Total	59 (34.7%)	23 (13.5%)	88 (51.8%)	170 (100%)	0.65
Municipal location of hotel	Other	32 (38.1%)	12 (14.3%)	40 (47.6%)	84 (100%)	-
	Urban metro cities	27 (31.8%)	12 (14.1%)	46 (54.1%)	85 (100%)	-
	Total	59 (34.9%)	24 (14.2%)	86 (50.9%)	169 (100%)	0.67
Provincial location of hotel	Gauteng	20 (31.7%)	5 (7.9%)	38 (60.3%)	63 (100%)	-
	KwaZulu-Natal	7 (26.9%)	3 (11.5%)	16 (61.5%)	26 (100%)	-
	Other	16 (35.6%)	11 (24.4%)	18 (40.0%)	45 (100%)	-
	Western Cape	17 (42.5%)	5 (12.5%)	18 (45.0)	40 (100%)	
	Total	60 (34.5%)	24 (13.8%)	90 (51.7%)	174 (100%)	0.13

Table 7.2: Hotel group deciding procurement policy

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	61 (80.3%)	13 (17.1%)	2 (2.6%)	76 (100%)	-
	11+ years	72 (75.8%)	14 (14.7%)	9 (9.5%)	95 (100%)	-
	Total	133 (77.8%)	27 (15.8%)	11 (6.4%)	171 (100%)	0.20
Star rating of hotel	One to three star hotels	63 (75.9%)	12 (14.5%)	8 (9.6%)	83 (100%)	-
	Four star hotels	49 (83.1%)	10 (16.9%)	0 (0.0%)	59 (100%)	-
	Five star hotels	17 (70.8%)	4 (16.7%)	3 (12.5%)	24 (100%)	-
	Total	129 (77.7%)	26 (15.7%)	11 (6.6%)	166 (100%)	0.13
Municipal location of hotel	Other	59 (73.8%)	14 (17.5%)	7 (8.8%)	80 (100%)	-
	Urban metro cities	69 (81.2%)	12 (14.1%)	4 (4.7%)	85 (100%)	-
	Total	128 (77.6%)	26 (15.8%)	11 (6.7%)	165 (100%)	0.43
Provincial location of hotel	Gauteng	53 (84.1%)	7 (11.1%)	3 (4.8%)	63 (100%)	-
	KwaZulu-Natal	23 (95.8%)	1 (4.2%)	0 (0.0%)	24 (100%)	-
	Other	28 (63.6%)	10 (22.7%)	6 (13.6%)	44 (100%)	-
	Western Cape	29 (74.4%)	8 (20.5%)	2 (5.1%)	39 (100%)	-
	Total	133 (78.2%)	26 (15.3%)	11 (6.5%)	170 (100%)	0.04

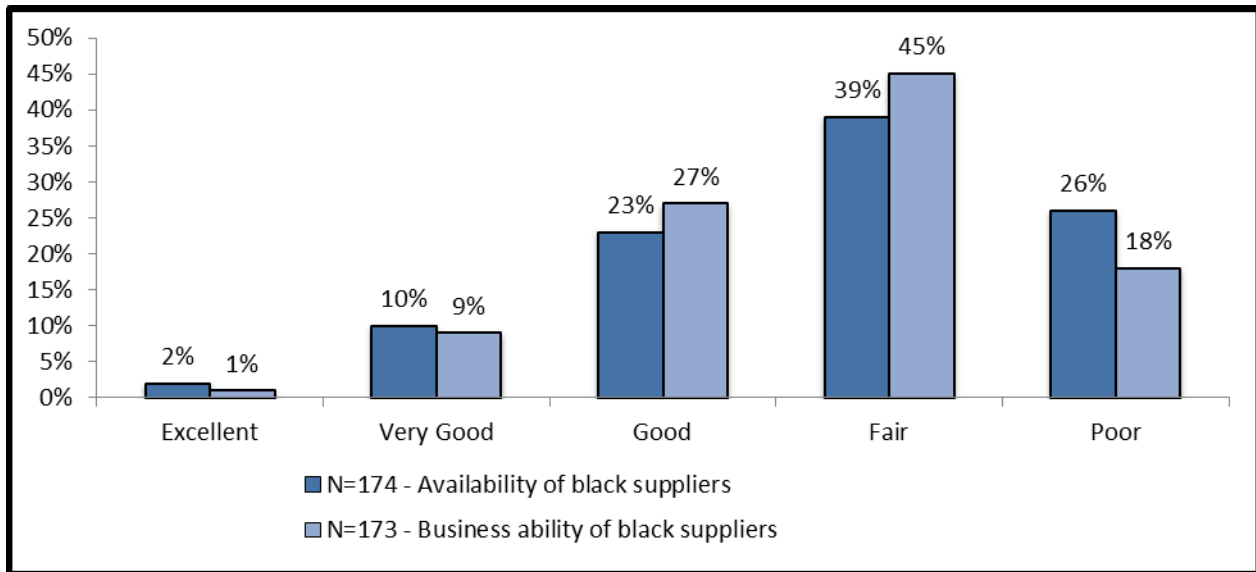


Figure 7.5: Availability and ability of small black enterprises

7.2.2. Capacity and resourcing of small black enterprises

Figure 7.5 shows that 114 (65%) respondents rated the availability of the small black enterprises for hotel procurement as generally fair to poor. The p-values for the chi-square testing the availability of the small black enterprises were above 0.05 on experience ($=.603$), star rating ($=.917$), municipal location ($=.629$) and provincial location ($=.735$). Therefore, the null hypothesis stating no association between demographic variables and the availability of the small black enterprises for hotel procurement, is confirmed (see Appendix 7-A).

Fewer respondents (63%) rated the ability of the small black enterprises to provide products meeting hotel standards as fair to poor (Figure 7.5). The p-values of the chi-square testing the ability of black enterprises to deliver products of acceptable standard to hotels were above 0.05 on experience ($=.114$), star rating ($=.544$), municipal location ($=.972$) and provincial location ($=.742$). Therefore, the null hypothesis stating no association between demographic variables and the ability of the small black enterprises to deliver products of acceptable standards to hotels, is confirmed (see Appendix 7-B).

Ninety-two respondents (60%) rated the ability of black enterprises to manage their financial requirements as fair to poor (Figure 7.6). Only two respondents (1%) rated financial management as excellent. The p-values of the chi-square testing the ability of the small black enterprises to manage financial requirements were above 0.05 on experience ($=.749$), star rating ($=.290$), municipal location ($=.969$) and provincial location ($=.829$). Therefore, the null hypothesis stating no association between demographic variables and the ability of the small black enterprises to manage financial requirements, is confirmed.

Figure 7.6 also shows that 99 (58%) respondents did not appear confident of the ability of small black enterprises to fulfil tender requirements. The p-values of the chi-square testing the ability of the small black enterprises to fulfil tender requirements were above 0.05 on experience ($=.764$), star rating ($=.415$), municipal location ($=.273$) and provincial location ($=.966$). Therefore, the null hypothesis stating no association between demographic variables and the ability of the small black enterprises to fulfil tender requirements, is confirmed (see Appendix 7-C).

Thirty per cent of respondents found small enterprises reliable (Figure 7.7). However, 88 (51%) respondents neither opted for the agree nor disagree response on the question of the reliability of small black enterprises.

The evidence suggested a general lack of confidence in the business ability of small black enterprises, as cited in several studies (Akama & Kieti, 2007; Ashley & Roe, 2002; Cole, 2006; Rogerson, 2008a; 2005). It was evident that the hotel general managers did not find small black enterprises to be effective as suppliers, which may explain the low levels of engagement of small black enterprises.

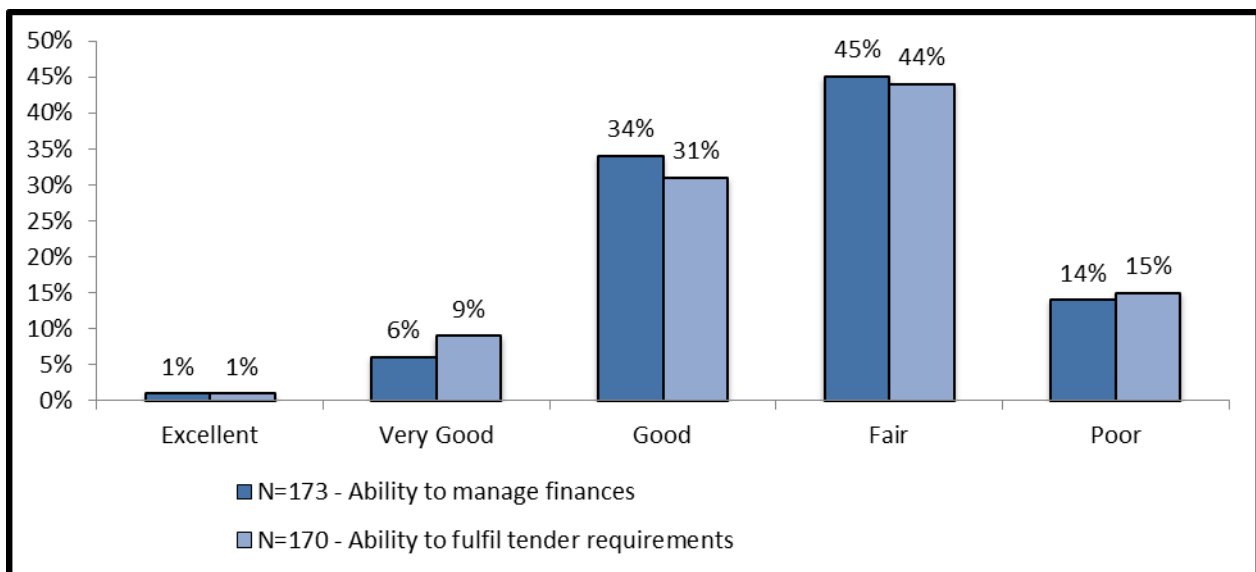


Figure 7.6: Ability of black enterprises to manage finances and tenders

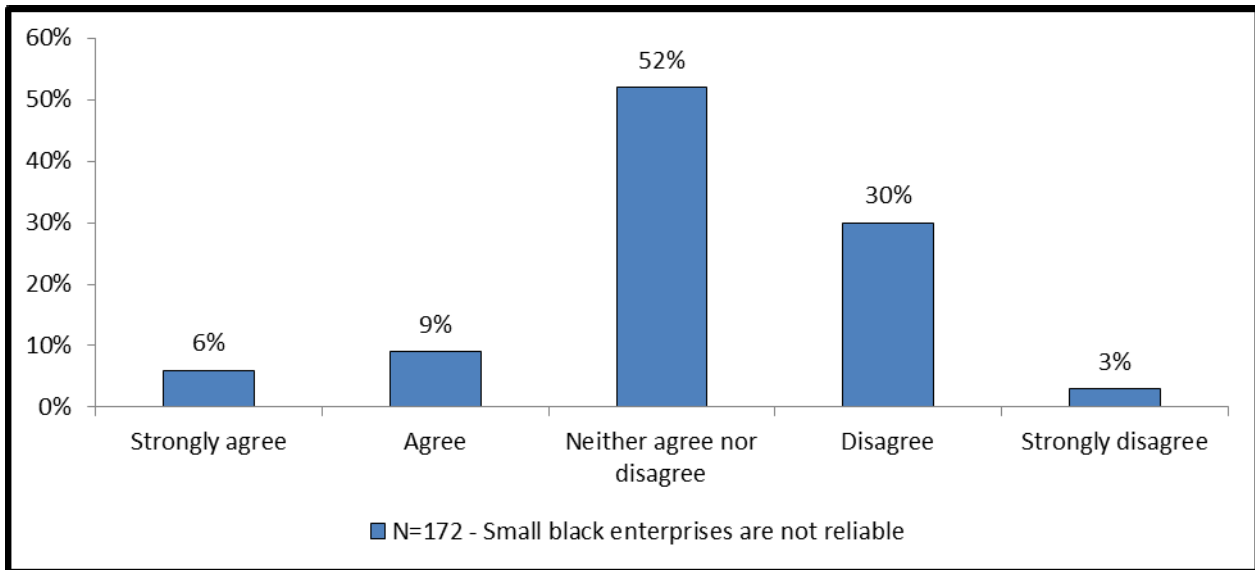


Figure 7.7: The reliability of black enterprises

7.3. SECTION TWO: HOTEL ASSISTANCE TO BLACK ENTERPRISES AND COMMUNITIES

7.3.1. Assistance to develop black enterprises

Figure 7.8 indicates that 120 (70%) respondents rated hotel efforts to provide competitive payment terms to the small black enterprises as good to excellent. The p-value of the chi-square testing the association between the provincial location of the hotel and the provision of competitive payment terms to small enterprises by the hotel equals .016. Therefore, the null hypothesis is rejected (Table 7.3).

However, the null hypothesis that states no association between the hotel providing competitive payment terms to small enterprises, and the extent of manager experience ($p=.823$), the star rating of hotel ($p=.417$), and the municipal location ($p=.657$), respectively, is confirmed (Table 7.3).

Half of the respondents (51%) provided access to markets for goods and services from small black enterprises (Figure 7.8). The p-values of the chi-square testing the provision of access to markets for goods and services from small black enterprises were above 0.05 on experience ($=.440$), star rating ($=.803$), municipal location ($=.805$) and provincial location ($=.567$). Therefore, the null hypothesis stating no association between demographic variables and the provision of access to markets for goods and services from small black enterprises by hotels, is confirmed (see Appendix 7-D).

Figure 7.9 reflects that less than half (47%) of the respondents rated the efforts to train business skills to small black enterprises as good to excellent. Furthermore, there was little or no evidence of the training of small enterprises in KwaZulu-Natal (0%) and Western Cape (10%) provinces

(Table 7.4). The p-value of the chi-square testing the association between the provincial location of the hotel and the provision of training to small enterprises equals .036. Therefore, the null hypothesis is rejected. However, the null hypothesis that states no association between the hotel providing training to small enterprises, and the extent of manager experience ($p=.340$), the star rating of hotel ($p=.243$), and the municipal location ($p=.359$), respectively, is confirmed (Table 7.4).

The findings also indicate that less than half (49%) of hotel managers rated the efforts to allocate employee and management time to assist black enterprises as good to excellent (Figure 7.9). The p-values of the chi-square testing the provision of management time to assist black enterprises were above 0.05 on experience ($=.241$), star rating ($=.949$) municipal location ($=.735$) and provincial location ($=.170$). Therefore, the null hypothesis stating no association between demographic variables and the provision of hoteliers' time to assist black enterprises, is confirmed (see Appendix 7-E).

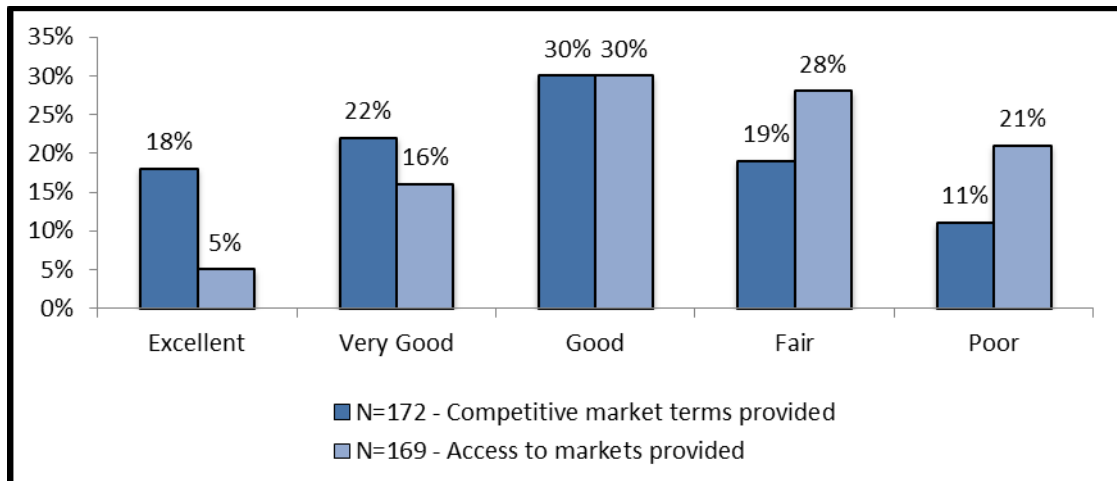


Figure 7.8: Competitive terms and access to markets of goods for small black enterprises



Figure 7.9: Training and management/employee time for small black enterprises

Table 7.3: Provision of competitive payment terms to small black businesses

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	30 (40%)	24 (32%)	21 (28%)	75 (100%)	-
	11+ years	38 (39.2%)	28 (28.9%)	31 (32%)	97 (100%)	-
	Total	68 (39.5%)	52 (30.2%)	52 (30.2%)	172 (100%)	0.823
Star rating of hotel	One to three star hotels	36 (42.9%)	23 (27.4%)	25 (29.8%)	84 (100%)	-
	Four star hotels	26 (44.1%)	17 (28.8%)	16 (27.1%)	59 (100%)	-
	Five star hotels	6 (25%)	11 (45.8%)	7 (29.2%)	24 (100%)	-
	Total	68 (40.7%)	51 (30.5%)	48 (28.7%)	167 (100%)	0.417
Municipal location of hotel	Other	34 (41.5%)	27 (32.9%)	21 (25.6%)	82 (100%)	-
	Urban metro cities	33 (39.3%)	24 (28.6%)	27 (32.1%)	84 (100%)	-
	Total	67 (40.4%)	51 (30.7%)	48 (28.9%)	166 (100%)	0.657
Provincial location of hotel	Gauteng	31 (50.0%)	14 (22.6%)	17 (27.4%)	62 (100%)	-
	KwaZulu-Natal	4 (16.7%)	6 (25.0%)	14 (58.3%)	24 (100%)	-
	Other	18 (40.0%)	16 (35.6%)	11 (24.4%)	45 (100%)	-
	Western Cape	14 (35.0%)	16 (40.0%)	10 (25.0%)	40 (100%)	-
	Total	67 (39.2%)	52 (30.4%)	52 (30.4%)	171 (100%)	0.016

Table 7.4: Provision of training to small black enterprises

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	13 (17.3%)	18 (24%)	44 (58.7%)	75 (100%)	-
	11+ years	25 (26%)	24 (25%)	47 (49%)	96 (100%)	-
	Total	38 (22.2%)	42 (24.6%)	91 (53.2%)	171 (100%)	0.340
Star rating of hotel	One to three star hotels	23 (27.1%)	16 (18.8%)	46 (54.1%)	85 (100%)	-
	Four star hotels	10 (17.2%)	20 (34.5%)	28 (48.3%)	58 (100%)	-
	Five star hotels	5 (20.8%)	5 (20.8%)	14 (58.3%)	24 (100%)	-
	Total	38 (22.8%)	41 (24.6%)	88 (52.7%)	167 (100%)	0.243
Municipal location of hotel	Other	16 (19.8%)	24 (29.6%)	41 (50.6%)	81 (100%)	-
	Urban metro cities	21 (25%)	17 (20.2%)	46 (54.8%)	84 (100%)	-
	Total	37 (22.4%)	41 (24.8%)	87 (52.7%)	165 (100%)	0.359
Provincial location of hotel	Gauteng	20 (31.7%)	10 (15.9%)	33 (52.4%)	63 (100%)	-
	KwaZulu-Natal	0 (0.0%)	6 (27.3%)	16 (72.7%)	22 (100%)	-
	Other	14 (31.1%)	11 (24.4%)	20 (44.4%)	45 (100%)	-
	Western Cape	4 (10.0%)	14 (35.0%)	22 (55.0%)	40 (100%)	-
	Total	38 (22.4%)	41 (24.1%)	91 (53.5%)	170 (100%)	0.036

The respondents believed that there is room to improve the implementation of preferential procurement (59%) and enterprise development (63%), as indicated in Figure 7.10.

In summary, the findings suggest low levels of engagement by the hotels in providing assistance to small enterprises. Participation by the general manager and his staff in developing the skills of

small enterprises was also limited. The findings appear to confirm studies on a preference by large businesses to work with established small enterprises, rather than take risks with new or emerging enterprises (Goodwin, 2006; Spenceley, 2008; TEP, 2008).

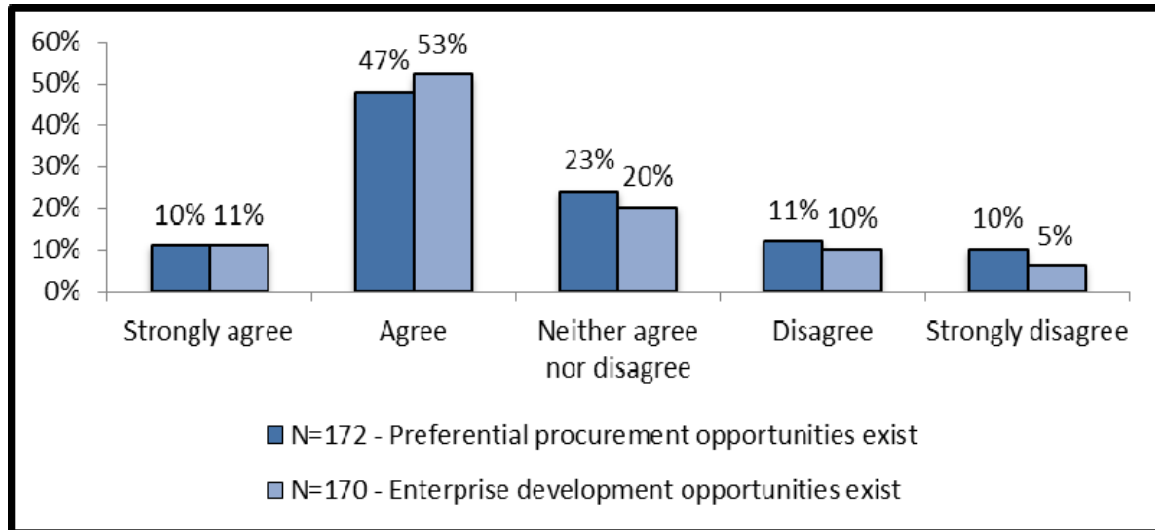


Figure 7.10: Opportunities for preferential procurement and enterprise development

7.3.2. Assistance to communities

With regards to hotels supporting local communities, the data analysis indicated that 142 (81%) respondents have contributed to community social investment in cash; and 138 (79%) respondents have contributed to community social investment in kind.

Furthermore, the results in Figure 7.11 indicate that two thirds of respondents did not experience challenges in implementing community social investment at the hotel. At the same time, 46 per cent of the respondents believed that opportunities exist to improve the hotel contribution to community social investment.

The findings support theories that the hotel industry is predisposed to providing assistance to local communities, particularly assistance in kind, such as perishable food and discontinued linen (Akama & Kieti, 2008; FEDHASA, 2011; Goodwin, 2006; Mowforth & Munt, 2009; Rogerson, 2008b; 2005; Tassiopoloulos, 2008; Wall & Mathieson, 2006).

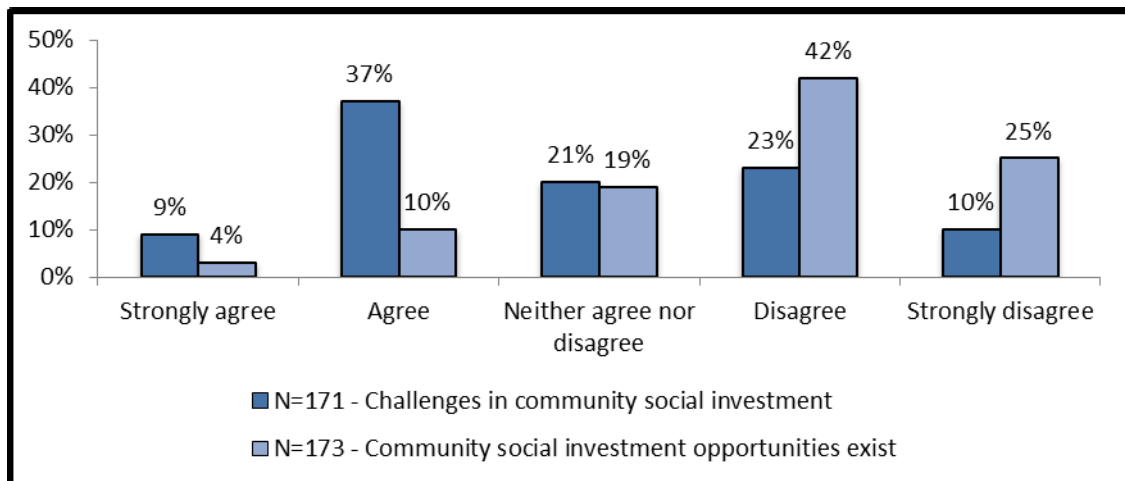


Figure 7.11: Challenges and opportunities for community social investment

7.4. SUMMARY AND CONCLUSION

There were more areas of agreement than areas of disagreement on both preferential procurement and enterprise development (see Table 7.5 and Table 7.6). However, the areas of agreement indicated consensus on non-conformance with the BBBEE policy. Areas of agreement were on the selection of suppliers being made by the hotel group head office most of the time, the limited availability of the small black enterprises in hotel locations, and the limited ability of small black enterprises to provide products which meet hotel standards. Areas of disagreement were on whether the hotels selected suppliers with the most competitive price, regardless of the BBBEE status, and whether the hotel was involved in assisting black people to establish small black enterprises.

Although general managers expressed divergent views on small enterprise development, the general trend emerging was a lack of confidence in small black enterprises. Evidently, the business engagement between hotels and small black enterprises is quantitatively and qualitatively low.

With regards to assistance extended to communities in cash and kind, there were more areas of agreement among the managers, and the levels of compliance with the BBBEE element of socio-economic development appeared high (Table 7.7).

Chapter 7 has contributed to fulfil the objectives of the study by identifying factors which contributed to the implementation of small enterprise and community development by the hotels. Evidently, the demographic variable of provincial location supported the level of activity on black empowerment in hotels.

This chapter, together with Chapters 5 and 6, has provided a descriptive and inferential analysis of the quantitative results. In the next chapter, Chapter 8, the sub-hypotheses emerging from

Chapters 5, 6 and 7 are integrated with the results from testing of the main hypotheses. Chapter 8 therefore provides a final statistical validation of the research investigation.

Table 7.5: Areas of agreement and disagreement on preferential procurement

Areas of agreement on preferential procurement	Score % agreed
<ul style="list-style-type: none"> • The selection of suppliers was made by the hotel group head office most of the time. • The availability of the small black enterprises in hotel locations was generally fair to poor. • The ability of the small black enterprises to provide products which met the required hotel standards was generally fair to poor. • The ability of the small black enterprises to manage the financial requirements for their businesses was generally fair to poor. • Hotel general managers did not decide their own procurement policy at hotel level most of the time. • There was more room for improving the implementation of preferential procurement. 	78% 65% 63% 60% 52% 63%
Areas of disagreement on preferential procurement	Score % agreed
<ol style="list-style-type: none"> 1. Whether hotels selected suppliers with the most competitive price, regardless of their BBBEE status. 2. That the hotel general manager experienced challenges in implementing preferential procurement. 	45% 40%

Table 7.6: Areas of agreement and disagreement on assistance to small enterprises

Areas of agreement on assistance to small black enterprises	Score % agreed
<ol style="list-style-type: none"> 1. The hotel provided competitive payment terms to the small black enterprises. 2. The hotel was involved in assisting black people to grow their business. 3. The hotel did not provide training on improving the business skills of small black enterprises. 4. The hotel provided access to markets for goods and services from small black enterprises. 5. The hotel had not allocated employee and management time to assist black enterprises. 6. Hotel general managers believed that small black enterprises were neither reliable nor unreliable. 7. There was more room for improving the implementation of enterprise development. 	70% 55% 54% 51% 51% 51% 59%
Areas of disagreement on enterprise development	Score % agreed
<ol style="list-style-type: none"> 8. That the hotel was involved in assisting black people to establish a business. 9. That the hotel general manager experienced challenges in implementing enterprise development. 	38% 38%

Table 7.7: Areas of agreement and disagreement on community social investment

Areas of agreement on community social investment	Score % agreed
<ol style="list-style-type: none"> 1. The hotel contributed to community social investment primarily in cash. 2. The hotel contributed to community social investment primarily in kind. 3. The hotel did not experience challenges in implementing community social investment. 	81% 79% 67%
Areas of disagreement on community social investment	Score % agreed
<ol style="list-style-type: none"> 4. There is room to improve contribution to community social investment. 	46%

CHAPTER 8

TESTING OF HYPOTHESES

8.1. INTRODUCTION

Chapter 8 presents the statistical procedures conducted to test the main hypothesis of the study, and is the final chapter providing the results of quantitative data analysis. The primary objective of the study was to investigate whether a framework for the effective implementation of BBBEE policy in the hotel industry could be developed to bridge the gap between the BBBEE policy and the progress made by the hotel industry. Chapters 5, 6 and 7 provided the results of descriptive and inferential data analysis. In testing the main hypothesis, the purpose of Chapter 8 is to establish how the data collected during the study supports the research purpose.

The first section presents the summary results of Pearson chi-square tests, which were discussed in Chapters 5, 6 and 7. The results established the association between the variable of achieving success on black economic empowerment within hotels, and the demographic variables of extent of work experience, star rating of the hotel, and municipal and provincial location of the hotel. The second section presents the reliability analysis conducted using Cronbach's alpha as a measure of the internal consistency of scales. The third section presents the results of t-tests and ANOVA tests which measure the strength of the hypotheses of relationships between the variables.

8.1.1. The main hypothesis and the secondary hypotheses

- The null hypothesis states that the legal framework for BBBEE is not translating into transformation results for the hotel industry.
- The alternate hypothesis states that the legal framework for BBBEE is translating into transformation results for the hotel industry.

The secondary hypotheses state the following:

- **Secondary hypothesis 1:** Hotel general managers' experience contributes to achieving success in BBBEE
- **Secondary hypothesis 2:** The star rating of the hotel contributes to achieving success in BBBEE
- **Secondary hypothesis 3:** The municipal and provincial location of the hotel contributes to achieving success in BBBEE

- **Secondary hypothesis 4:** Performance targets and incentives for general managers contribute to achieving success in BBBEE
- **Secondary hypothesis 5:** Support for BBBEE policy by the general manager contributes to achieving success in BBBEE

8.2. SECTION ONE: HYPOTHESES TESTED USING CHI-SQUARE TESTS

Tables 8.1 indicates the association between demographic variables and the implementation of BBBEE in the hotels.

It was established that there is an association between the extent of work experience of a hotel general manager, and the following factors:

- a. Black representation in middle and senior management levels ($p=.001$).
- b. Skills shortage for black candidates for management positions within the general market ($p=.020$).
- c. Availability of black candidates required in middle management within 24 months - within the hotel group ($p=.026$).
- d. Hotels assisting black people to establish a business (.00).
- e. Hotel assisting black people to grow their business (.014).

Therefore the null hypothesis is rejected.

It was established that there is an association between the star rating of a hotel and the following factors:

- a. Availability of black candidates required in middle management within 24 months - within the hotel group ($p=.001$).
- b. Hotel contribution to community social investment - in kind ($p=.048$).

Therefore the null hypothesis is rejected.

It was established that there is an association between the municipal location of a hotel and the following factors:

- a. Whether the general manager had a performance target for BBBEE ($p=.045$).
- b. The ease of recruiting black candidates for senior management within the hotel ($p=.037$).

- c. The attractiveness of the hotel sector for black candidates ($p=.005$).
- d. Skills shortage for black candidates in management positions within the hotel group ($p=.045$).

Therefore the null hypothesis is rejected.

Table 8.1: Association of demographic variables and BBBEE factors

N=	Demographic variable	2 nd Variable	Chi-square Asymp. Sig. (2-sided)
172	Extent of experience in present role	Black representation in middle and senior management levels	.001
170	Extent of experience in present role	Skills shortage for black candidates in management positions - within the general market	.020
161	Extent of experience in present role	Availability of black candidates in middle management within 24 months - within the hotel group	.026
174	Extent of experience in present role	Hotel assisting black people to establish a business	.000
174	Extent of experience in present role	Hotel assisting black people to grow their business	.014
175	Extent of experience in present role	Hotel deciding own procurement policy	.002
161	Star rating of the hotel	Availability of black candidates in middle management within 24 months - within the hotel group	.001
170	Star rating of hotel	Hotel contribution to community social investment - in kind	.048
171	Municipal location of the hotel	Whether the GM had a performance target for BBBEE	.045
165	Municipal location of the hotel	Recruitment of black candidates at senior management level - within the hotel	.037
167	Municipal location of the hotel	The attractiveness of the hotel sector for black candidates	.005
158	Municipal location of the hotel	Skills shortage for black candidates in management positions - within the hotel group	.045
170	Provincial location of the hotel	BBBEE as a corporate social responsibility programme	.048
170	Provincial location of the hotel	Hotel providing training in improving the business skills of small black enterprises	.036
171	Provincial location of the hotel	Hotel providing competitive payment terms to the small black enterprises	.016

It was established that there is an association between the provincial location of a hotel and the following factors:

- a. Hotel group deciding procurement policy for hotel units most of the time ($p=.04$).
- b. Hotels providing training to small black enterprises ($p=.036$).
- c. Hotels providing competitive payment terms to small black enterprises ($p=.016$).
- d. Whether BBBEE is a corporate social responsibility programme.

Therefore the null hypothesis is rejected.

In summary, the variable of work experience appears to influence BBBEE compliance with employment equity. The variable of municipal location influences the performance management of general managers, and employment equity. Provincial location of the hotel appears to influence attitudes towards small enterprise development. Star rating of the hotel appears to have the least influence on achievement of black empowerment in the hotel industry.

8.3. SECTION TWO: INTERNAL RELIABILITY

8.3.1. Psychometric properties of scales

Item analysis was done for five suitable scales based on mixed or unsuitable item format and these were found to have good reliabilities as per computer output. The scales did not have to be interpreted as they came directly from the items grouped on existing factors with clear descriptions.

The scales were composed of the following items from the research instrument (Table 8.2):

1. Recruitment:
 - Relating to the ease of recruiting middle and senior black managers.
2. SBE Procurement:
 - Relating to procurement of supplies from small black enterprises.
3. SBE Assist:
 - Relating to assistance provided to small enterprises.
4. GM BBBEE Targets:
 - Relating to the performance management of hotel manager to achieve BBBEE implementation.
5. BBBEE Support:
 - Relating to the GM indicating support for BBBEE policy based on the equitable representation of people.

The reliability or internal consistency of each of the scales employed in the study was explored through analysis of the Cronbach's alpha. Cronbach's alpha provides an average value for reliability coefficients that are attainable under dichotomous (Burns & Burns, 2008). A higher value Cronbach's alpha is representative of good internal consistency of the scale items and indicates that a higher level of inter correlation exists between the items being tested. The following rules of thumb for the value of Cronbach's alpha were applied to assist with the interpretation of alpha values (Burns & Burns, 2008):

- | | |
|-----------------|-------------------|
| > .9 excellent | > .8 good |
| > .7 acceptable | > .6 questionable |
| > .5 poor | < .5 unacceptable |

Therefore, a Cronbach's alpha greater than 0.8 was considered an acceptable goal for the present study. Values greater than 0.8 were interpreted as representative of a higher degree of internal consistency.

Scales that had a Cronbach's alpha less than 0.8 were analysed and scale items that led to the improvement of the Cronbach's alpha were deleted. This procedure was used for the 'Recruitment' scale and the 'GM BBBEE targets' scale. Three items were removed from the 'Recruitment' scale, increasing the Cronbach's alpha from .790 (acceptable) to .838 (good). One item was removed from the 'GM BBBEE targets' scale, increasing the Cronbach's alpha from .599 (poor) to .699 (questionable). The scales that were used in this study as well as their associated Cronbach's alpha values and the number of items in each scale are displayed in Table 8.3.

The 'Recruitment', 'SBE Procurement', the 'SBE Assist' and the 'BBBEE Support' scales were all considered to have good internal consistency as represented by Cronbach's alpha greater than 0.8.

- The 'GM BBBEE targets' scale Cronbach's alpha of .699 was considered to have 'questionable' internal reliability.
- The 'Skills Shortage' scale Cronbach's alpha of .411 was considered to have 'unacceptable' internal consistency.

Table 8.2: Composition of the scale items for reliability analysis

Scale code	Scale description	Range of questions on research instrument
Recruitment	Ease of recruiting black middle and senior managers in hotel, hotel group, general market	B3i-iii B4i-iii
SBE Procurement	Procurement from small black enterprises <ul style="list-style-type: none"> - Availability of enterprises in hotel location - Provision of products meeting hotel standards - Ability on financial management - Ability to fulfil tender requirements 	D6 –D9
SBE Assist	Assistance provided to small enterprises <ul style="list-style-type: none"> - Provision of competitive payment terms - Provision of training - Provision of access to markets - Allocating management time to assist 	D13i -D13iv
GM BBBEE Targets	Performance management of hotel GM in BBBEE <ul style="list-style-type: none"> - General manager has performance target for BBBEE - General manager is incentivised by BBBEE - General manager believes that hotel has made progress in BBBEE 	F3i- F3iii

Scale code	Scale description	Range of questions on research instrument
BBBEE Support	Support for BBBEE policy : <ul style="list-style-type: none"> - For the empowerment of all - For more equitable representation - To create more jobs - To develop more enterprises - BBBEE as corporate social responsibility - BBBEE as responsible tourism - BBBEE as the right thing to do 	F4 – F11, F12 reversed

Table 8.3: Internal consistency of scales

Name of scale	Cronbach's alpha	Cronbach's alpha based on standardised items	N of items in scale
Recruitment	.838	.840	6
Skills Shortage	.411	.419	9
SBE Procurement	.827	.830	5
SBE Assist	.878	.880	4
GM BBBEE targets	.699	.722	4
BBBEE support	.872	.874	9

8.4. SECTION THREE: HYPOTHESES TESTED USING CORRELATIONAL ANALYSIS: T-TESTS AND ANOVA

Having formed the reliable scales, the next step was to compare scores on these scales for groups formed by the identified recoded categories. Comparisons were not done for cases where a scale contained one of the recoded variables. The tests used were ANOVA or t-tests, depending on the number of groups.

8.4.1. GM BBBEE targets

This scale was made up of the items:

1. "I have a performance target to meet for BBBEE compliance";
2. "I am incentivised to meet BBBEE targets"; and
3. "My hotel has made considerable progress with general implementation of BBBEE".

A low score on this scale indicated agreement with these items.

8.4.1.1. Testing the difference between the means of having GM BBBEE targets and the ease of recruiting middle and senior black managers

An independent-samples t-test (both for when assuming equal and unequal variances) was conducted to compare scores on this scale (GM BBBEE targets) for general managers who found

it easy to recruit black middle management and general managers who found it difficult to recruit black middle management. There was a statistical difference between the means of general managers who found it easy to recruit black middle managers ($M = 2.15$, $SD = .749$) and general managers who found it difficult to recruit black middle managers ($M = 2.67$, $SD = .108$) with $t(155) = 4.027$, $p = .000$ (two-tailed) in the case of equal variances. The magnitude of the difference in the means was considered to be moderate to large (eta square = .09). This was confirmed when equal variances were not assumed. See Tables 8.4 and 8.5 for group statistics table and independent samples test.

Therefore the results suggest that general managers who found it easy to recruit black managers were in greater agreement with the items forming the scale (GM BBBEE targets) than managers who found it difficult to recruit black managers. The magnitude of the effect observed was considered moderate to large (accounting for 9%). Therefore, the null hypothesis is rejected.

8.4.1.2. Testing the association between having GM BBBEE targets and ease of recruiting senior black managers

A one-way between-groups analysis of variance was conducted to explore the impact of general management BBBEE targets for the ease of identifying black candidates for recruitment at senior management level. Respondents were divided into three groups according to the use of BBBEE targets in the organisation (Group 1: Strongly agree, Agree; Group 2: Neither agree nor disagree; Group 3: Disagree, Strongly disagree). There was a statistically significant difference at the $p < .05$ level for the three groups: $F(2, 153) = 3.2$, $p = .041$. Despite reaching statistical significance, the actual difference in mean scores was quite small. The effect size, calculated using eta square, was .04. Post-hoc comparisons using the Scheffe test indicated that the mean score for Group 1 was statistically different from Group 3. Group 2 did not differ significantly from either Group 1 or Group 3. See Table 8.6 for ANOVA and Appendix 8-A for Post Hoc tests on this scale.

The results suggest that general management BBBEE targets have a positive impact on the perceived ease of identifying blacks for recruitment at senior management level. Consequently general managers who did not have BBBEE targets perceive the task of identifying black candidates to be more difficult as opposed to general managers that did. While a significant difference was observed between the groups, the size of the effect observed was small. Therefore, the null hypothesis is rejected.

8.4.1.3. Testing the association between having GM BBBEE targets and support for BBBEE policy on equitable representation

A one-way between-groups analysis of variance was conducted to explore scores on this scale for general managers who had the opinion that BBBEE policy should be supported for more equitable representation. Respondents were divided into three groups according to the state of implementation of BBBEE targets in the organisation (Group1: Strongly agree; Group 2: Agree; Group 3: Neither agree nor disagree, Disagree, Strongly disagree). There was a statistically significant difference at the $p < .05$ level for the three groups: $F(2, 169) = 3.2$, $p = .003$. The actual difference in mean scores was considered as medium. The effect size, calculated using eta square, was .07. Post-hoc comparisons using the Scheffe test indicated that the mean score for Group 1 was statistically different from Group 3. Group 2 was statistically different from Group 3. Group 1 did not differ significantly from Group 2. See Table 8.7 for ANOVA on the scale.

The results suggest that the general management BBBEE targets have a positive impact on the general manager's propensity to believe that BBBEE policy should be supported for more equitable representation. The size of the effect observed was considered 'medium'. Therefore, the null hypothesis is rejected.

Table 8.4: Group statistics – GM BBBEE targets

	It is easy to identify black candidates for recruitment at middle management level from within my hotel group	N	Mean	Std. deviation	Std. error mean
GM Targets	Strongly agree; Agree	100	2.15	.74	.07
	Neither agree nor disagree; Disagree; Strongly disagree	57	2.67	.82	.10
SBE Procurement	Strongly agree; Agree	102	3.56	.79	.07
	Neither agree nor disagree; Disagree; Strongly disagree	58	3.79	.67	.08
SBE Assistance	Strongly agree; Agree	100	3.24	1.06	.10
	Neither agree nor disagree; Disagree; Strongly disagree	58	3.40	.89	.11
BBBEE Support	Strongly agree; Agree	102	2.32	.64	.06
	Neither agree nor disagree; Disagree; Strongly disagree	57	2.40	.75	.10

Table 8.5: Independent samples test – GM BBBEE targets

Variable		Levene's Test for Equality of Variances				
		F	Sig.	t	Df	Sig. (2-tailed)
GM Targets	Equal variances assumed	.510	.476	-4.027	155	.000
	Equal variances not assumed			-3.926	107.911	.000
SBE Procurement	Equal variances assumed	1.903	.170	-1.812	158	.072
	Equal variances not assumed			-1.895	134.948	.060
SBE Assistance	Equal variances assumed	3.155	.078	-.987	156	.325
	Equal variances not assumed			-1.032	135.942	.304
BBBEE Support	Equal variances assumed	3.629	.059	-.690	157	.491
	Equal variances not assumed			-.660	101.356	.511

Table 8.6: ANOVA – GM BBBEE targets and ease of recruiting senior managers

		Sum of squares	df	Mean square	F	Sig.
Recruitment	Between Groups	54.573	2	27.287	94.094	.000
	Within Groups	45.239	156	.290		
	Total	99.812	158			
GM Targets	Between Groups	4.240	2	2.120	3.259	.041
	Within Groups	99.535	153	.651		
	Total	103.775	155			
SBE Procurement	Between Groups	4.281	2	2.140	3.815	.024
	Within Groups	87.518	156	.561		
	Total	91.799	158			
SBE Assistance	Between Groups	3.214	2	1.607	1.610	.203
	Within Groups	153.782	154	.999		
	Total	156.996	156			
BBBEE Support	Between Groups	.968	2	.484	1.010	.367
	Within Groups	74.308	155	.479		
	Total	75.277	157			

Table 8.7: ANOVA – Supporting BBBEE for more equitable representation

		Sum of squares	df	Mean square	F	Sig.
Recruitment	Between Groups	1.964	2	.982	1.493	.228
	Within Groups	112.449	171	.658		
	Total	114.413	173			
GM Targets	Between Groups	8.595	2	4.298	6.179	.003
	Within Groups	117.541	169	.696		
	Total	126.136	171			
SBE Procurement	Between Groups	3.479	2	1.740	3.010	.052
	Within Groups	98.824	171	.578		
	Total	102.303	173			
SBE Assistance	Between Groups	2.324	2	1.162	1.133	.325
	Within Groups	173.371	169	1.026		
	Total	175.695	171			

Table 8.8: Group statistics – recruitment of black managers

	Percentage of positions occupied by black persons within your middle and senior management structure in your hotel	N	Mean	Std. deviation	Std. error mean
Recruitment	<75%	128	3.0710	.78125	.06905
	75%+	44	2.6610	.83728	.12622
GM Targets	<75%	127	2.4042	.80959	.07184
	75%+	42	2.4444	1.01924	.15727
SBE Procurement	<75%	128	3.7422	.74663	.06599
	75%+	44	3.6250	.83440	.12579
SBE Assistance	<75%	127	3.3629	.99367	.08817
	75%+	43	3.2326	1.05277	.16055
BBBEE Support	<75%	128	2.4100	.67515	.05968
	75%+	43	2.3349	.74353	.11339

Table 8.9: Independent samples test - recruitment of black managers

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Recruitment	Equal variances assumed	.385	.536	2.948	170	.004
GM Targets	Equal variances assumed	6.506	.012	-.261	167	.794
SBE Procurement	Equal variances assumed	.772	.381	.871	170	.385
SBE Assistance	Equal variances assumed	.274	.602	.732	168	.465
BBBEE Support	Equal variances assumed	.059	.808	.615	169	.539

8.4.2. Recruitment

This scale was made up of the items: (1) "It is easy to identify black candidates for recruitment at middle management level"; and (2) "It is easy to identify black candidates for recruitment at senior management level". A low score on this scale indicates agreement with these items.

8.4.2.1. Testing the difference between the means of the ease of recruitment and having 75 per cent black manager representation

An independent-samples t-test (both for when assuming equal and unequal variances) was conducted to compare scores on this scale (recruitment) for organisations that had more than 75 per cent middle and senior management of positions occupied by black persons and those who had less than 75 per cent. There was a statistical difference between the means of organisations with less than 75 per cent middle and senior management of positions occupied by black persons ($M = 3.07$, $SD = .781$) and organisations with more than 75 per cent middle and senior management of positions occupied by black persons ($M = 2.66$, $SD = .837$) with $t(170) = 2.948$, $p = .004$ (two-tailed), in the case of equal variances. The magnitude of the difference in the means was considered to be small ($\eta^2 = .017$). This was confirmed when equal variances were not assumed. See Table 8.8 above for group statistics and Table 8.9 above for an independent samples test on this scale.

The results suggest that organisations with more than 75 per cent black middle and senior management were in greater agreement with the items forming the scale than organisations that had less than 75 per cent black middle and senior management. The magnitude of the effect observed was however small (accounting for 1%). Therefore, the null hypothesis is rejected.

8.4.3. Procurement from small black enterprises (SBE procurement)

This scale was made up of the items:

1. “The availability of the small black enterprises in my hotel location is”
2. “The ability of the small black enterprises to provide products which meet the required hotel standards is”
3. “The ability of the small black enterprises to manage the financial requirements for their businesses is”
4. “The ability of small black enterprises to fulfil tender requirements is”.

A low score on this scale indicates agreement with the items.

8.4.3.1. Testing the difference between the means of the levels of procurement and having incentives to meet BBBEE targets

An independent-samples t-test (both for when assuming equal and unequal variances) was conducted to compare scores on this scale (SBE Procurement) for general managers who were incentivised to meet BBBEE targets and general managers who were not incentivised to meet BBBEE targets. There was a statistical difference between the means of general managers who were incentivised to meet BBBEE targets ($M = 2.84$, $SD = .842$) and general managers who were not incentivised to meet BBBEE targets ($M = 3.00$, $SD = .789$) with $t(168) = 2.123$, $p = .035$ (two-tailed), in the case of equal variances. The magnitude of the difference in the means was considered to be small ($\eta^2 = .02$). This was confirmed when equal variances were not assumed. See Tables 8.10 and 8.11 for group statistics and independent samples test.

Therefore the results suggest that general managers who were incentivised to meet BBBEE targets were in greater agreement with the items forming the scale than general managers who did not have incentives to meet BBBEE targets. The magnitude of the effect observed was considered small (accounting for 2%). Therefore, the null hypothesis is rejected.

8.4.3.2. Testing the association between the level of procurement, having incentives to meet BBBEE targets and support for BBBEE policy on equitable representation

An independent-samples t-test (both for when assuming equal and unequal variances) was conducted to compare the scores on this scale (SBE Procurement) for general managers who had the opinion that BBBEE policy should be supported for more equitable representation and general managers that did not. There was a statistical difference between the means of general managers who had the opinion that BBBEE policy should be supported for more equitable representation (M

= 2.24, SD = .674) and general managers who did not share the opinion that BBBEE policy should be supported for more equitable representation ($M = 2.47$, $SD = .718$) with $t(168) = 2.032$, $p = .044$ (two-tailed), in the case of equal variances. The magnitude of the difference in the means was considered to be small ($\eta^2 = .01$). This was confirmed when equal variances were not assumed. See Table 8.12 for group statistics and Table 8.13 for independent samples test on this scale.

Therefore the results suggest that general managers who had the opinion that BBBEE policy should be supported for more equitable representation were in greater agreement with the items forming the scale than general managers who did not share the opinion that BBBEE policy should be supported for more equitable representation. The magnitude of the effect observed was considered small (accounting for 1%). Therefore, the null hypothesis is rejected.

8.4.4. Assistance provided to small enterprises (SBE Assist)

This scale is made up of the items:

1. "Providing competitive payment terms to the small black enterprises"
2. "Providing training on improving the business skills of small black enterprises"
3. "Providing access to markets for goods and services from small black enterprises"
4. "Allocating employee/management time to assist black enterprises"

A low score on this scale indicates agreement with the items.

8.4.4.1. Testing the association between assistance provided to small black enterprises and the ease of recruiting senior managers

A one-way between-groups analysis of variance was conducted to explore the impact of assistance to small black enterprises on the ease of identifying black candidates for recruitment at senior management level. Respondents were divided into three groups according to the state of implementation of BBBEE targets in the organisation (Group 1: Strongly agree, Agree; Group 2: Neither agree nor disagree; Group 3: Disagree, Strongly disagree). A statistically significant difference at the $p < .05$ level was not present for the three groups: $F(2, 154) = 1.610$ $p = .203$.

The results therefore do not provide evidence of a relationship between assistance to small black enterprises and the ease of identifying black candidates for recruitment at senior management level. Therefore, the null hypothesis is confirmed.

Table 8.10: Group statistics – Level of procurement

	I am incentivised to meet BBBEE targets	N	Mean	Std. deviation	Std. error mean
Recruitment	Strongly agree; Agree	65	2.8487	.84251	.10450
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.0032	.78921	.07702
SBE Procurement	Strongly agree; Agree	65	3.5385	.79578	.09870
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.7952	.74777	.07298
SBE Assistance	Strongly agree; Agree	64	3.2161	1.00755	.12594
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.3905	1.01605	.09916
BBBEE Support	Strongly agree; Agree	65	2.2472	.67456	.08367
	Neither agree nor disagree; Disagree; Strongly disagree	105	2.4724	.71831	.07010

Table 8.11: Independent samples test – procurement from black suppliers

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Recruitment	Equal variances assumed	.217	.642	-1.208	168	.229
SBE Procurement	Equal variances assumed	.207	.650	-2.123	168	.035
SBE Assistance	Equal variances assumed	.003	.959	-1.085	167	.279
BBBEE Support	Equal variances assumed	1.423	.235	-2.032	168	.044

Table 8.12: Group statistics – procurement from black suppliers

	I am incentivised to meet BBBEE targets	N	Mean	Std. deviation	Std. error mean
Recruitment	Strongly agree; Agree	65	2.8487	.84251	.10450
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.0032	.78921	.07702
SBE Procurement	Strongly agree; Agree	65	3.5385	.79578	.09870
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.7952	.74777	.07298
SBE Assistance	Strongly agree; Agree	64	3.2161	1.00755	.12594
	Neither agree nor disagree; Disagree; Strongly disagree	105	3.3905	1.01605	.09916
BBBEE Support	Strongly agree; Agree	65	2.2472	.67456	.08367
	Neither agree nor disagree; Disagree; Strongly disagree	105	2.4724	.71831	.07010

Table 8.13: Independent samples test - procurement from black suppliers

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Recruitment	Equal variances assumed	.217	.642	-1.208	168	.229
SBE Procurement	Equal variances assumed	.207	.650	-2.123	168	.035
SBE Assistance	Equal variances assumed	.003	.959	-1.085	167	.279
BBBEE Support	Equal variances assumed	1.423	.235	-2.032	168	.044

8.5. SUMMARY AND CONCLUSION

Based on the above tests, null hypotheses were rejected as follows:

- It was established that there is an association between hotel managers with more than 75 per cent black middle and senior management and the ease of recruiting black candidates at both middle and senior management level.
- It was established that there is an association between hotel managers who had performance targets to meet for BBBEE compliance and were incentivised to meet BBBEE targets, and the ease of recruiting middle and senior black managers.
- It was established that there is an association between hotel managers who had performance targets to meet for BBBEE compliance and the ease of recruiting senior black managers.
- It was established that there is an association between hotel managers who had performance targets to meet for BBBEE compliance and support of BBBEE policy for the more equitable representation of the demographics of the country.
- It was established that there is an association between hotel managers who were supportive of BBBEE policy for the more equitable representation of the demographics of the country and belief in the availability and ability of small black enterprises to meet supplier requirements in terms of product, financial and tender requirements.
- It was established that there is an association between hotel managers who were incentivised to meet BBBEE targets and belief in the availability and ability of small enterprises to meet supplier requirements in terms of product, financial and tender requirements.

The null hypotheses were confirmed as follows:

- It was established that there is no relationship between assistance provided to small black enterprises and a general manager's opinion that BBBEE policy should be supported for more equitable representation.
- It was also established that there is no relationship between assistance provided to small black enterprises and the ease of identifying black candidates for recruitment at senior management level.

8.5.1. Testing the main hypothesis

In response to the main hypothesis, the above findings suggest that there are factors in the hotel industry that could contribute to the effective implementation of BBBEE policy in the hotel industry.

The main factors emerging as influencing success in implementing BBBEE are (a) if hotel GMs has performance targets for BBBEE compliance; (b) if GMs are incentivised to meet BBBEE targets; and (c) if GMs are supportive of BBBEE policy for the more equitable representation of the demographics of the country. The results also suggested that the municipal location of a hotel influences BBBEE implementation more than the star rating and provincial location of a hotel. The extent of work experience of a general manager appeared more influential in implementing enterprise development among hotels. Therefore, the main hypothesis is rejected.

In conclusion, Chapter 8 has contributed to fulfilling the objectives of the study by confirming, through hypothesis testing, the factors and solutions contributing to the implementation of BBBEE in the hotel industry. The data indicated the main and secondary factors for the basis of the development of a bridging framework on BBBEE implementation in the hotel industry of South Africa.

The above findings, together with findings from Chapters 4, 5, 6 and 7, are integrated and interpreted in the final discussion, in the next chapter, Chapter 9. In response to the objectives of the study, Chapter 9 will present the proposed framework for implementing BBBEE policy in the hotel industry.

CHAPTER 9

DEVELOPMENT OF AN EMPOWERMENT FRAMEWORK FOR BBBEE POLICY IN THE HOTEL INDUSTRY

9.1. INTRODUCTION

The purpose of Chapter 9 is to interpret and discuss the research findings which were presented in Chapters 4 to 8. Critical factors contributing to achieving success in BBBEE are identified from the interpretation. The factors then provide the conceptual blocks for developing the bridging framework for effective black empowerment in the hotel industry.

In response to the research objectives, the discussion reviews theories and findings relating to the status of hotels on compliance with BBBEE, factors facilitating and inhibiting compliance, and alternative explanations emerging from the findings. The arguments and interpretation presented in this chapter are evidence-based, in confirmation of the hypothetic-deductive approach and theory testing of the quantitative investigation of hotel general managers (Chapters 5 to 8). At the same time, interpretive and reflexive arguments from the qualitative study (Chapter 4) are introduced in triangulation.

Chapter 9 is structured as follows. Section one interprets and discusses the management approaches to BBBEE in the hotel industry of South Africa. Section two explores factors relating to human resource management in the hotels. Section three examines small enterprise development as a combined cluster incorporating preferential procurement and assistance to small black enterprises. Section three then ends with a discussion on socio-economic development and sustainable tourism development. Finally, Section four presents the proposed framework for BBBEE implementation, followed by a conclusion.

9.1.1. Restating the research objectives

The main hypothesis posited that there was no bridging framework for the effective implementation of BBBEE policy in the hotel industry. The literature identified a gap between the government objectives and the hotel industry's response to implementing the BBBEE policy. Hence the primary objective of the study was to investigate whether a bridging framework to close the gap between the legal framework and hotels' efforts of BBBEE could be developed. The research objectives addressed the following: (1) to determine the extent to which the hotel industry had implemented BBBEE policy; (2) to identify factors facilitating or inhibiting BBBEE implementation within the hotel industry; (3) to explore and identify solutions for enhancing BBBEE implementation in the hotel

industry; and (4) to describe how a framework of solutions for broad-based empowerment for the South African hotel industry could contribute to transformation for the broader tourism industry.

The BBBEE elements investigated in the study were employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Criteria for evaluating compliance with black empowerment within the hotels included the representation of black persons in management, the training provided to black staff, procurement from and assistance to small black enterprises, and hotel activity in community social investment.

9.2. SECTION ONE: HOTEL MANAGEMENT APPROACHES TO BBBEE

9.2.1. Relevance of a separate charter for the tourism industry

Analysis of the implementation of BBBEE policy cannot be separated from the policy formulation process, as some of the problems experienced by the hotel industry downstream had to do with the nature of the policy formulation. The considerations of the South African government during the policy formulation process were political expediency and the maintenance of business stability (Dye, 2011; Southall, 2007).

The introduction of the Tourism Sector Charter has resulted in the challenge of compliance with two policy instruments for the hotel organisations. The evidence suggested that businesses outside the tourism industry are not willing to recognise the BBBEE certification based on the Tourism Sector Charter only. Hotel organisations have to comply with both the DTI Scorecard applicable to the general private sector, and the Tourism Sector Charter. As a result, the hotel industry has experienced challenges associated with the lack of clarity on the regulatory framework and accreditation procedures (Andrews, 2007; Southall, 2007; Wu, 2008). Aside from BBBEE policy, Strategic Business Partnerships (2006) identified tourism as an over-regulated industry, because of the requirement to adhere to regulations across sectors, for example immigration, health and safety. These factors may explain why the management of hotels are concerned about the additional administrative task of compliance with BBBEE.

At the same time, the factors distinguishing the Tourism Sector Charter from the DTI Generic Scorecard has limited relevance for hotel organisations. For example, most hotels have a turnover above five million rand, which is the threshold for participation by small businesses in BBBEE. Secondly, most hotels do not have concerns over ownership, as the majority of hotels are affiliated with hotel groups. Thirdly, the Tourism Sector Charter has enabled flexibility on BBBEE compliance to allow smaller businesses to comply without diluting their ownership. It would appear therefore, that hotels in South Africa could comply with BBBEE policy on the DTI Scorecard and still achieve compliance with all the criteria, without requiring a separate tourism charter..

It is therefore argued that having a sector-specific charter for the tourism sector would not likely increase the participation of hotel businesses, because compliance with broad-based empowerment serves the interests of the hotel industry. Through BBBEE, the hotel industry has contributed to the national objectives of job creation and skills development. In turn, government has supported the hotel industry through the promotion of domestic and international tourism, which has increased the commercial success of hotel businesses. At an operational level, adherence to BBBEE policy is important as a means of winning tenders, considering that government is a major supplier of business to the hotel industry. This evidence shows that the hotel industry's support of BBBEE policy has been motivated by commercial interests (Bentley & Habib, 2008; Hall & Jenkins, 1995). Consequently, the hotel industry has no longer considered a sector-specific charter for the tourism sector as necessary.

The larger players in tourism, such as the hotel industry have been obliged to drive and encourage BBBEE compliance, whether a separate BBBEE Charter has existed or not. This is confirmed by the rest of the discussion which follows.

9.2.2. Extent of BBBEE compliance at hotel unit level

One outcome of this study has been to demonstrate the pattern of BBBEE compliance at the individual hotel level. With the exception of one hotel group, the rest have published their certification credentials on BBBEE compliance at organisational rather than hotel unit level. Consequently, the patterns of compliance for individual units are not publicly known. The present research has contributed new knowledge by providing trends of BBBEE compliance for the hotel industry at individual unit level, based on star rating and location.

The results showed that some progress had been made in improving the representation of black managers in hotels particularly at middle management level, although the average level of compliance was below 60 per cent. Black representation at senior management level, including representation at general manager level, was low. There was less than ten per cent representation of black staff at the general manager level.

Activity in skills development was high, averaging above 80 per cent in compliance. This finding was not surprising, given the vocational nature of the hospitality industry. Activity on socio-economic development was high, also averaging above 80 per cent. Compliance on enterprise development was ranked the lowest among hotels, with hotels recording less than 50 per cent engagement with black suppliers on the procurement of supplies.

It is argued that the investment in small enterprise development is more voluntary for hotel managers, when compared to the investment in human resource management. Employment equity

and skills development of managers impacts on operational efficiency and customer service delivery. However, enterprise development is external in nature, and supply processes are more controllable in terms of impact on the client. For example, a chef has more control over the menus served and can demand products he prefers to use from the third party suppliers. However, the standard of food product required by the chef may be too costly for an emerging black entrepreneur. At the same time, a loyal hotel client who has been mismanaged by staff could cost the business in lost revenues if the client decides not to stay at the hotel again.. As cited by Enz (2009), human resource management is the priority concern for hotel managers, including in South Africa.

9.2.3. Role of the hotel groups

Transformation efforts can fail if an organisation does not communicate its vision and does not empower business units with the resources and tools to execute the vision. In the present study, hotel group executives appeared to reflect Kotter's (1995) theory on the importance of communicating and leading change in organisations. A condition for effective affirmative action is the commitment of the organisation's leadership to change, as identified by Cole (2004) and Crosby *et al.* (2006).

The findings of the present study showed that the positive attitude of the group executives towards BBBEE policy has contributed to increased transformation within the hotels. The group executives demonstrated an awareness of the political, business and socio-economic imperative for transformation in the country. Furthermore, the group executives headed organisations which had achieved broad-based empowerment status through ownership or equity transactions of 51 per cent black shareholding. Commitment to broad based empowerment was therefore evident at the highest levels among the hotel groups.

The group executives and the general managers conceded that more time was required for the implementation of broad based empowerment in hotels. A transition phase between policy introduction and the measurement of compliance would have been optimal. According to the hotel executives, there are fundamental issues which need addressing first within South Africa at a macro level. One example is the inadequate education system, which has been failing to produce skilled graduates from hotel institutions. The hotel industry requires more time to increase their resource requirements to match the policy expectations of BBBEE, for example on skills development. In addition, the lack of punitive measures for non-adherence reduces the empowerment targets to mere guidelines. At the same time, the BBBEE targets reflect the sense of urgency attached to economic transformation, as suggested by Mbeki (2008) and Turok (2008).

The government view and the view of the hotel industry differed on the timeframe for the achievement of BBBEE milestones. Similarly, previous studies found that affirmative action programmes took long to implement, for example in Malaysia and the USA. It would appear therefore, that the BBBEE implementation targets were ambitious in terms of time lines, given the socio-economic realities of South Africa. Commitment to change in principle has been evident, but the pace of change has not fully reflected the commitments expressed.

9.2.3.1. Hotel group strategies for BBBEE compliance

Strategies to enable activities for black empowerment are in place among hotel groups. The hotel groups have demonstrated their role in enabling and facilitating change at unit level through a number of measures which include the establishment of Transformation Committees, development of measuring and reporting mechanisms, constant scrutiny by senior executives, and in some cases, the appointment of an executive dedicated to championing transformation. The group interventions have been consistent with recommendations by Thomas (2002) on the management of affirmative action programmes in the workplace. As a result, GMs belonging to a group have had an advantage in implementing BBBEE, compared to hotels with individual ownership. Besides group direction, the GMs have benefited from access to more candidates for promotion and to inter-group retention.

It is argued that hotel groups are not maximising on the industry strength that they have, to facilitate BBBEE implementation. Opportunities include the establishment of a network of learning of best practice in the tourism industry, and improving communication across and within hotel groups to drive a broader agenda for BBBEE.

This study has provided new information that could be shared with the hotel and tourism industry. The endorsement of the present study by industry leaders and their support for publication of the findings suggest a commitment to identifying solutions for BBBEE from across the hotel industry.

9.2.4. The role of the hotel general manager

Whereas group executives have approached BBBEE from a strategic level, the hotel GMs have been more operational in approach, which reflects their respective roles in the hotel organisations.

The GM influences the policy direction of the hotel, as the executive head of the business unit. General manager influence is exerted at the micro level within the hotel, at the meso level within the hotel group or at the location, and at the macro level as part of the broader tourism system. Results from hypothesis tests have shown that the three main factors for achieving BBBEE success in hotels are (a) if GMs have performance targets for BBBEE compliance; (b) if GMs are incentivised to meet BBBEE targets; and (c) if GMs are supportive of BBBEE policy for the

equitable representation of the demographics of the country. Evidently, the role of the hotel GM is essential in delivering the success of BBBEE.

Concerns over job security among GMs may have been a contributory factor to attitudes towards broad-based empowerment. Based on the findings of this study, the GMs were supportive of BBBEE for empowering all citizens (78%), rather than supporting a policy promoting race-based redistribution (58%). Hotel managers expressed concerns about business efficiency being compromised for the sake of affirmative action, as cited by Barker (2007). The findings reflected the debate on whether BBBEE should be class-based or race-based (Crosby, 2004; Kellough, 2006; Sowell, 2004). Concerns and objections were raised by the previously advantaged, as observed by Dupper (2005:108). Consequently, it is debatable whether the GMs implemented BBBEE policy with conviction, as less than half of them (47%) believed that BBBEE policy made business sense.

In affirmative action programmes, ethics takes precedence over prudence. (Burns & Schapper, 2008). BBBEE policy is demanding business participation in social justice through the righting of perceived wrongs (Black, 2002). For group executives, this consideration requires businesses to balance commercial and stakeholder considerations with national accountability, which is consistent with the debate on sustainable corporate governance (Ramphela, 2008). It would appear that the GMs believed in the ethical need to support BBBEE and transformation, although the policies may not have made business sense.

9.2.4.1. Performance targets and incentives for BBBEE performance

The present study proved that performance targets and incentives were a tool for achieving broad-based empowerment. The GMs delivered on BBBEE policy when they were provided with performance targets for the policy. The evidence identified the interdependence between the general manager having performance targets for BBBEE and being proactive in recruiting black candidates. Even the ease of recruiting senior managers, which was an area of difficulty in general, increased when influenced by performance management interventions. The provision of performance management systems also assisted in managing black candidates for development, as cited by Jack (2007) and Human (1996). Hence, performance targets were an important tool for driving affirmative action programmes.

Performance incentives relate to personal reward for the employee and provision of the impetus to a manager to achieve a prescribed task. The evidence indicated that the probability of achieving higher levels of black management representation increased when a GM was incentivised on BBBEE implementation. There were also interdependencies between the belief in the availability and competence of small enterprises, the support for BBBEE policy based on equitable

representation, and the incentivisation of GMs. Hotel managers appeared willing to take the risks on conducting business with small enterprises, if there was a personal reward for them.

It is argued that incentive programmes could become the differentiator in performance, among general managers of urban-based hotels, who face stiffer competition for human resources in the marketplace. The evidence indicated that the hotel industry was more appealing to black candidates in rural locations, where employment options were limited. Consequently, introducing incentives to match the geographical profile of hotel units is a solution worth investigating.

9.2.5. Summary

The government's prescription of an industry-specific solution for BBBEE through the Tourism Sector Charter may not have been suitable for the large hotel organisations. Although the Charter formulation process was consultative, the final version of the Tourism Sector Charter appeared to reflect the government agenda more than that of the private sector. And the government agenda has been aimed primarily at the increased participation of the smaller tourism businesses. The view that a separate Tourism Sector Charter was no longer relevant for the hotel industry appears justified.

The critical role played by the hotel GM in implementing BBBEE at the hotel unit has been evident in human resource development and enterprise and community development.

9.3. SECTION TWO: HUMAN RESOURCE MANAGEMENT: FINDING AND DEVELOPING BLACK MANAGERS

9.3.1. Black representation in management positions

The study has reported that the hotel industry has achieved moderate success in the representation of black candidates in middle and senior management. More than half of the hotels achieved 50 per cent or more black representation in management, which supports the view that the accommodation sector is more active in BBBEE implementation, when compared to other tourism sub-sectors and to the private sector in general (BUSA, 2012; Yaron Management Consulting, 2007a). The assertion by group executives that the hotel industry committed to implementing BBBEE policy years before the regulatory framework for tourism was established, appeared to be validated.

Nevertheless, it can be argued that achieving a 57 per cent representation in black management indicated hotels compliance with the law rather than active empowerment in the workplace. Both hotel managers and executives acknowledged the need to improve on levels of black representation. Hotels have the opportunity and capacity to drive equitable rather than proportional

representation in South Africa. Therefore, the representation of black managers in the hotel industry could be described as progressive, but still lacking at senior levels.

9.3.1.1. Black representation at the general manager level

On senior management, the hotel industry appeared to have fallen behind national trends. The evidence indicating that over 90 per cent of GM positions in the hotel industry were occupied by white persons reflected national trends reported by the 2010 Employment Equity Commission (CEE). However, the 2012 report of the CEE indicated that black representation in top management had risen to 30 per cent nationally (CEE, 2012). Furthermore, the sample of qualitative respondents showed black managers employed in human resource management, and white executives employed in CEO positions, reflecting trends identified by Mohamed and Roberts (2006) and BUSA (2012) in South Africa.

In one case, a chief executive acknowledged the trend of appointing GMs of Indian origin to fulfil the requirements of employment equity, instead of appointing black Africans. In principle, the appointment of Indian managers fulfilled the objectives of BBBEE policy. However, affirmative action law allowed for black Africans as a group to obtain more preferential benefits, because of the greater disadvantage that the group had experienced historically, as observed by Dupper (2008).

It is suggested that the hotel industry may have had a glass ceiling for black appointments. Having been leaders in embracing transformation, trends of black representation were falling against the national average. GM positions were determined at the group level. Therefore, hotel groups needed to find solutions to improve the level of black representation at GM and senior levels.

9.3.2. Recruitment of black managers

The hotel industry is not a first choice career for the black market, which is consistent with global trends on the challenges of recruiting managers for the hotel industry (Chen & Choi, 2008; Davidson & Wang, 2011; Enz, 2009; Solnet & Hood, 2008). Evidently, the hotel industry appears limited in its ability to compete for skilled professionals in a democratic South Africa, where opportunities have been opening up for black people across the business sectors. University graduates do not appear to be attracted to the hotel industry because better paying jobs are available in other sectors. It would appear that the belief by the GMs (57%) in the attractiveness of the hotel sector for black candidates did not translate into availability of black management candidates.

But what does the term *attractive* mean for various players in the hotel industry? The notion of the attractiveness of the hotel industry holds different meanings to hotel staff.

At the entry level, basic jobs in tourism have historically been occupied by the unskilled and uneducated whose motivation for employment was basic income. The entry level and part-time jobs were characterised by low pay, long working hours, and a high stress environment (D'Annunzio-Green, 2008; Davidson & Wang, 2011). Examples of such jobs are waiters, chefs' assistants, cleaners, night shift staff, and room attendants. The hotel industry also appears to have been slow in adapting its work environment to the needs of generation "Y" on individuality and a stimulating work environment. The perception of tough working conditions has been a deterrent to entrants to the industry, including hotel graduates, who do not find the hotel industry appealing in several countries, including South Africa.

The hotel job at middle management level has been characterised by work pressure, lower levels of remuneration against similar jobs in other sectors, and management stress (Garavan *et al.*, 2006). At the middle and management level, one might argue that job security rather than social benefits has determined a positive disposition towards employment in the hotel industry.

It is also argued that the hotel job at middle management could not meet the consumerist lifestyle of the black middle class. The finding that the hotel industry did not attract black investors in the first wave of black empowerment transactions of the 1990s suggested a lower appeal to the black elite for business engagement. As Nemavhandu (2008) noted, the notion of social success among "black diamonds" has been based on material assets. Sectors such as banking, brand management and mining pay salary premiums for the black (and white) managers. However, profit margins in the hotel industry have been narrow. The hotel industry has lacked the capacity to match the benefits offered by the other industries. Evidently, the hotel job in middle management has not been likely to provide opportunities for social mobility which are competitive with similar positions in other sectors.

The higher representation of longer serving GMs in South Africa confirms the pattern of long careers in hotel management (Enz, 2009). The hotel general manager's position comes with prestige, higher social status, authority and a general sense of self-realisation (Chen & Choi, 2008). In this context, the hotel industry could be considered attractive by general managers, or a person with ambition to become a general manager.

At the group level, executives believed that the hotel industry was "waiting in line" to employ black candidates. For example, a leadership initiative by one hotel group to employ Master of Business Administration graduates in hotel management positions failed, as the black recruits left the company within four years (Southern Sun Hotels, 2011). As a result, group executives appeared resigned to the fact that the hotel industry was not competitive for higher degree graduates.

Finally, it is argued that the hotel industry needs to explore innovative ways to attract and incentivise black managers. For example, creative incentives using the hospitality product (complimentary holidays and monetary benefits), could become the differentiator in attracting and retaining black management staff.

9.3.3. The star grading and location of the hotel

The star rating and location of a hotel determines the quality of hotel, quality of staff employed and the market profile of the hotel.

The star rating of a hotel could influence the achievement of black empowerment in a hotel. GMs of one to three star hotels reported higher success in identifying black candidates for senior management positions.

Hotel location also determines the attractiveness of the industry for black candidates in South Africa. Non-urban hotels generally do not have access to a broad supply of management candidates because there is less skilled labour from non-urban locations. And the educated black people have migrated to urban areas for better paying jobs, a trend confirmed in the findings by the general managers. However, rural hotels reported less challenge in recruiting middle managers, because opportunities for alternative employment are limited in non-urban locations.

A related opportunity to address the shortage of black senior executives was the recruitment of expatriate staff to supplement local managers. The globalisation of the hotel workplace has necessitated a management team that has international expertise and network. The management of five star establishments by expatriate general managers has become an established practice globally (Cetron, DeMicco & Davies, 2010). South Africa has not been producing adequate quantities of black management candidates with the skills to fill positions in areas such as food and beverage and front office management for five star hotels. It is therefore argued that the hotel industry needs to influence government on the relaxation of labour laws, and the importation and exchange of international expertise.

One could speculate that international managers might not carry the prejudice identified among some local managers, and might be more open to developing and mentoring black managers.

9.3.4. Current status on developing black managers - skills development

Levels of skills development in the hotel industry of South Africa are high, and almost every employee has received training over a 12 month period. The development programmes include soft skills development through mentoring and coaching. The findings also indicated that the

creation of succession pools for management advancement, and fast tracking of black candidates are methods of accelerating staff development.

However, the high levels of skills development do not appear to be a conduit for greater mobility into senior positions. Hotel general managers identified skills shortages for black management in sales and marketing, housekeeping and maintenance. But studies indicated that the positions which provided career advancement in hotels were food and beverage and front office positions as the positions were more technical or required higher levels of customer contact (Costen *et al.*, 2002). Black managers recruited in back-of-house positions such as housekeeping and maintenance were not likely to advance to senior management positions, such as general manager. This finding reflects the theory on inclusionary closure, where the type of jobs made available to black persons in the US did not offer opportunities for advancement into senior management (Costen *et al.*, 2002). It would appear that white managers were employed in front of house positions, whereas black managers tended to be in the back of house, thereby limiting the black managers' opportunities for development.

Another explanation could be a deficiency in the type of skills training offered within the hotels. Focus may have been placed on quantity rather than quality and relevance for career advancement (Costen *et al.*, 2002; Garavan *et al.*, 2006). It is also probable that the general managers can be influenced by the need to fill vacancies in the hotel, rather than by the need to develop black managers to higher positions. Effective skilling remains a challenge, given the educational insufficiency of some of the staff.

With regards to the candidates available in succession pools, it is argued that there may have been cases in South Africa of maintaining black candidates in a holding pattern of development for longer than was necessary, as identified by Costen *et al.* (2002). The evidence indicated less conviction among general managers, on the length of time required to advance candidates from the succession pools to more senior positions.

9.3.5. The apprentice model of career advancement in hotels

Ninety-two per cent of the GMs endorsed the apprentice model of career development which is characteristic of the hospitality industry. In addition, group executives stated their preference to develop black candidates to manage two and three star hotels, as a prelude to managing four and five star hotels. Apprenticeship meant the development of staff through on-job and formal training from lower positions to higher management levels, as identified by Fuller and Unwin (2011). The continued existence of hotel training schools and learner internships in hotels suggests that the apprentice model has been established as a route for the development and promotion of hotel staff. But is the linear model of apprenticeship relevant for advancing black talent in South Africa?

The apprentice model of development has faced several challenges. Firstly, the definition of the entry level qualification has shifted with the increase in unemployed graduates in South Africa (Moleke, 2005). Inexperience no longer equates to uneducated. Furthermore, hotel clients who are technologically literate, demand a higher skills set for positions which are customer-facing, such as waiters and receptionists. Hotels have needed to adapt to the changing environment by recruiting candidates with higher levels of basic skills knowledge, as suggested by Van Lill (2005). Whether the hotel industry in South Africa has been adapting in human resource practices to match technological trends was not explored in this study.

9.3.6. Grooming hotel graduates

General managers were critical of the quality of graduate produced and the quality of the hotel colleges available. Criticisms were levelled at the THETA and technical institutions for failing to coordinate the learnership programme in tourism (RSA, 2007a). This finding validated the perception that the general quality of education for black people in the country is low, which in turn contributes to the skills shortages and unavailability of qualified black candidates from the general market and from hotel colleges. Furthermore, Van Lill's study (2005) reported that black students joined hotel colleges having failed to qualify for a place in other courses at university. The result is that the hospitality career has been perceived as a "transition" career to a better life career, a phenomenon also identified in the United Kingdom and Australia by Barron et al. (2007).

It is argued that hotel managers have neglected the opportunity to interest and mentor students on internships. The industry has needed to explore ways of being attractive to hotel students. Hotel groups have been proactive in building student capacity through funding of local universities, such as the University of Johannesburg hotel school and the Centre for Culinary Excellence. By taking more control of the training process of hotel students, the industry has ensured that the calibre of student produced is acceptable, as suggested by Boley (2011) and Spowart (2011).

It is also argued that general managers could extend their expertise to ensure that the schools' curricula are relevant for the workplace, thereby increasing the capacity of the hotel institutions. The additional opportunity exists for hotel organisations to expand initiatives on capacity building for students beyond the major commercial centres.

Another opportunity is to expand the recruitment base for black graduates. Hotel internships are restricted to students from hotel schools. Perhaps an opportunity has been missed to induct students from universities. The paradox of unemployed graduates from universities and a lack of skilled candidates for the hotel industry requires further investigation. It is possible that hotel GMs may not have been eager to recruit university graduates, as the managers themselves did not have university education, having been groomed internally through the apprentice model. Another

possibility is that GMs feared that graduates would not stay for long and would leave for better opportunities.

9.3.7. Summary

Figure 9.1 provides a summary of factors influencing human resource management in hotels, with a focus on finding and developing black managers.

Attracting black talent from the general market remains a challenge for the hotel industry. The disconnect between government objectives and the hotel industry on employment equity is more evident at the senior management level, particularly the general management level. The appeal of the hotel industry to “black diamonds” is limited regarding salaries and benefits.

From this research it is evident that for skills development, the challenge is qualitative and not quantitative. The shortcomings of the education system in terms of the calibre of student produced and the calibre of technical institutions available are evident.

The challenges faced by the South African hotel industry on recruiting managers are common to the hotel and tourism industry globally. Therefore achieving BBBEE on employment equity is an additional dimension for the hotels to manage, beyond the industry challenges. However, the challenge of skills capacity also exists in developing countries such as India and Brazil.

Evidently, internal recruitment and internal development remain the main vehicles for human resource development in the country.

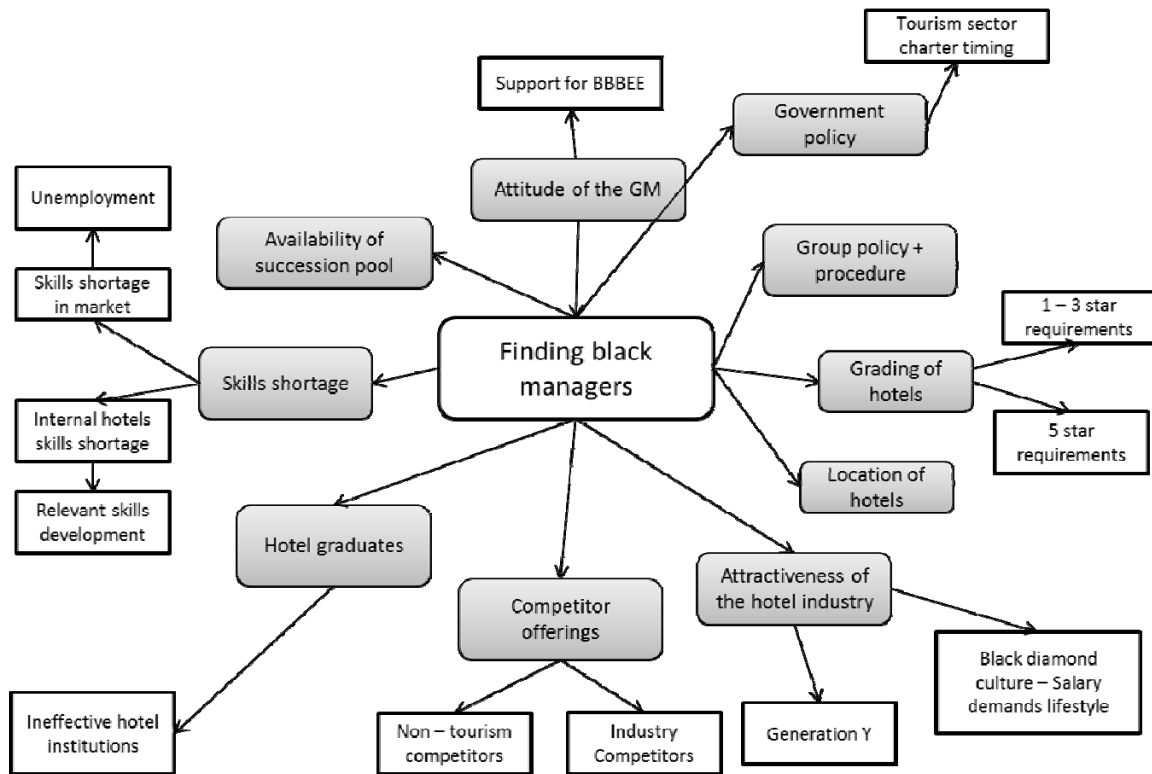


Figure 9.1: Finding black managers

9.4. SECTION THREE: SMALL ENTERPRISE DEVELOPMENT

9.4.1. Preferential procurement from small black enterprises

It was evident that a gap existed between the support expressed for BBBEE policy by general managers and group executives, and the low level of implementation on enterprise development within hotels. Only 20 per cent of GMs purchased half or more of their products and services from small black suppliers. The research findings identified the top areas of procurement by hotels as cleaning and security services, which are low skilled areas. Procurement in linen supplies and beverage procurement was ranked lowest. Hotel general managers indicated that their decisions about procurement were influenced by considerations for quality standards.

Literature on the low levels of procurement from small tourism enterprises by the larger businesses is extensive (for example, Getz & Carlsen, 2005; Morrison & Texeira, 2004; Rogerson, 2008b; TEP, 2008) and is associated with theories on enclavic behaviour in the tourism value chain (Clancy, 1998; Lapeyre, 2011:63; Song *et al.*, 2013:24). It would appear that hotels have engaged with small black suppliers in areas that do not require skilled resources, and consequently, areas of low returns for small businesses.

The evidence indicated that nearly 80 per cent of hotel procurement was determined by the hotel group, which is consistent with the findings of Cornelissen (2005) and Rogerson (2005).

Procurement decisions by the hotel groups were guided by the need to apply economies of scale, centralised procurement, and leveraging buying power in supplier transactions (Tassiopoulos, 2010; Wall & Mathieson, 2006). This in turn influenced the level of engagement with black suppliers at the business unit level, as indicated by hotel general managers. Therefore, hotel group policy appears to be an inhibiting factor to black enterprise development in hotels.

Yet, contrary to the views of hotel general managers, the group executives indicated that they were encouraging GMs to engage local black suppliers. The review of findings on group executives suggested that the activities mentioned on small enterprise development were still in the planning stages and not yet implemented by the hotels.

It is argued that the group procurement policy which appears to be an inhibitor could be converted into an opportunity for the implementation of preferential procurement and enterprise development. One opportunity is to focus on aspects of procurement that are working in the hotel industry. For example, by increasing enterprise development in the one to three star hotels, and in non-urban locations, where hotels show higher propensity to engage with black suppliers. The units achieving higher compliance could be converted into group nuclei for small enterprise engagement.

The point is that through innovative thinking, group procurement policy could be turned into a conduit for small enterprise development. The success story of the Book a Guesthouse enterprise programme by Southern Sun hotels indicates how a group approach yielded effective results. The Book a Guesthouse programme was based on central coordination and identification of guesthouses, with joint liaison at group and regional level (Southern Sun Hotels, 2011; TEP, 2011). Other industries such as mining in South Africa have also developed successful community projects, through the application of a centralised strategy with local deliverables on sustainable development (Anglo American, 2011).

Given the dominance of hotel groups in South Africa, centrally-coordinated initiatives are worth exploring. It would appear that hotel groups could develop small enterprises which are sustainable. However, this requires a case by case approach ideally managed from a corporate or regional perspective. Small enterprise and community initiatives are usually case-based projects covering a specific region or location by several studies (Fennell, 2010; Kibicho, 2008).

9.4.2. Assistance to small black enterprises

The evidence indicated moderate levels of support (45%) by the hotels in assisting with the establishment and growth of small black enterprises. Investment by the GMs or their teams in assisting small enterprises through training or mentorship was generally low. GMs identified the financial needs of the black entrepreneur, hence assistance in areas such as competitive payment

terms. Receiving payment from the hotels for their goods and services within a shorter period is an important benefit for black suppliers. A related trend is the higher activity by more experienced GMs, in assisting black enterprises. It is probable that older general managers have more confidence to engage black entrepreneurs and to manage the risks associated in the business engagement.

The projects identified at hotel group level to assist in identifying black suppliers appeared to be in formative stages. For example, one hotel group was establishing a centralised online database of black suppliers, which GMs could access. However, the impact of the initiatives beyond the planning phase has yet to be determined.

9.4.3. Sustainability of black entrepreneurs

The challenges of sustainability and reliability of small tourism enterprises are evident from the study and from literature. Even the factors contributing to the limited ability of small enterprises have highlighted the regular challenges of poor education, limited access to opportunity, and lack of business skills among tourism enterprises. The entrepreneurs have had little or no access to associates with disposable income (TEP, 2008). Furthermore, banking institutions are reluctant to lend money to the small business owners because of lack of collateral. In contrast, the small tourism enterprises managed by white people have either been self-financed, or financed by friends and family. The view by general managers that small black enterprises were not effective or reliable was therefore not surprising.

One feature characteristic of the black entrepreneur in South Africa is the lack of prior exposure to trading. Informal trading is an established tradition and a viable sector in several African countries and in developing economies such as Brazil and India. However, the entrepreneurial culture for black people in South Africa is not fully established because of historical restrictions on trading and movement. Entrepreneurship is therefore a relatively new territory for the black entrepreneur, and perceived as a lifeline out of poverty.

Taken together, the analyses show that the capacity and resourcing of small enterprises remain the biggest barriers to growth and success. It is questionable whether BBBEE policy is realistic about the capacity of the black entrepreneur, and the timing required to achieve meaningful change. At the same time, it is argued that a group-based rather than a hotel-unit based approach is a viable option for breaking the apparent impasse on driving small enterprise development.

At the same time, the high volumes of neutral responses recorded on survey questions relating to the ability and resourcing of small black enterprises suggested a reluctance by general managers

to express their views candidly, compared to the more direct views which hotel managers expressed on human resource development.

It would appear that capacity building for small enterprises is gaining momentum through efforts by the TEP. In 2013, the TEP planned to introduce a strategy whereby small enterprises would contribute a small fee for TEP services in training and skills building. As the TEP explained, "*it is vital that businesses recognise the value of the services offered, and not just as free NGO initiatives*" (TEP, 2013). The TEP strategy indicated efforts to build the accountability of small enterprises.

9.4.4. Summary

Figure 9.2 provides a summary of factors influencing the hotel industry approach to small enterprise development.

It is questionable whether the objectives of BBBEE policy are realistic for the timing required to achieve meaningful change in small enterprise development. The BBBEE framework on procurement does not suit the black enterprises with limited access to finance or a minimal level of entrepreneurial acumen. At the same time, competition from the small but established white enterprises in tourism still exists. Therefore, the challenge of the lack of capacity and resourcing of the small black enterprises remains known but not fully addressed at both micro and macro levels.

9.5. SECTION FOUR: SOCIO-ECONOMIC DEVELOPMENT AND SUSTAINABLE TOURISM

9.5.1. Community social investment

The evidence indicated that nine out of every ten hotels were active in contributing to their communities in cash and kind. The investment reflected the traditional practice of hotels donating perishable goods such as food and dated supplies (for example, worn but usable linen) to communities and charity organisations.

The theory on responsible tourism has encouraged businesses to shift focus from hand-outs to assisting communities in a sustainable manner. For example, instead of donating surplus vegetables to communities, hotels have been encouraged to invest in sustainable vegetable projects for communities (Goodwin, 2006; Spenceley, 2008). Responsible tourism is the commonly used term for sustainable tourism in South Africa. The findings indicated that 61 per cent of hotel managers supported BBBEE as a responsible tourism practice. However, activities on responsible tourism were fragmented and voluntary, and still considered a 'nice to have' as identified by Van der Merwe and Wocke (2007) and Kasim (2009). Participation by the hotels in industry initiatives such as the Imvelo Awards for Responsible Tourism was low but growing.

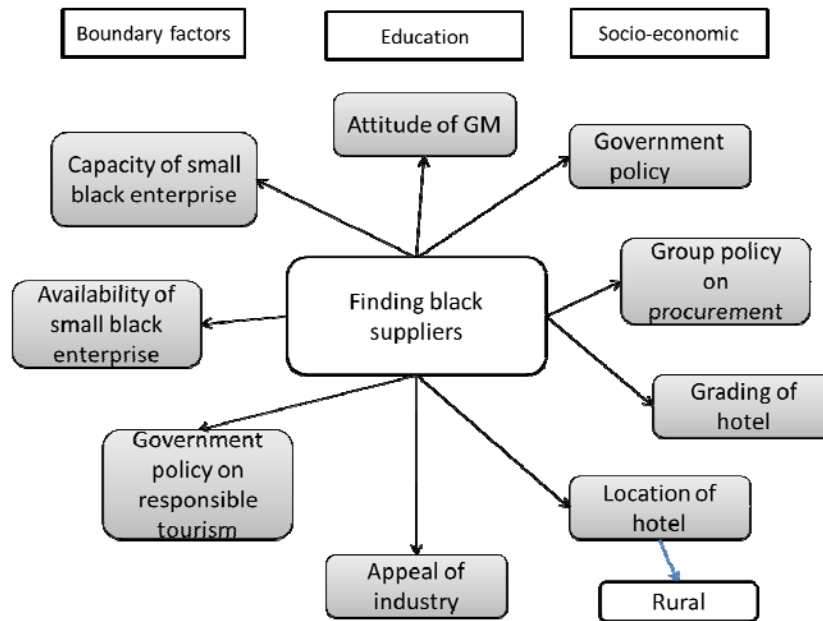


Figure 9.2: Finding black enterprises

9.5.2. The convergence of BBBEE policy and sustainable tourism

The present study presented a theoretical contribution by proposing an alternative solution to implementing black empowerment in hotels, through the convergence of the concepts of BBBEE and sustainable tourism (Nyazema, 2010). The discussion in Chapter 2 indicated a conceptual linkage between the Glocal Sustainable Tourism Criteria (GSTC), and the Tourism Sector Charter on the socio-economic development of communities (see Table 2.8).

Evidently, the two policies share the principle of sustainable development. Both the GSTC and the Tourism Sector Charter advocate for the socio-economic development of communities through corporate social responsibility, stakeholder accountability and ethical behaviour within businesses (GSTC, 2013; Nyazema 2010). A social role is expected of business, to ensure that the environment is preserved, and opportunities are created for the development of local communities. However, the GSTC and BBBEE policy differ at the operational level. Whereas, BBBEE policy is prescriptive through the Tourism Sector Codes, in contrast, the GSTC are not legislated, and serve as best practice for tourism organisations. Furthermore, the GSTC position the private sector in tourism as important in influencing sustainable tourism development. However, South Africa's endorsement of responsible tourism as a policy is not matched in practice, and responsible tourism is confined to a few case studies. Consequently, the alignment between BBBEE policy and responsible tourism among organisations remains tenuous (Nyazema, 2010). Nevertheless, it appears that there is a strong correlation between the objectives of sustainable tourism development and BBBEE, particularly in human resource development, job creation and enterprise and community development.

In principle, there is no disconnect between BBBEE policy and the traditional practice of assistance to communities in cash and kind within hotels. However, the practice of handouts did not encourage local development, as observed by Goodwin (2006). It would appear that the agenda for sustainable tourism has compelled the hotel industry to broaden their involvement and ensure the sustainability of communities.

It is argued that the agenda for sustainable tourism may offer an alternative route for hotels to achieve the objectives of BBBEE policy. Both the concepts of sustainable tourism and BBBEE advocate for the ethical behaviour of tourism actors (Nyazema, 2010). Therefore, it is suggested that the South African government and the tourism industry can collaborate on raising the profile of sustainable tourism development, as an alternative and supplementary route to driving the agenda for transformation (Nyazema, 2010). Converging the concepts of BBBEE and sustainable tourism would shift state policy from a race-based approach to community development, to a global agenda that is more widely adopted by hotel and tourism businesses. Through such an approach, the net objective of community and enterprise development may be achieved sooner.

9.6. SECTION FIVE: THE FRAMEWORK FOR IMPLEMENTING BROAD-BASED EMPOWERMENT IN THE HOTEL INDUSTRY OF SOUTH AFRICA

9.6.1. Solutions for BBBEE implementation

Table 9.1 summarises the factors which are inhibiting the implementation of BBBEE policy in the hotel industry and opportunities for enhancing BBBEE success. The factors provide the basis for developing the bridging framework for the implementation of BBBEE policy in the hotel industry of South Africa.

In response to Research objective 1, the study has reported the levels of BBBEE compliance achieved by the hotel industry. Black representation has been achieved at middle management levels. However, black representation is still lacking at senior levels, in particular the GM position. Achievement on skills development has been high and reflects the prevalence of the apprentice model of development in the hotel industry. Levels of implementing preferential procurement and enterprise development, and engagement with small enterprises, are generally low. Achievement on socio-economic development has also been high. Factors explaining the levels of BBBEE compliance are discussed next.

The responses to Research objectives 2, 3 and 4 highlighted factors which explained the status of compliance achieved, and challenges and opportunities identified by the hotel industry. The factors identified are mutually reinforcing in a number of ways. Challenges in recruiting and retaining black

managers are manifested in the requirements for skills development. Similarly, engagement in enterprise development is required for the sustainable development of communities.

9.6.2. The solutions for BBBEE success in hotels

Figure 9.3 indicates the relationships which emerged as critical for the success of BBBEE in the hotel industry.

The primary factors important for achieving success in implementing BBBEE policy are (a) if GMs have performance targets on BBBEE compliance; (b) if GMs are incentivised to meet BBBEE targets; and (c) if GMs are supportive of BBBEE policy for the more equitable representation of the demographics of the country. Evidently, the involvement of the hotel general managers is critical, and so is support from their organisation. A hotel will be likely to have more success in implementing BBBEE policy, if any one of, or all of these variables are present. The three factors, which emerged from testing the hypotheses, provided the basis for developing the bridging framework for broad-based empowerment in the hotel industry.

9.6.3. Secondary and supporting factors for BBBEE success

In addition, BBBEE success is enhanced by the inclusion or consideration of several secondary factors at macro, meso and micro levels. Secondary factors, including the location (urban, rural, seaside, resort), the business type (business, resort, leisure), the star-rating, ownership model (independent vs. chain), and branding model - are important in achieving transformation.

Table 9.1: Summary of factors influencing BBBEE implementation in hotels

Theme	Factors inhibiting BBBEE implementation	Factors facilitating and opportunities for BBBEE success
Industry approach to BBBEE policy	<ul style="list-style-type: none"> Administrative burden of BBBEE Adherence to two BBBEE charters Relevance of Tourism Sector Charter Appeal of hotel industry to black investors and managers More time required to implement BBBEE policy Competition from other sectors for resources 	<ul style="list-style-type: none"> The role of industry associations in promoting tourism Government as an enabler in hotel development
Role of hotel group	<ul style="list-style-type: none"> Slow pace of implementing BBBEE Group strategies vs. group activities Aversion to risk taking 	<ul style="list-style-type: none"> Role of the hotel group in providing strategic direction and support GM having targets on BBBEE GM having incentives on BBBEE
Role of hotel general manager	<ul style="list-style-type: none"> Attitude of hotel GMs towards BBBEE policy Knowledge on BBBEE policy Experience of GM 	<ul style="list-style-type: none"> GM supporting BBBEE policy for equitable representation GM as a key player in implementing BBBEE at hotel unit Experience of GM
Hotel attributes	<ul style="list-style-type: none"> Star rating of hotel Location of hotel 	<ul style="list-style-type: none"> Star rating of hotel Location of hotel

Theme	Factors inhibiting BBBEE implementation	Factors facilitating and opportunities for BBBEE success
Employment equity and skills development	<ul style="list-style-type: none"> Shortage of skilled black candidates Appeal and attractiveness of the hotel industry Meeting the needs of “black diamonds” and Generation Y Matching areas of skills shortage with career advancement Relevance of apprentice model of training Availability of succession pool Capacity of the hotel training institutions and general educational system Capacity of staff and hotel graduates 	<ul style="list-style-type: none"> Making the industry attractive for black managers Making the industry attractive for students Influencing curriculum development in hospitality institutions Skills development in hotels and relevance of the apprentice model
Preferential procurement and enterprise development	<ul style="list-style-type: none"> Focus on low risk areas for black procurement Low investment in assisting and growing black enterprises Impact of group procurement policy Availability and capacity of small black enterprises 	<ul style="list-style-type: none"> Group procurement work for enterprise development Providing business assistance to small enterprises
Socio-economic development	<ul style="list-style-type: none"> Sustainability of donations model 	<ul style="list-style-type: none"> Donations to communities in cash and kind Agenda for responsible and sustainable tourism Alignment of BBBEE and sustainable tourism

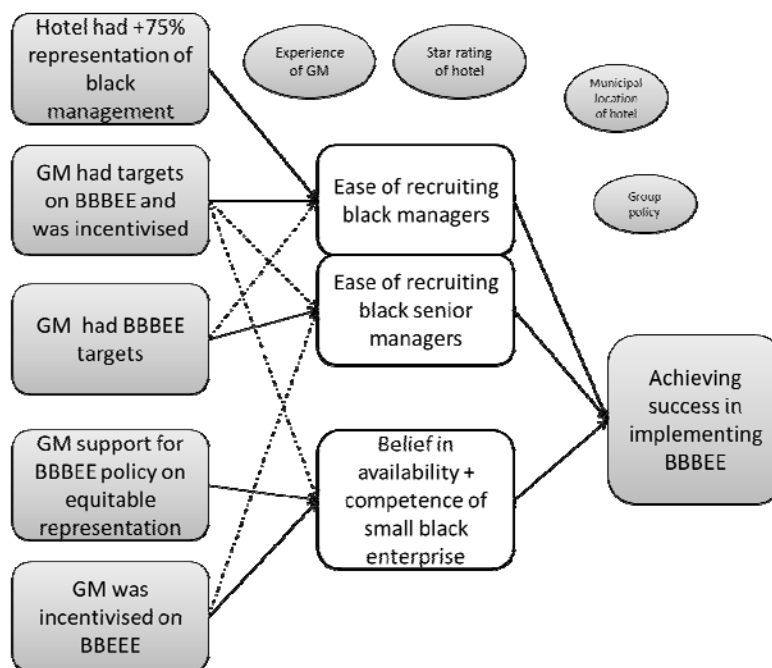


Figure 9.3: Primary factors influencing success in BBBEE in the hotel industry

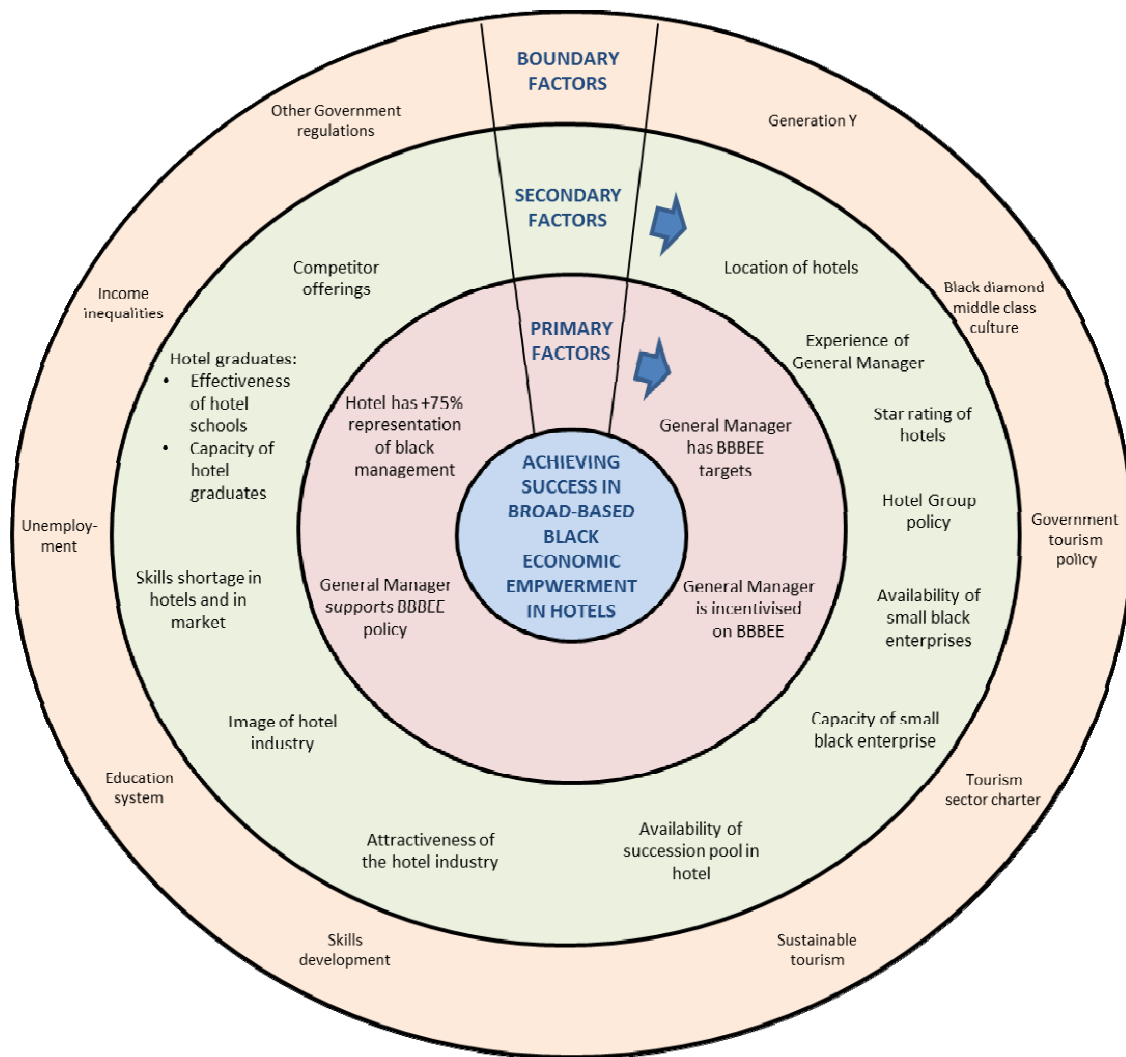


Figure 9.4: The empowerment framework for implementing BBBEE in the hotel industry of South Africa

9.6.3.1. Political factors

Political factors at the macro level which have influenced success in BBBEE implementation include the following:

- Need for the state intervention with affirmative action
- Institutional capacity – education, training, employment
- Capacity of educational institutions
- Race relations and need for racial redress
- Policy on public private partnerships.

9.6.3.2. Socio-economic factors

Socio-economic factors at a national level influencing BBBEE implementation include the following:

- Socio-economic inequality
- Unemployment
- The entrepreneurial culture of black business
- Private sector approach to corporate social responsibility.

9.6.3.3. Legal factors

Legal factors influencing success in BBBEE implementation in the hotel industry include the following:

- The Constitution, and interpretation of the law on equality and substantive equality
- The BBBEE Act, DTI Codes of Good Practice, and supporting regulations on BBBEE
- The Tourism Sector Charter.

9.6.3.4. Environmental factors

Environmental factors influencing success in BBBEE implementation in the hotel industry include the agenda for responsible and sustainable tourism. The diverse nature of tourism has also resulted in the hotel industry having to comply with regulations relating to, for example, health, safety and immigration.

9.6.3.5. Hotel industry

Hotel industry factors influencing success in BBBEE implementation in the hotel industry include the following:

- Location of hotel
- Grading of hotel
- Appeal of the hotel industry to investors and the black market
- The role of the hotel group in driving BBBEE compliance
- Competition within tourism sub-sectors
- Competition from non-tourism sectors
- Industry relationships within the tourism value chain.

9.6.3.6. The hotel unit

At the individual hotel unit, the factors which have influenced the success in BBBEE implementation include the following:

- The involvement and attitude of the GM
- Skills shortage for black managers
- Availability of succession pools
- Hotel apprentice approach to career development
- Capacity of hotel students
- Quality of hotel training institutions
- Availability of small enterprises
- Capacity of small enterprises.

The BBBEE framework proposed in Figure 9.3 provides a menu of solutions for implementing BBBEE successfully. The framework also highlights the compelling factors and the secondary factors.

The BBBEE framework is one of change, building on what contributes to effectiveness and challenging current behaviours and practices. Equally relevant, a number of factors that mutually reinforce and maximise on these synergies could contribute to success in implementation. The operationalisation of the variables would depend on each actor – whether it is the hotel or hotel group, the hotel industry or government institution.

In summary, it is suggested that the framework proposed in Figure 9.4 becomes the basis for the effective implementation of BBBEE in hotels across South Africa. Critical to implementation are the three primary factors identified by this study. Therefore, hotel owners and shareholders need to invest in providing clear targets for BBBEE implementation and in incentivising general managers and senior staff on achieving BBBEE success. At the same time, it is suggested that the Department of Tourism and the hotel industry, through industry associations such as FEDHASA and the TBCSA, continue to provide information on the BBBEE policy, and on the national and commercial benefits of supporting BBBEE policy. Thereafter, the implementation of BBBEE can be strengthened at individual hotel level, as hotel managers identify and adopt secondary factors in the framework which are relevant to their operations and to their specific unit. The boundary factors are national in nature, and require public-private partnerships in driving issues of skills development and sustainable tourism in the tourism industry of South Africa.

9.7. CONCLUSION

In identifying and adopting factors for driving BBBEE implementation, the hotel industry has needed to be innovative in considering flexibility, adaptation and relevance for the sector. The primary factors identified for achieving success in BBBEE within the hotel industry were the provision of performance targets and incentives for BBBEE compliance, and the support by general managers for BBBEE policy. A number of secondary factors were also identified.

The discussion explored how the inhibiting factors could be turned into facilitators; how factors already facilitating empowerment could be accelerated; and finally, whether new factors or solutions could be identified to enhance BBBEE implementation in the hotel industry. The theoretical insights contributed to addressing the intellectual puzzle of the investigation.

It is also probable that hotel companies, and the private sector in general, would in the medium to long term endorse BBBEE as part of sustainable development, and as a hygiene factor in conducting business. In the interim, however, increasing the pace of BBBEE implementation remains a business priority.

The evidence from the empirical analysis (Chapters 4 to 8) and the framework proposed in the above discussion (Chapter 9) have provided the means to bridge the gap between the state requirements for compliance and implementation of BBBEE policy by the hotel industry.

Chapter 9 has achieved the objective of the study by providing how the research conducted and the findings of the study have contributed to the development of a bridging framework for the effective implementation of BBBEE policy in the hotel industry.

The following chapter, Chapter 10, concludes the study.

CHAPTER 10

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

10.1. INTRODUCTION

Chapter 10 summarises the research process undertaken for this dissertation, and provides the main conclusions, the research contribution of the study, and the recommendations for future research.

The chapter is structured as follows. First is a summary of the study is provided, which outlines the research design, the research objectives, the theoretical review, and the main findings of the empirical study. This is followed by the main conclusions of the study, the contribution of the study, and a discussion of the limitations of the study. Finally, the chapter ends with recommendations for future research.

10.2. SUMMARY OF THE STUDY

10.2.1. The research problem

The research problem was the nature of compliance with and implementation of BBBEE policy in the hotel industry of South Africa. The government provision of criteria for adherence to BBBEE policy has not been translating into results in the private sector, and BBBEE implementation in the hotel industry has been characterised by slow adoption and resistance. Therefore, the essence of the intellectual puzzle was how to bridge the gap between the government objectives and the hotel industry's response to implementing the BBBEE policy.

The research objectives were established around the legal framework of BBBEE policy in tourism, as provided in Tourism Sector Charter. The research was limited to investigating the five elements of BBBEE policy that hotel general managers could influence on compliance, namely employment equity, skills development, preferential procurement, enterprise development and socio-economic development. Two elements, equity transfer and management control, are shareholder issues and were excluded from the investigation. The interrogation of the Tourism Sector Charter was therefore the basis for the investigation of hotel industry involvement in the implementation of BBBEE policy.

The research assumption was that solutions for achieving success in BBBEE implementation could be obtained from knowledge within the executive levels of the hotel industry, but which has not previously been researched. It was argued that this knowledge is resident at the hotel unit level, whose executive head is the hotel general manager. Supplementary knowledge could also be

found at the hotel group level, because the hotel groups dominate the tourism industry in terms of market size and influence. The centrality of hotels as the main provider of accommodation suggested that the hotel industry could provide the catalytic role for BBBEE implementation in South Africa's tourism industry

The broad objective of the study was to investigate whether there could be a framework for the effective implementation of BBBEE policy in the hotel industry. The specific objectives were to determine the nature of the disconnect in the implementation of BBBEE policy, to identify factors which have facilitated or inhibited implementation, and to explore and identify solutions for enhancing BBBEE implementation in the hotel industry. Hence, the main hypothesis posited that the legal framework for BBBEE was not translating into transformation results for the hotel industry.

10.2.2. The review of literature

The conceptual analysis provided the theoretical context of the study. The two pillars of the theoretical framework were BBBEE policy formulation and BBBEE implementation. The pillars were underpinned by theoretical and empirical literature on affirmative action, BBBEE, and hotel and tourism management theories relevant to the study.

In South Africa, government intervention through BBBEE policy was intended to drive the inclusion of more black people into the economy through equity transfer, human resource development and enterprise and community development. The literature review positioned BBBEE as a sub-concept of the theory of affirmative action, premised on substantive equality, a neo-liberal approach to governance, public private partnerships, and racial redress. The empirical review of BBBEE programmes identified the gap between the pace of BBBEE implementation in the private sector, including the hotel sector, and government objectives for the policy.

Tourism in South Africa is a priority sector for development and for driving economic transformation. Studies have indicated the importance of tourism for job creation and skills development, and enterprise and community development, which are also primary deliverables of BBBEE. The empirical review of the effectiveness of affirmative action and BBBEE programmes highlighted the factors likely to influence business approaches towards the implementation of BBBEE within the hotel industry. At the same time the hotel industry is integral to the tourism value chain. The hotel industry has been part of the power dimensions among tourism businesses that have influenced the public policy process in South Africa. Large players in the hotel industry have also dominated the tourism value chain in terms of supplier and buyer behaviour. Furthermore, hotels are the largest employer in the tourism industry of South Africa and their disparate locations offer opportunities for employment creation and small business development across the country. The theoretical review also identified the intersection of theories underpinning BBBEE policy with

the theories on human resource management in hotels, the global commodity chain in tourism, and small enterprise and community development in tourism.

Studies also indicated that South Africa's policy on responsible tourism is aligned to the global agenda on sustainable tourism development. However, the adoption of responsible tourism practices in South Africa is confined to a few case studies. Hotels' participation in responsible tourism has been limited. This study explored the conceptual alignment between BBBEE policy and responsible and sustainable tourism and identified that BBBEE remains the higher priority for both government and the private sector.

The literature review established the conceptual links between hotel management theories, BBBEE policy, tourism development and sustainable tourism, as the context for the study. And hypotheses formulated from the theoretical review provided the basis for this empirical investigation.

10.2.3. Methodology

The mixed-methods research approach applied in the present study was comprised of qualitative and quantitative research in sequence.

The primary research method was the quantitative study of hotel general managers. The primary unit of observation was the full census of 611 hotel general managers of graded hotels in South Africa. The research instrument was an online questionnaire. Data from the final sample of 178 respondents was analysed through descriptive analysis, cross tabulation analysis, reliability analysis and finally, correlational analysis using t-tests and ANOVA tests.

A qualitative study was conducted on five senior executives of hotel groups prior to the quantitative research. The results of the semi-structured interviews are not generalisable to the hotel industry, because of the small size of the sample and the purposive sampling approach applied. However, the qualitative research added credibility, depth and industry context to the study. The qualitative study also contributed to the design of the quantitative research instrument.

Therefore, the sequential mixed methods approach was appropriate because of the dual structure of the hotel industry in South Africa, comprising a corporate head office and individual hotel units, from which the two units of observation were derived.

10.2.4. The main findings

The empirical findings indicate the extent of BBBEE implementation in the hotels. Compliance with employment equity has been higher than compliance with small enterprise development. Evidently,

patterns of compliance in the hotel industry differ from national trends, where industry studies identified employment equity as one of the least performing elements of BBBEE policy.

10.2.4.1. Employment equity and skills development

The empirical review highlighted the interdependence of employment equity and skills development in finding, developing and keeping black managers in hotels. Progress made in improving the representation of black managers in middle management has been adequate, averaging 58 per cent. However, the representation of black senior management, including representation at general manager level, is still lagging. Views were divided among hotel general managers over finding suitable black managers in the open market and candidates for development from hotel colleges. The factors influencing the recruitment of black managers included the competitiveness of the hotel industry in attracting black talent, and skills shortage in hospitality.

At the same time, activity in skills development was reported to be high, which is not surprising, given the tertiary and vocational nature of the hotel industry. Hotel students provide a potential route for grooming candidates for management positions but the work-readiness of graduates was found to be inadequate. Internal resourcing is the better route for management recruitment but deficiencies in manpower capacity among black staff still present challenges.

10.2.4.2. Preferential procurement and enterprise development

Preferential procurement from small black enterprises was the least performing in terms of hotels compliance with BBBEE policy. The main finding was that the hotels' contribution to black enterprise development was low both quantitatively and qualitatively, because of a lack of confidence in small black businesses and because of group procurement policy. The paucity in the capacity and resourcing of small black enterprises was evident. However, assistance to communities in the form of community social investment is an established practice in the hotel industry, and generally not considered a problem.

10.2.4.3. Hotel general managers and hotel groups

The evidence indicated that membership of a hotel group is a determinant of or contributor to success in implementing BBBEE policy by a hotel unit. Hotel general managers were more likely to achieve success in implementing BBBEE policy if they had performance targets or were incentivised to achieve black empowerment targets. Therefore, the role of the hotel general manager, and of the hotel group, is important in facilitating broad based black empowerment.

10.2.4.4. Policy formulation and the Tourism Sector Charter

An ancillary yet key finding from the qualitative research was the view by hotel executives that a sector-specific Charter in tourism was no longer relevant. There is an increased administrative burden for hotel companies because the Tourism Sector Charter is not recognised outside the tourism industry for BBBEE validation. As a result, hotels are obliged to accredit with both the Tourism Sector Charter and the DTI Scorecard applicable to general private sector.

10.3. THE MAIN CONCLUSIONS

The main conclusion of the study is that a framework for BBBEE in the hotel industry of South Africa can be developed. However, there are compelling factors in the hotel industry that have to be taken into account when developing the bridging framework for effective implementation of BBBEE. The framework proposed in this study incorporates the key indicators, common factors and potential relationships which have been found critical for achieving success in BBBEE.

There are three primary factors critical for the success of BBBEE in hotels, namely (a) if hotel general managers have performance targets on BBBEE compliance; (b) if GMs are incentivised to meet BBBEE targets; and (c) if GMs are supportive of BBBEE policy for equitable representation in the country.

There are several secondary factors which influence the achievement of success in BBBEE within the hotels. The secondary factors that were identified to have greater influence on BBBEE implementation were (a) the municipal location of a hotel; followed by (b) the extent of work experience of a general manager; (c) the provincial location of the hotel, and finally, (d) the star rating of the hotel.

It would appear that there is an association between the municipal location of a hotel and general managers having BBBEE targets. Municipal location also appears to influence the ease of recruiting black candidates into senior management positions in the hotels. This finding could be linked to the difficulty reported of recruiting senior managers in the metro-urban locations, due to greater competition for black skilled personnel. At the same time, general managers in provincial locations appeared to have relative ease in engaging with small black entrepreneurs, and therefore to display higher scores in enterprise development. There is also a positive association between general managers with longer work experience, and achieving success in small enterprise development. Of the demographic characteristics, the star rating of the hotel appears to have the least influence on the achievement of black empowerment in the hotel industry.

A number of secondary factors also emerged from the research, and the influence of these factors varied depending on the individual circumstances of the hotel unit, and depending on the BBBEE

element under review. For example, hotel group policy and the business capacity of small black enterprises were important factors in determining procurement policy and level of activity on enterprise development. Factors influencing black representation in middle and senior management in hotels included the appeal of the hotel industry to black candidates, the apprentice model of career development, the work readiness of hotel students, and capacity of students from hotel schools.

The study also highlighted a number of boundary factors at a national level, which impacted on the implementation of BBBEE across sectors, including in the hotel industry. Examples of boundary factors were - the inadequacy of the educational system for black people, skills shortages and racial polarisation in business practices. The nature and evolution of the BBBEE policy formulation process, the parameters of the regulatory framework, and the nature of engagement between the public sector and the private sector in South Africa, all shaped the pace and effectiveness of BBBEE implementation in the country.

It is argued that the menu and ranking of the factors within the empowerment framework increase the likelihood of achieving success in BBBEE by hotels, while offering options to adapt the framework to suit the circumstances of individual hotels. Furthermore, the implications of applying these factors indicate the centrality of the hotel industry as a catalyst for transformation in South Africa's tourism industry. Evidently, conduct by the hotel industry impacts on a variety of actors across the tourism system, for example airlines, tour operators, travel agents, destination companies, and tourism authorities, and the tourists themselves.

At the same time, the study affirmed an earlier finding that developing a single model for broad-based empowerment is not optimal, due to the diverse nature of the tourism industry. Variances in the hotel product offering are evident in terms of geographical location, operating model (resort, business), grading of the hotel (luxury or basic offering) and group operations. Therefore, a one-size-fits-all approach is not appropriate; some flexibility has had to be built into the implementation system.

Evidently, the objectives of the study have been achieved, as an empowerment framework for BBBEE in the hotel industry has been presented (Figure 9.4).

10.4. THE CONTRIBUTION OF THE STUDY

The main contribution of this study is that it has generated new knowledge and solutions for implementing BBBEE policy in the hotel and tourism industry of South Africa. Another contribution of this study has been to reveal the gaps masked by an organisational rather than a unit approach to BBBEE implementation, which in turn has indicated geographic trends in tourism transformation.

Not only has the study validated existing theory and perceptions that there has been a disconnect between the policy framework and the progress made by the hotel sector in implementing BBBEE policy; but it has also determined the nature of the disconnect, and identified the factors influencing each of the BBBEE elements under examination. This knowledge is relevant not only to the hotel industry, but to policy makers in government and other sectors evaluating progress in BBBEE.

The study is also innovative and relevant for business operations as it has identified potential solutions to remove the hurdles inhibiting BBBEE implementation in the hotel industry. The bridging framework which is proposed consists of a set of solutions which take cognisance of the diverse nature of the tourism product. Adopting the solutions provided in the framework can contribute to managing organisational change and transformation within the hotel industry.

The empowerment framework proposed in this study is one of change, adaptation, and relevance to the hotel industry to enhance the hotel general managers' ability to anticipate and incorporate internal and external factors impacting on the inclusion of black persons into the economy. The framework builds on new knowledge not previously provided in terms of priority factors and influence, and not available across the industry as shared knowledge and practice.

This study has opened up new avenues for research through generating new ideas and hypotheses about an existing phenomenon and providing factors for locating future data. The contribution is relevant to academic knowledge across several disciplines, including tourism, politics and business management.

The findings and discussion on small enterprise development would be of interest to organisations such as the Micro Enterprise Development Organisation, the Tourism Enterprise Project and the Development Bank of South Africa, who explore and invest in development projects in South Africa and the Southern African region. And the discussion on the hotel students and skills development would be of interest to educational institutions in hospitality.

The finding that hotel industry leaders do not believe in the continued relevance of the Tourism Sector Charter is new knowledge not previously researched. The bureaucratic challenges resulting from compliance with BBBEE policy are evident at group and hotel unit level. This finding may re-open a broader discussion between government and tourism associations on the development of tourism in the country. The finding can also have implications for the review of the BBBEE charter process among other sectors in South Africa. This knowledge would be of interest to tourism industry associations, policy makers and industries reviewing BBBEE policy within their respective contexts.

The empowerment framework adds theoretical value to affirmative action discourse by suggesting a conceptual shift from a race-based approach to an alternative one which would incorporate sustainable tourism and ethical governance concerns.

Finally, hotel group executives and the industry association FEDHASA were unanimous in supporting the publication of the study to the rest of the industry, which suggested integrity and confidence in their participation, and in the participation of the hotel general managers. The endorsement of the study indicated interest in, and the relevance of, the topic for the hotel industry of South Africa.

In summary, the present study has contributed towards new theory, and the findings of the dissertation were relevant in addressing the research problem, and relevant to industry and national stakeholders. The bridging framework proposed in Figure 9.4 can become the basis for translating the legal framework of the Tourism Sector Charter, into the primary vehicle for the effective implementation of BBBEE in the hotel industry, and tourism industry, across South Africa.

The researcher has undertaken to publish and distribute the results of the study with the public and private sector in tourism. Following research completion, an executive summary of the study will be distributed to the Department of Tourism Transformation Unit, to CEOs of hotel groups and to the industry associations (FEDHASA and TBCSA). Secondly, a series of articles will be published in early 2014 through a monthly industry publication which is distributed to the hotel general managers in Southern Africa. The unanimous endorsement of the publication of the results has suggested integrity and confidence from the participants at hotel and group levels.

10.5. LIMITATIONS

The scope of the target population was limited to graded hotels and excluded the broader accommodation sector (for example, guest lodges and bed-and-breakfast houses), due to resource limitations. Future research could explore the trends in BBBEE implementation from the perspectives of the broader accommodation establishments, to enhance knowledge on the subject.

The population for the online survey was defined as hotel general managers of graded hotels. Although the findings indicate that 87 per cent of the respondents held the position of general manager, it was not possible to verify this fact.

The researcher is a member of the hotel industry and affiliated to one of the large hotel groups in South Africa. Consequently, there may have been some bias from the respondents who are familiar with the researcher. In Chapter 3, the researcher demonstrated several steps taken to reduce bias during the research process. For example, participants were assured of the

confidential nature of their individual participation. Furthermore, the seniority of the participants reaffirmed integrity and confidence from the participants at hotel and group levels.

The study explored the impact of racial attitudes on BBBEE implementation within the scope of the study. However, the small sample of black participants was not valid for statistical evaluation. Considering that the majority of respondents were white, it is probable that there may have been some bias in the nature of responses to some of the questions. Nevertheless, the high level of voluntary comments from the general managers suggested an independence of opinions and a willingness to share controversial views.

Finally, the 29 per cent response rate to the quantitative study was considered a good response rate and valid for the purposes of the study. The study yielded a higher response rate when compared to hotel industry studies applying similar sampling criteria in South Africa. However, a larger sample would have been more optimal.

10.6. RECOMMENDATIONS FOR FUTURE RESEARCH

10.6.1. Finding black senior managers

The public and academic debate continues on the factors which influence the continued prevalence of white persons in top positions in corporate South Africa. The onus to make the final leap of faith in terms of the appointment of black general managers lies at group executive and company shareholding levels. Corporate executives have to weigh the risks and benefits associated with making the appointments. At the same time, the hotel industry has to explore innovative ways to attract and incentivise a higher calibre of black managers. It is argued that incentives may become the differentiator in attracting and retaining black management staff.

The hotel industry also has to invest in positioning itself as attractive to the black market. Further research could examine the impact of the “black diamond” syndrome, and opportunities for the hotel industry to identify a niche within the general market that could be attracted to employment in hotel management.

The factors identified in this study improve knowledge of the challenges on recruiting black candidates for senior management positions in South African hotels. However, the study has been limited to the views of the hotel general managers. Future research could examine the views of the BBBEE beneficiaries, who are the black candidates in middle and senior management within hotels.

10.6.2. Building student capacity

One opportunity for capacity building is the role that the hotel industry could play in strengthening the hotel college system. It has been argued that students may not have been receiving adequate support to improve their skills during hotel internships.

Hotel general managers have needed to consider broadening the scope of student learnerships to include interns from non-tourism sectors. Such an initiative has expanded the catchment area for potential graduates and increased the awareness of the sector. By taking more control of the development process of students, the hotel industry would be able to influence the calibre of graduates entering the workplace.

Future research could explore the opportunities for building the image of the hotel industry from within the institutions of learning, and opportunities to increase the role of hotel general managers in student development.

10.6.3. Building small business capacity

It is debatable whether the BBBEE policy has been realistic about the competitive ability of the black entrepreneur and the timing required to achieve meaningful change on small enterprise development. The challenges faced by small black enterprises have been upstream in terms of access to markets and finance, and downstream in terms of inadequate levels of entrepreneurial acumen. At the same time, competition from the small but established white enterprises in tourism still exists. Therefore, the challenge of the lack of capacity and resourcing of the small black enterprises remains known but not fully addressed at both micro and macro levels.

Future research could explore the perspectives of small enterprises who have achieved sustainability, to identify areas for hotel intervention.

10.6.4. An alternative approach to BBBEE - sustainable tourism

Finally, it is suggested that the agenda for sustainable tourism has offered an alternative route for hotels to achieve the objectives of BBBEE. The platform of sustainable tourism is premised on the ethical behaviour of tourism actors. The growing activism on sustainable development provides a means to foster the development of communities through responsible tourism activities.

Therefore, it is suggested that government and the tourism industry collaborate on raising the profile of sustainable tourism development, as an alternative and supplementary route to driving the agenda for transformation, which is currently race-based.

Future research could examine ways of shifting the perceptions of sustainable tourism as a value add to business, to a more integral component of corporate governance.

10.7. FINAL REFLECTIONS

The appropriateness of BBBEE policy as a redistribution programme for South Africa has not been contested. Democratic South Africa faces the triple challenge of socio-economic inequality, racial redress and economic growth. Proponents of the policy contested the voluntary nature of BBBEE in the private sector, which emerged from a neo-liberal approach to public-private partnerships. Whereas government was keen to launch BBBEE policy, the hotel industry believes that more time should have been provided for adoption before the pace of implementation was measured. Hotel general managers believe that the hotel industry is limited in resources to implement employment equity effectively. Capacity issues among small black enterprises have also limited the hotels' potential to assist in community and enterprise development.

This study has achieved its objectives of developing a framework of solutions for BBBEE implementation in the hotel industry. Through quantitative investigation, the study identified primary and secondary factors which hotels could adopt and adapt. Success in BBBEE within hotels has been enhanced by the provision of performance targets and incentives for general managers and if the general manager supports BBBEE policy. The hotel industry could be a catalyst for sustainable transformation for the broader tourism industry because of its pivotal positioning within the tourism value chain. At the same time, the agenda for sustainable tourism offers an alternative, yet untapped, opportunity to converge the concepts of BBBEE and sustainable tourism, for socio-economic development. Increasingly, corporate governance suggests a shift from race-based to ethical and sustainable tourism solutions for transformation.

BBBEE is a social, political and economic priority. And is an inevitable yet ethical cost of doing business in South Africa.

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APPENDICES

**Appendix 1-A:
Tourism Sector Charter, Gazette 32259**




**Government Gazette
Staatskoerant**


REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID-AFRIKA

Vol. 527 Pretoria, 22 May 2009 No. 32259
Mei

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32259
9771682584003



AIDS HELPLINE: 0800-0123-22 Prevention is the cure

GENERAL NOTICE

DEPARTMENT OF TRADE AND INDUSTRY

No. 583

22 May 2009

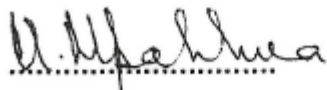
Issued in terms of Section 91) of the BBBEE Act 53, 2003
(DEPARTMENT OF TRADE AND INDUSTRY)

CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC EMPOWERMENT

Whereas I, **Mandisi Mphahlela**, Minister of Trade and Industry:

- (a) Having issued a DRAFT TOURISM SECTOR CHARTER for public comments in terms of **Section 9(5)** of the Broad-Based Black Economic Empowerment (Act No. 53 of 2003) on the **20TH of June 2008** in terms of which ;
- (b) the public and interested persons were invited to comment on the draft Sector Charter within a period of **60 days** from the date on which the Draft Sector having been published,
- (c) Now publish the TOURISM SECTOR CHARTER (With amendments) as a SECTOR CODE on black economic empowerment in terms of **Section 9(1)** of the BBBEE Act, 53 of 2003.

This notice is effective from the date of publishing and means that the TOURISM SECTOR CODE is binding on all stakeholders operating in the Sector.



MANDISI MPAHLWA, MP

MINISTER OF TRADE AND INDUSTRY

DATE: 04-05-2009

1. PREAMBLE

- 1.1 We, the stakeholders of the Tourism Sector, take this opportunity to state our awareness of the need to align the Tourism BEE Charter with the dti's Codes of Good practice on B-BBEE and advance sector initiatives to empower black South Africans, and, in so doing, to make the sector more accessible, more relevant and more beneficial to all South Africans.
- 1.2 The Tourism Sector Codes express the commitment of all stakeholders in the Tourism Sector to the empowerment and transformation of the sector and its commitment to working collectively to ensure that the opportunities and benefits of the Tourism Sector are extended to black South Africans as well. We have submitted to the Department of Trade and Industry (the dti) to gazette the tourism BEE Charter as a Final Sector Code in terms of the Broad-Based Black Economic Empowerment Act No 53 of 2003. We have ensured that the Tourism BEE Charter fulfils the requirements set out under Section 9, for gazetting as a Sector Code, namely that the Charter:
- (a). Has no deviations from Codes definitions and principles, and
 - (b). Is sufficiently comparable to the codes in the order of elements, targets and weightings.

2. OUR COMMITMENT

- 2.1 Whilst we acknowledge that two main challenges face the Tourism Sector, namely:
- the need to become more globally competitive; and
 - the need to include black people in the Tourism Sector.
- 2.2 We believe that these two challenges are fundamentally linked. For our sector to thrive and grow, we commit to both. The commitment to empowerment and transformation is therefore based not only on our moral obligations with regard to a transforming South Africa, but also upon our fiduciary obligations to our shareholders and employees, and to the growth of our sector within the broader South African economy.
- 2.3 The stakeholders make this commitment fully aware of the fact that empowerment and transformation of the Tourism Sector will contribute to its growth and sustainability. The key areas of focused empowerment and transformation, in the context of this Scorecard, are: Ownership, Management Control, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development, Socio-Economic Development and Industry Specific Indicators, as set out in the attached Tourism Sector Codes.

3. THE LEGACY

- 3.1 We recognize that our industry, like the rest of South African society, remains characterized by large disparities in access to opportunities and benefits, and in particular, to opportunities and benefits for black people.
- 3.2 We also recognize that our sector is largely white-owned and we are aware of the residual impact of this legacy of inequality and its continuing impact on efforts to ensure that a tourism- and tourist-friendly culture takes root in our country. Furthermore, we recognize that the legacy of Apartheid remains apparent in some of the Tourism Sector's associations and bodies and we therefore acknowledge the need for transformation within these associations, so that they may become truly representative and reflective of our society.
- 3.3 In addition, we recognise that our sector remains largely inaccessible to the majority of black South African tourists. Since South Africa has so much to offer in terms of tourism, we recognise the need to reverse this legacy and to make tourism in South Africa more adaptable and accessible to black South African tourists.

4. SUSTAINABILITY

- 4.1 We acknowledge that, for our initiatives to be sustainable and meaningfully empowering, they must be based on the identification of strategic opportunities for our enterprises and for our industry. These initiatives must be underpinned by sound commercial logic, and must be well structured and focused, with deliverable growth objectives. We further acknowledge that the sustainability, competitiveness and growth of our industry require the empowerment and transformation of the sector.
- 4.2 Empowerment and transformation make good business sense as they will introduce innovation into the sector through new players entering the sector. This will attract new markets and stimulate new product development.

5. OBJECTIVES OF THE TOURISM SECTOR CODES

The Codes:

- 5.1 have been developed to advance the objectives of the Broad-based Black Economic Empowerment Act no. 53 of 2003 (B-BBEE Act);
- 5.2 constitute a framework and establish the principles upon which B-BBEE will be implemented in the Tourism Sector;
- 5.3 represents a partnership programme as outlined in government's Strategy for Broad-based BEE;
- 5.4 provides the basis for the sector's engagement with other stakeholders including government and labour.

6. DEVELOPMENT OF THE TOURISM SCORECARD

- 6.1 The Tourism Empowerment Council of South Africa (TECSA) was formally established by the Minister of the Environmental Affairs and Tourism to further the objectives of transformation within the Tourism Sector. To this end, TECSA was mandated to align the Tourism BEE Charter to the Generic Codes of Good Practice on B-BBEE. As a result, TECSA embarked on a nationwide consultative process to solicit views and inputs from various stakeholders in the sector which culminated in the development of this final Tourism Sector Codes. The Tourism Sector Codes will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the tourism sector.
- 6.2 The participation of all major stakeholders was encouraged and obtained in the form of submissions from various constituencies, which formed the basis for the drafting of the preliminary and final draft Scorecards.
- 6.3 The final draft is based on the definitions, principles and methodologies of transformation outlined in the BBBEE Act of 2003 and the Codes of Good Practice. Where there is any conflict the Codes of Good Practice take precedence.

7. SCOPE OF APPLICATION

The Tourism Sector Codes apply to all privately owned enterprises within the Tourism Sector, and to all parts of the value chain in that sector, inter alia:

7.1 Accommodation

7.1.1 Hotels (Small and Big)

- 7.1.2 Resort properties and timeshare
- 7.1.3 Bed and breakfasts (B&Bs)
- 7.1.4 Guesthouses
- 7.1.5 Game lodges
- 7.1.6 Backpackers and hostels

7.2 Hospitality and Related Services

- 7.2.1 Restaurants (not attached to hotels)
- 7.2.2 Conference venues (not attached to hotels)
- 7.2.3 Professional catering
- 7.2.4 Attractions
- 7.2.5 Consulting and professional services companies

7.3 Travel Distribution Systems

- 7.3.1 Tour wholesalers
- 7.3.2 Tour operators
- 7.3.3 Travel agents
- 7.3.4 Tourist guides
- 7.3.5 Car rental companies
- 7.3.6 Coach operators

In addition, this Charter are binding to all organs of state and public entities, organised labour, and communities involved with or interested in the Tourism Sector.

8. GENERIC TOURISM SCORECARD

Generic Tourism Scorecard (applicable to all tourism businesses with a turnover of > R35 million (or other threshold as determined by the sector))							
Element	2012 Weighting	2012 Weighting Points	2017 Weighting	2017 Weighting Points	Indicators to Measure BEE Achievement	Milestone Target	
						2012	2017
Ownership¹	15		20		Voting Rights:		
		7		3	Exercisable voting rights in the enterprise in the hands of black people	21% + 1 vote	30% + 1 vote
				2	Exercisable voting rights in the enterprise in the hands of black women	10%	
					Economic Interest:		
		8		4	Economic interest of black people in the enterprise	21%	30%
				2	Economic interest of black women in the enterprise	10%	
					Economic interest of the following black natural people in the enterprise:		
				1	- black designated groups		
					- black participants in employee ownership schemes	2.5%	
					- black beneficiaries of Broad-based Ownership Schemes		
					- black participants in co-operatives		

¹ The Tourism Sector Codes have aligned to Statement 103 of the Generic Codes of Good Practice on Broad-Based Black Economic Empowerment on the Recognition of Equity Equivalents for Multinationals.

				Realisation Points:	
		1		Ownership fulfilment (black participants are free from 3rd party rights)	Yes
		7		Net value	refer to CoGP for details
				Bonus Points:	
		2		Involvement in the ownership of the Enterprise of black new entrants	10%
				Involvement in the ownership of the enterprise of black participants:	
		1		- in employee ownership schemes	10%
				- of broad-based ownership schemes	
				- of co-operatives	
				Board Participation:	
		4	3	Exercisable voting rights of black board members using the Adjusted Recognition for Gender	50%
		4	3	Black executive directors using the Adjusted Recognition for Gender	50%
Management Control	14		12	Top Management:	
		4	3	Black senior top management using the Adjusted Recognition for Gender	40%
		4	3	Black other top management using the Adjusted Recognition for Gender	40%
		1	1	Bonus Points: Black Independent Non-Executive Board Members	40%

Employment equity	14	2	12	1.5	Black Disabled Employees as a percentage of all employees using the Adjusted Recognition for Gender	2.0%	3%
		4		3.5	Black employees in Senior Management as a percentage of all such employees using the Adjusted Recognition for Gender	43%	60%
		4		3.5	Black employees in Middle Management as a percentage of all such employees using the Adjusted Recognition for Gender	63%	75%
		4		3.5	Black employees in Junior Management as a percentage of all such employees using the Adjusted Recognition for Gender	68%	80%
		3		3	Bonus Points: Bonus Point for meeting or exceeding the EAP targets in each category above		
Skills development	20	18	8	7.5	Skills Development Expenditure on any Programme specified in the Learning Programmes Matrix:		
				7.5	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black employees as a percentage of leviable amount using the Adjusted Recognition for Gender	3.0%	
				1.5	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black employees with disabilities as a percentage of leviable amount using the Adjusted Recognition for Gender	0.3%	
				9	Leaverships: Number of black employees participating in Leaverships or Category B, C and D programmes as a percentage of total employees using the Adjusted Recognition for Gender	5.0%	
Preferential procurement	15	20	10	12	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	50%	70%
			2	3	B-BBEE procurement spend from Qualifying Small Enterprises or from Exempted Micro Enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	10%	15%
			3	5	B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend: - suppliers that are more than 50% black owned (60% of points); or - suppliers that are more than 30% black women owned (40% of points)	15%	20%
Enterprise development	14	14	10	10	Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of target		3% of NPAT
				10	Enhanced recognition provided for: - enterprise development spend on black, tourism SMMEs: 1,25 - contributions made towards B-BBEE verification of tourism SMMEs: 1,25		
Socio-Economic development and Industry Specific	8	3	10	6	Average annual value of Socio-Economic Contributions by the measured entity as a percentage of target		1% of NPAT
		2		1	% of black new recruits with no prior work experience as a percentage of all new recruits, adjusted using the recognition factor for gender		10%
		3		3	Status of TOMSA levy collector		Yes
Total	100	106	102	109			

9. QUALIFYING SMALL ENTERPRISES SCORECARD

QSE Tourism Scorecard is applicable to all tourism businesses with a turnover of R2.5 million to R35 million.

Measured entities are to select 4 of the 7 elements for inclusion in the Scorecard

Element	2012 Weighting	2012 Weighting Points	2017 Weighting	2017 Weighting Points	Indicators to Measure BEE Achievement	Milestone Target		
						2012	2017	
Ownership	25	25	25	1	Voting Rights:			
					6	Exercisable voting rights in the enterprise in the hands of black people	21% + 1 vote	30% + 1 vote
					9	Economic Interest:		
						9	Economic interest of black people in the enterprise	21%
					2	Realisation Points:		
						1	Ownership fulfilment	
9	Net equity interest		refer to CoGP for details					
Management Control	25	25	25	25	Bonus Points:			
					2	Involvement in the ownership of the Enterprise by black women		10%
					1	Involvement in the ownership of enterprise: - by black participants in Employee Ownership Schemes, Co-operatives or Broad-based Ownership Schemes		10%
					2	Black representation at Top Management level		50.1%
Employment equity	25	15	10	25	15	Black employees in management as a percentage of all managers adjusted using the Gender Recognition Factor	40%	60%
					10	Black people as a percentage of total staff adjusted using the Gender Recognition Factor	60%	70%
					2	Bonus Points: Bonus point for meeting or exceeding the EAP targets for each category above		
Skills development	25	25	25	25	Adjusted Skills Development Spend on Learning Programmes for Black employees as a percentage of leviable amount		2%	
Preferential procurement	25	25	25	25	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	40%	50%	
Enterprise development	25	25	25	25	Average annual value of all Qualifying Contributions made by the Measured Entity as a percentage of target Enhanced recognition provided for:		2% of NPAT	

				- enterprise development spend on black, tourism SMMEs: 1,25		
				- contributions made towards B-BBEE verification of tourism SMMEs: 1,25		
Socio-Economic development and Industry Specific	25	9.5	25	15	Average annual value of all Approved Socio-Economic Development Contributions made by the measured entity as a percentage of target	1% of NPAT
		6		2.5	% of <u>black</u> new recruits with no prior work experience as a percentage of all new recruits, adjusted using the recognition factor for gender	10%
		9.5		7.5	Status of TOMSA levy collector	Yes
Total	175	179	175	182		

**Appendix 3-A:
Extract of an interview script indicating recording of recurrent themes**

2

CR Yes, I do. I chair the ^{FEDHUSA} Fedhauser Group Hotels committee which used to be the old HILG. I also sit on the Fedhauser National Board. I am on the Board of TBCSA. I am also on the Board of the Tourism Enterprise Partnership, TEP

Board positions
FEDHUSA
TBCSA
TEP

MN Oh, that's interesting

CR Yes, I think those are the industry....the main industry....oh, also I sit on the Match Advisory Forum for 2010 as well

DR O
MATCH
Advisory Board

MN Alright. And then, your general view on BBBEE in South Africa. What is your personal vision, or your view, of what should happen as far as BBBEE is concerned, or as far as transformation is concerned

CR Right. You know, I think we, as a Company, have always embraced the empowerment of our people. It is something which we have worked very hard at but, as we all know, these process take time, and you know, I was on the original Ministerial Steering Committee of the original Tourism Charter for the industry. And, it was a great learning curve I think, at that particular time. And, again, the big problem that we had there is that there was a bit of impatience in getting it to a point where they wanted to make announcements and all that type of thing before we had actually got to that stage

embrace empowerment

process takes time

been involved for long

impatience by govt

B1/B4
F9
F14

F9/G

MN Okay

CR So, once we had made the big announcements and we had, had the big celebrations that we had the first Charter etc. etc. we then came across certain issues which we realized had to still be sorted out

came across obstacles to progress

MN May I ask for those issues, please

CR You know, there were more issues which, knowing that there was a Code of Good Practice coming out, was to align ourselves with that Code of

Problem: Alignment with COSP

B1
B4
F9/F4
F14/F10
S

F14

Good Practice. So, we effectively, I think, jumped the gun a bit and then had to take a step or two back to say what, in the Codes of Good Practice are we not, as an industry, embracing in our Charter. And, I think, a couple of issues that came out there were what was a micro-enterprise, you know. I think the industry wanted a million Rand. The Code of Good Practice said they wanted five million Rand. Also, the timing. Our timing was five years prior to the Codes being introduced so where did that put us, as an industry. That was an important factor for all of us because I think a lot of people were waiting to get total confirmation as to when does it start. And then again, I must say, that a lot of the players in the market already started their process of this. So, it wasn't a case of everybody was waiting to say, is it going to be 2009, right. Or, is 2005 good enough for us to actually start. So, as I said, a lot of us already started our processes in 2005. But, you know, we all know that these things do take time and, you know, we had five year timelines during which time to re-assess where we were in those processes, going forward. And, I think, where maybe I had a little bit of an issue was that they tried to almost start measuring from year one. Whereas, we all knew in year one.....

f14
F5/C6

Problems
left of
micro
enterprise
Problem:
Timing
of
introduction

F15
Voluntary
BEE
Industries
by
2005

Companies
had already
started
in 2005

F9
start
measuring
from year 1

Things
take time
TIME
criticism
of process

MN

There was nothing to measure

CR

There was nothing to measure. And, you know, I think a lot of head-butting actually happened at that point in time to say, guys, you know, we have heard what needs to be done. We have embraced the process. We have all signed the Charter. We are all on board but, please give us time in order to start our processes and get ourselves moving in that direction. But, you know, once that was done – and I think there was a better understanding of what it was that required, the industry has gone. I think, quite far in achieving those particular kinds of goals which had been set

F9.

embraced
embraced
Signed
the
Charter
give us
time

A1

XX

industry
has made
good progress

MN

In terms of ^{TSC}.....you know the Charter was finalized, or gazetted last year, in 2009

A1/C6
F9/F9
F15/F15
F14

CR Yes

MN The final version that has come out, is that something that you, personally, are happy with, in terms of the alignment with the Codes and what is specific to the industry

Problem Alignment of Charter + Codes

F2

CR It's alignment may, or could maybe, have been a little bit more aligned with the Codes. Because we find ourselves in a situation now where we are working with two sets of, call them Charters if you want to. We have got the Industry Charter and then we are saying, who is going to measure us against the Industry Charter. And then, we've got the Codes of Good Practice from DTI and who is going to measure us against the Codes of Good Practice. So, we are finding ourselves in a situation now where we have got to get certification from two different agencies so that, when we do go out there.....

Code of Charter

Work with two sets

means certification from 2 agencies.

MN Depending on who asks

CR Depending on who asks for what, we are able to hand them whichever one is going to assist them in achieving their objectives. So, as I say, that could have been, as far as I'm concerned, could have been slightly more aligned

F2

Alignment of Charter + Codes

MN What do you mean, could have been. Specifically, because change.....

F2

CR You know, I understood because I was there, I was part of the process. I understood the industry one being focused mainly on employment and skills development for the first five years and, thereafter, moving into procurement, CSI, you know all of those issues. So, in other words, quite a heavy weight on skills development and employment, and employment equity, and less of an emphasis on the preferential procurement, CSI and all the rest. Whereas, the DTI one is balanced. It is completely balanced. It's not saying let's favour three out of the seven objectives for now, and

was part of the process

Priority of TSC was EE + skills than procurement

DTI is more balanced

F15

Comparison DTI vs TSC

Fals/f2 F15

Appendix 3-B: Invitation to participate in the pilot survey

Dear Colleagues

FW: HOTEL MANAGERS' QUESTIONNAIRE - Mati Nyazema

Some of you may recall that at the xx Hotel GM Luncheon in April 2011, xx xx kindly gave me the floor to make a short presentation of the research project that I am undertaking as part of my doctorate studies with the University of Stellenbosch business school. I requested then for your assistance in participating in the research as a pilot sample for my questionnaire survey.

The pilot survey is now ready to launch, and I am requesting for your assistance in completing the questionnaire that is available on the link below.

As this is a pilot survey, I am only sending it out to 13 persons, but am hoping that all of you will spare 20 minutes to participate. The main purpose of the pilot survey is to test the questionnaire on a small sample and identify and items that require changes.

I would therefore be grateful for your feedback on

- How long it took you to complete the survey
- Whether there were any questions that were not clear
- Any other comments you may wish to raise.

I will also be using your sample to test the online survey system in terms of its data capture and analysis capability.

Once finalized, I am hoping to shortly send out the final questionnaire to a database of about 500 hotel General Managers (graded hotels only, according to the Tourism Grading Council database).

I appreciate that we are all hectic at work, but could I kindly ask that you complete the questionnaire by Friday 22nd July (only because I am meeting my Professor the following week, so it would be great to discuss the results of the pilot survey!!).

Thank you so much for your cooperation. You can either click on the link below, or just copy the link and paste it to your address bar.

<http://xxxxxxxx>

Best regards

Appendix 3-C: Online questionnaire for hotel general managers



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July 2011

Dear industry colleague

Research is vital to grow and develop our industry. This research project aims to identify the challenges and opportunities that hotel General Managers in South Africa currently face in implementing Broad-Based Black Economic Empowerment (BBBEE) in their hotels. In addition, the research will aid in the development of a broader empowerment framework for BBBEE in the South African hotel industry.

This survey will require 25 minutes of your time.

How to complete the survey

The survey consists mainly of a set of statements for you to rate and invites comment on important subjects that I may have overlooked. As a hotel General Manager, your input will make valuable contribution to a topic that is important to our tourism industry.

The survey will be administered and analysed by the Checkbox Survey Online, a web-based e-Survey service offered by the University of Stellenbosch to support academic staff and postgraduate students in their academic research.

What will happen to the results?

The answers you provide in this survey are totally confidential and will be used towards the completion of a PhD thesis. Your name and company will remain anonymous. In addition, I may use the findings at industry conferences and for publication as research articles in academic publications. A free copy of the results of the survey will be made available to the respondents, on completion of the thesis.

Should you have any queries, kindly contact the undersigned, or my study leader Dr Babita Mathur-Helm, on Babita.Mathur-Helm@usb.ac.za.

Thank you for investing your time and effort.

Yours sincerely

MATIFADZA MARTHA NYAZEMA

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A. GENERAL INFORMATION

PLEASE TICK THE APPROPRIATE BLOCK OR ANSWER THE QUESTION

A1. Your position in the company:

General Manager

Other (please specify)

A2. Extent of experience in the hotel industry in your present role

0 – 5 years

6 – 10 years

Over 10 years

A3. Star rating of your hotel

1 2 3 4 5 ungraded

A4. Which location best describes your hotel :

Urban Metropolitan city

Provincial capital

Town

Resort location

Other (please specify)

A5. In which province is your hotel located:

Eastern Cape

Free State

Gauteng

KwaZulu Natal

Limpopo

Mpumalanga

North West Province

Northern Cape

Western Cape



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IN THIS SURVEY, THE TERM "BLACK PEOPLE" REFERS TO AFRICAN, COLOURED AND INDIAN PEOPLE WHO ARE SOUTH AFRICAN CITIZENS.

SENIOR MANAGEMENT REFERS TO THE FOLLOWING OR SIMILAR RANKED POSITIONS: GENERAL MANAGER, DEPUTY GENERAL MANAGER, FRONT OFFICE MANAGER, ROOMS DIVISION MANAGER, FINANCE MANAGER, FOOD AND BEVERAGE MANAGER, HOUSEKEEPER, SALES AND MARKETING MANAGER, SENIOR CHEF.

MIDDLE MANAGEMENT REFERS TO THE FOLLOWING OR SIMILAR RANKED POSITIONS: ASSISTANT FRONT OFFICE MANAGER, ASSISTANT ROOMS DIVISION MANAGER, ASSISTANT FINANCE MANAGER, ASSISTANT FOOD AND BEVERAGE MANAGER.

B. EMPLOYMENT EQUITY

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

B1. What is the percentage of positions occupied by black persons within your middle and senior management structure in your hotel?

0-25% 26-50% 51-75% over 75%

B2. What is the percentage of positions occupied by black persons within your total staff complement in your hotel?

- 0-25% 26-50% 51-75% over 75%

Comment

RECRUITMENT OF BLACK PEOPLE INTO YOUR HOTEL

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

B3. It is easy to identify black candidates for recruitment at middle management level

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
I. From within my hotel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. From within my hotel group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. From the general market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B4. It is easy to identify black candidates for recruitment at senior management level

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
I. From within my hotel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. From within my hotel group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. From the general market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B5. The hotel sector is not attractive for black candidates

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

B6. The hotel industry is not considered a serious career option by the black market

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

B7. It is difficult to compete for black candidates in the open market

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

B8. There is a skills shortage for black candidates for management positions

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
I. From within my hotel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. From within my hotel group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. From the general market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

B9. Please rank the top three areas where you experience skills shortage for management positions (1 being most important and 3 least important)

- Finance
- Food and beverage
- Front office
- Housekeeping
- Human resources
- General business skills
- Maintenance
- Rooms division

Sales and marketing

Other (please indicate)

Comment

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C. STAFF DEVELOPMENT

STAFF DEVELOPMENT IS THE PROCESS WHICH IS COMPRISED OF THE LEARNING ACTIVITIES THAT PREPARE A PERSON FOR GROWTH TO PERFORM THEIR NEXT ROLE

MENTORING IS DEVELOPMENTAL ASSISTANCE OFFERED BY SOMEONE MORE SENIOR AND EXPERIENCED

WORKPLACE COACHING IS A SYSTEMATICALLY PLANNED AND DIRECT GUIDANCE OF AN INDIVIDUAL OR GROUP OF INDIVIDUALS BY A COACH TO LEARN AND DEVELOP SPECIFIC SKILLS THAT ARE APPLIED AND IMPLEMENTED IN THE WORKPLACE OVER A SPECIFIED PERIOD OF TIME.

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

C1. Some of my black staff have been enrolled in internal development programmes during the past 12 months

- Yes
 No

C2. Some of my black staff have been enrolled in development programmes through external institutions during the past 12 months

- Yes
 No

C3. I have been enrolled in a development programme during the past 12 months

- Yes
 No

C4. Some of my black staff have received mentoring sessions in the past 12 months

- Yes
 No

C5. Some of my black staff have received individual coaching during the past 12 months

- Yes
 No

C6. My hotel has hosted college students on attachment in the past 12 months

- Yes
 No

C7. Students from hotel schools have the required skills to become middle managers in 24 months

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment

ON SUCCESSION PLANNING

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

C8. The black candidates required to be in a middle management position within the next 24 months are available

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I. From within my hotel	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>
II. From within my hotel group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C9. The black candidates required to be in a senior management position within the next 24 months are available

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
I. From within my hotel	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>
II. From within my hotel group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C10. The hotel sector is an apprentice industry where candidates need to work their way up through different positions

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment

RETENTION OF MIDDLE AND SENIOR BLACK MANAGERS

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

C11. Black management staff have left my hotel to join another hotel within our hotel group during the past 12 months

- Yes
 No
 N/A

C12. Black management staff have left my hotel left to join another company during the past 12 months

- Yes
 No

C13. Black management staff leave their jobs because they are offered better career opportunities elsewhere

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment



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D. PREFERENTIAL PROCUREMENT

THE TERM **SMALL BLACK ENTERPRISE** REFERS TO A SMALL, MEDIUM OR MICRO ENTERPRISE COMPANY THAT HAS AT LEAST 51% SHAREHOLDING BY BLACK PEOPLE, AND AN ANNUAL BUSINESS TURNOVER OF LESS THAN 5 MILLION RANDS.

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

D1. What percentage of your total hotel procurement is derived from small black enterprise suppliers?

- 0-24% 25-49% over 50%

D2. Please identify the top three areas, in terms of revenue, where your hotel procures from small black suppliers

- art and crafts
- cleaning services
- linen supplies
- security services
- laundry
- electrical services
- maintenance services
- touring services
- beverage procurement
- food procurement
- printing and stationery
- Other supply services – please specify

D3. My hotel decides its own procurement policy most of the time

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

D4. My hotel group head office nominates suppliers which my hotel should use most of the time

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

D5. My hotel selects the supplier with the most competitive price, regardless of their BBBEE status

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment

CHALLENGES AND OPPORTUNITIES FOR SMALL BLACK ENTERPRISES

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

D6. The availability of the small black enterprises in my hotel location is

- Excellent Very good Good Fair Poor

D7. The ability of the small black enterprises to provide products which meet the required hotel standards is

- Excellent Very good Good Fair Poor

D8. The ability of the small black enterprises to manage the financial requirements for their businesses is
 Excellent Very good Good Fair Poor

D9. The ability of small black enterprises to fulfill tender requirements is
 Excellent Very good Good Fair Poor

D10. The small black enterprises are generally not reliable
 Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment

ASSISTANCE TO SMALL ENTERPRISES

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

D11. My hotel unit has been involved in assisting black people to establish a business
 Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

D12. My hotel unit has been involved in assisting black people to grow their business
 Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

D13. How would you rate the following in terms of activities undertaken by your hotel, towards small enterprise development:

	Excellent	Very good	Good	Fair	Poor
	1	2	3	4	5
I. Providing <u>competitive payment terms</u> to the small black enterprises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. Providing <u>training</u> on improving the business skills of small black enterprises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. Providing <u>access to markets</u> for goods and services from small black enterprises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IV. Allocating <u>employee management time</u> to assist black enterprises	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

Comment



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E. COMMUNITY SOCIAL INVESTMENT

COMMUNITY SOCIAL INVESTMENT REFERS TO DONATIONS AND ACTS OF CHARITY MADE BY YOUR HOTEL TO YOUR LOCAL COMMUNITY.

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

E1. My hotel contribution to community social investment is primarily in cash

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

E2. My hotel contribution to community social investment is primarily in kind

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

E3. My hotel does not make any contribution to community social investment

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comment:

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F. BBEE IMPLEMENTATION AT YOUR HOTEL

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATINGS

F1. In my hotel, I experience challenges in implementing BBEE in the following areas:

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
Employment equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Skills development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferential procurement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enterprise development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community social investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment:

F2. In my hotel, there is room to improve BBEE implementation in the following areas:

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
Employment equity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Skills development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Preferential procurement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Enterprise development	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community social investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment:

F3. THE HOTEL GENERAL MANAGER AND BBBEE

PLEASE TICK THE OPTION WHICH BEST DESCRIBES YOUR RATING

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
	1	2	3	4	5
I. I have a performance target to meet on BBBEE compliance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
II. I am incentivised to meet BBBEE targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
III. My hotel has made considerable progress with general implementation of BBBEE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IV. I need more time to implement BBBEE programmes in my hotel unit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
V. I understand how the scoring system for the codes of the Tourism Sector Charter works on BBBEE Implementation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Comment:

YOUR GENERAL VIEWS ON BBBEE

F4. BBBEE policy should be supported for the empowerment of all our South African people

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F5. BBBEE policy should be supported for more equitable representation of the demographics of the country

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F6. BBBEE policy should be supported to create more jobs in the country

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F7. BBBEE policy should be supported to develop more small enterprises in the country

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F8. BBBEE is a corporate social responsibility programme

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F9. BBBEE is a responsible tourism practice

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F10. Implementing BBBEE in South Africa is the right thing to do

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F11. BBBEE makes business sense

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F12. BBBEE policy should not be supported

- Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

F13. In your view, what kind of future planning is required at your hotel to get to the desired BBBEE levels?



G. BACKGROUND INFORMATION

THE FOLLOWING QUESTIONS ARE OPTIONAL. THIS INFORMATION WILL REMAIN PRIVATE AND CONFIDENTIAL AND WILL NOT BE DISTRIBUTED TO ANY THIRD PARTIES.

G1. Name of the hotel:

G2. Contact person's details:

Name:

Telephone Number:

Email Address:

Please provide any additional information which you feel is important:



THANK YOU FOR YOUR PARTICIPATION

Appendix 3-D: Development of scales for reliability analysis

Tests conducted on the clusters below against the key demographic variables of:

- Question A2 - position in the company
- Question A3 - Star rating of the hotel
- Question A4 - municipal location of the hotel
- Question A5 - provincial location of the hotel

Label of question in questionnaire	EMPLOYMENT EQUITY
B3i , B3ii, B3iii	It is easy to recruit at middle management
B4i, B4ii, B4iii	It is easy to recruit at senior management
B5 , B6, B7	The hotel industry is not attractive for black candidates

Testing relationships - e.g. linking cluster 1 and cluster 2 - testing whether there is a relationship

Label of question in questionnaire	SKILLS DEVELOPMENT
C1, C4, C5	I have trained my black staff
C6	I have hosted hotel students
B8i, 8ii , B8 iii	There is a skills shortage for black management positions
C8i , C8ii	Black candidates are available for middle management in 24 months
C9i , C9ii	Black candidates are available for senior management in 24 months
C7	Hotel students available for middle management
C10	The hotel industry is an apprentice industry

ENTERPRISE DEVELOPMENT

Questionnaire item	PROCUREMENT POLICY
D1	Current level of black procurement
D3	My hotel decides procurement policy
D5	I select the most competitive supplier
D4	My hotel group decides procurement policy
	PROCUREMENT FROM SMALL BLACK ENTERPRISES
D6	Small black enterprises are –
D7	- available in my location
D8	- able to meet hotel requirements
D9	- able to manage own financial requirements
	- able to fulfill tenders
D10	Small black enterprises are not reliable
	ASSISTANCE TO DEVELOP SMALL BLACK ENTERPRISES
D11	I have assisted
D12	- to establish a business
	- to grow a business
	Types of assistance offered
D13i D13ii D13iii	- payment terms
D13iv	- training
	- access to markets
	- employee/management time

GENERAL BBBEE IMPLEMENTATION

Questionnaire item	General BBBEE implementation
F1	I experience challenges in implementing BBBEE – in employment equity, skills development, preferential procurement, enterprise development, community social investment
F2	There is room to improve in implementing BBBEE - in employment equity, skills development, preferential procurement, enterprise development, community social investment
GM TARGETS AND INCENTIVES	
F3i	I have a performance target on BBBEE
F3ii	I am incentivised on BBBEE
PROGRESS ON BBBEE	
F3iii	I have made progress
F3iv	I need more time to implement

GENERAL VIEWS ON BBBEE

Questionnaire item	BBBEE SHOULD BE SUPPORTED
F4	<ul style="list-style-type: none"> - for people empowerment/representation - for more equitable representation - to create more jobs - to develop more enterprises
F5	
F6	
F7	
F8	Support BBBEE <ul style="list-style-type: none"> - for corporate social responsibility - responsible tourism - makes business sense
F9	
F11	
F10	It is right to support BBBEE
BBBEE SHOULD BE NOT BE SUPPORTED	
F11	BBBEE should not be supported

Appendix 5-A: The association between hotel variables and BBEE as a responsible tourism programme

		Agree	Neither agree nor disagree	Disagree	Total	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	44 (59.50%)	17 (23.00%)	13 (17.60%)	74 (100.00%)	
	11+ years	60 (61.90%)	18 (18.60%)	19 (19.60%)	97 (100.00%)	
	Total	104 (60.80%)	35 (20.50%)	32 (18.70%)	171 (100.00%)	0.802
Star rating of hotel	One to three star hotels	54 (64.30%)	16 (19.00%)	14 (16.70%)	84 (100.00%)	
	Four star hotels	38 (64.40%)	12 (20.30%)	9 (15.30%)	59 (100.00%)	
	Five star hotels	10 (41.70%)	6 (25.00%)	8 (33.30%)	24 (100.00%)	
	Total	102 (61.10%)	34 (20.40%)	31 (18.60%)	167 (100.00%)	0.253
Municipal location of hotel	Other	51 (63.00%)	14 (17.30%)	16 (19.80%)	81 (100.00%)	
	Urban metro cities	49 (58.30%)	19 (22.60%)	16 (19.00%)	84 (100.00%)	
	Total	100 (60.60%)	33 (20.00%)	32 (19.40%)	165 (100.00%)	0.724
Provincial location of hotel	Gauteng	38 (63.30%)	13 (21.70%)	9 (15.00%)	60 (100.00%)	
	Kwazulu Natal	10 (40.00%)	5 (50.00%)	10 (40.00%)	25 (100.00%)	
	Other	31 (68.90%)	8 (17.80%)	6 (13.30%)	45 (100.00%)	
	Western Cape	24 (60.00%)	9 (22.50%)	7 (17.50%)	40 (100.00%)	
	Total	103 (60.60%)	35 (20.60%)	32 (18.80%)	170 (100.00%)	0.134

Appendix 5-B: The association between hotel variables and GM view that BBEE is the right thing to do

		Agree	Neither agree nor disagree	Disagree	Total	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	47 (63.50%)	16 (21.60%)	11 (14.90%)	74 (100.00%)	
	11+ years	56 (56.60%)	28 (28.30%)	15 (15.20%)	99 (100.00%)	
	Total	103 (59.50%)	44 (25.40%)	26 (15.00%)	173 (100.00%)	0.583
Star rating of hotel	One to three star hotels	54 (63.50%)	19 (22.40%)	12 (14.10%)	85 (100.00%)	
	Four star hotels	37 (61.70%)	15 (25.00%)	8 (13.30%)	60 (100.00%)	
	Five star hotels	12 (50.00%)	7 (29.20%)	5 (20.80%)	24 (100.00%)	
	Total	103 (60.90%)	41 (24.30%)	25 (14.80%)	169 (100.00%)	0.8
Municipal location of hotel	Other	51 (62.20%)	22 (26.80%)	9 (11.00%)	82 (100.00%)	
	Urban metro cities	50 (58.80%)	19 (22.40%)	16 (18.80%)	85 (100.00%)	
	Total	101 (60.50%)	41 (24.60%)	25 (15.00%)	167 (100.00%)	0.356
Provincial location of hotel	Gauteng	42 (67.70%)	12 (19.40%)	8 (12.90%)	62 (100.00%)	
	Kwazulu Natal	14 (53.80%)	6 (23.10%)	6 (23.10%)	26 (100.00%)	
	Other	23 (51.10%)	16 (35.60%)	6 (23.30%)	45 (100.00%)	
	Western Cape	24 (60.00%)	10 (25.00%)	6 (13.30%)	40 (100.00%)	
	Total	103 (59.50%)	44 (25.40%)	26 (15.00%)	173 (100.00%)	0.483

Appendix 6-A:
The association between hotel variables and the recruitment of black middle managers – from the general market

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact sig. p=
Experience in present role	10 or under years	29 (40.3%)	22 (30.6%)	21 (29.2%)	72 (100.0%)	
	11+ years	33 (35.1%)	18 (19.1%)	43 (45.7%)	94 (100.0%)	
	Total	62 (37.3%)	40 (24.1%)	64 (38.6%)	166 (100.0%)	.074
Star rating of hotel	One to three star hotels	32 (39.5)	18 (22.2%)	31 (38.3%)	81 (100.0%)	
	Four star hotels	21 (35.0)	15 (25.0%)	24 (40.0%)	60 (100.0%)	
	Five star hotels	9 (40.9)	4 (18.2%)	9 (40.9%)	22 (100.0%)	
	Total	62 (38.0)	37 (22.7%)	64 (39.3%)	163 (100.0%)	.960
Municipal location of hotel	Other municipality	30 (37.5%)	19 (23.8%)	31 (38.8%)	80 (100.0%)	
	Urban metro cities	31 (38.3%)	21 (25.9%)	29 (35.8%)	81 (100.0%)	
	Total	61 (37.9%)	40 (24.8%)	60 (37.3%)	161 (100.0%)	.939
Provincial location of hotel	Gauteng	24 (38.7%)	15 (24.2%)	23 (37.1%)	62 (100.0%)	
	Kwazulu Natal	8 (33.3%)	6 (25.0%)	10 (41.7%)	24 (100.0%)	
	Other provinces	14 (32.6%)	10 (23.3%)	19 (44.2%)	43 (100.0%)	
	Western Cape	16 (44.4%)	9 (25.0%)	11 (30.6%)	36 (100.0%)	
	Total	62 (37.6%)	40 (24.2%)	63 (38.2%)	165 (100.0%)	.926

Appendix 6-B:
The association between hotel variables and GM view that there is a skills shortage for black candidates within the hotel

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	39 (52.0%)	12 (16.0%)	24 (32.0%)	75 (100.0%)	-
	11+ years	59 (60.2%)	13 (13.3%)	26 (26.5%)	98 (100.0%)	-
	Total	98 (56.6%)	25 (14.5%)	50 (28.9%)	173 (100.0%)	0.575
Star rating of hotel	One to three star hotels	44 (52.4%)	12 (14.3%)	28 (33.3%)	84 (100.0%)	-
	Four star hotels	34 (56.7%)	10 (16.7%)	16 (26.7%)	60 (100.0%)	-
	Five star hotels	18 (75.0%)	2 (8.3%)	4 (16.7%)	24 (100.0%)	-
	Total	96 (57.1%)	24 (14.3%)	48 (28.6%)	168 (100.0%)	0.353
Municipal location of hotel	Other	41 (50.0%)	14 (17.1%)	27 (32.9%)	82 (100.0%)	-
	Urban metro cities	53 (62.4%)	9 (10.6%)	23 (27.1%)	85 (100.0%)	-
	Total	94 (56.3%)	23 (13.8%)	50 (29.9%)	167 (100.0%)	0.231
Provincial location of hotel	Gauteng	32 (51.6%)	8 (12.9%)	22 (35.5%)	62 (100.0%)	-
	Kwazulu Natal	16 (61.5%)	5 (19.2%)	5 (19.2%)	26 (100.0%)	-
	Other	25 (56.8%)	5 (11.4%)	14 (31.8%)	44 (100.0%)	-
	Western Cape	25 (62.5%)	6 (15.0%)	9 (22.5%)	40 (100.0%)	-
	Total	98 (57.0%)	24 (14.0%)	50 (29.1%)	172 (100.0%)	0.701

Appendix 6-C:
**The association between hotel variables and college student capacity
for management positions**

		Agree	Neither agree nor disagree	Disagree	Total	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	33 (43.30%)	16 (21.10%)	27 (35.50%)	76 (100.00%)	
	11+ years	45 (45.50%)	23 (23.20%)	31 (31.10%)	99 (100.00%)	
	Total	78 (44.60%)	39 (22.30%)	58 (33.10%)	175 (100.00%)	0.851
Star rating of hotel	One to three star hotels	39 (45.90%)	17 (20.00%)	29 (34.10%)	85 (100.00%)	
	Four star hotels	24 (39.30%)	17 (27.90%)	20 (32.80%)	61 (100.00%)	
	Five star hotels	12 (50.00%)	4 (16.70%)	8 (33.30%)	24 (100.00%)	
	Total	75 (44.10%)	38 (22.40%)	57 (33.50%)	170 (100.00%)	0.747
Municipal location of hotel	Other	36 (42.90%)	21 (25.00%)	27 (32.10%)	84 (100.00%)	
	Urban metro cities	39 (45.90%)	16 (18.80%)	30 (35.30%)	85 (100.00%)	
	Total	75 (44.40)	37 (21.90%)	57 (33.70%)	169 (100.00%)	0.636
Provincial location of hotel	Gauteng	31 (49.20%)	8 (12.70%)	24 (38.10%)	63 (100.00%)	
	Kwazulu Natal	9 (34.60%)	11 (42.30%)	6 (23.10%)	26 (100.00%)	
	Other	19 (42.20%)	10 (22.20%)	16 (35.60%)	45 (100.00%)	
	Western Cape	19 (47.50%)	9 (22.50%)	12 (30.00%)	40 (100.00%)	
	Total	78 (44.80%)	38 (21.80%)	58 (33.30%)	174 (100.00%)	0.131

Appendix 6-D:
The association between hotel variables and availability of black candidates for development into middle management within the 24 months

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact sig
Experience in present role	10 or under years	49 (64.5%)	17 (22.4%)	10 (13.2%)	76 (100.0%)	-
	11+ years	55 (55.6%)	19 (19.2%)	25 (25.3%)	99 (100.0%)	-
	Total	104 (59.4%)	36 (20.6%)	35 (20.0%)	175 (100.0%)	.145
Star rating of hotel	One to three star hotels	54 (63.5%)	14 (16.5%)	17 (20.0%)	85 (100.0%)	
	Four star hotels	40 (65.6%)	12 (19.7%)	9 (14.8%)	61 (100.0%)	
	Five star hotels	8 (33.3%)	8 (33.3%)	8 (33.3%)	24 (100.0%)	
	Total	102 (60.0%)	34 (20.0%)	34 (20.0%)	170 (100.0%)	.061
Municipal location of hotel	Other	52 (61.9%)	18 (21.4%)	14 (16.7%)	84 (100.0%)	
	Urban metro cities	50 (58.8%)	16 (18.8%)	19 (22.4%)	85 (100.0%)	
	Total	102 (60.4%)	34 (20.1%)	33 (19.5%)	169 (100.0%)	.648
Provincial location of hotel	Gauteng	46 (73.0%)	7 (11.1%)	10 (15.9%)	63 (100.0%)	
	Kwazulu Natal	14 (53.8%)	8 (30.8%)	4 (15.4%)	26 (100.0%)	
	Other	21 (46.7%)	12 (26.7)	12 (26.7%)	45 (100.0%)	
	Western Cape	23 (57.5%)	8 (20.0%)	9 (22.5%)	40 (100.0%)	
	Total	104 (59.8%)	35 (20.1%)	35 (20.1%)	174 (100.0%)	.115

Appendix 6-E: The association between hotel variables and GM view that the hotel sector is an apprentice industry

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	70 (92.1%)	3 (3.9%)	3 (3.9%)	76 (100.0%)	-
	11+ years	89 (92.7%)	6 (6.3%)	1 (1.0%)	96 (100.0%)	-
	Total	159 (92.4%)	9 (5.2%)	4 (2.3%)	172 (100.0%)	.432
Star rating of hotel	One to three star hotels	80 (94.1%)	4 (4.7%)	1 (1.2%)	85 (100.0%)	-
	Four star hotels	54 (93.1%)	2 (3.4%)	2 (3.4%)	58 (100%)	-
	Five star hotels	20 (83.3%)	3 (12.5%)	1 (4.2%)	24 (100.0%)	-
	Total	154 (92.2%)	9 (5.4%)	4 (2.4%)	167 (100%)	.391
Municipal location of hotel	Other	80 (96.4%)	2 (2.4%)	1 (1.2%)	83 (100.0%)	-
	Urban metro cities	74 (88.1%)	7 (8.3%)	3 (3.6%)	84 (100%)	-
	Total	154 (92.2%)	9 (5.4%)	4 (2.4%)	167 (100%)	.182
Provincial location of hotel	Gauteng	55 (88.7%)	4 (6.5%)	3 (4.8%)	62 (100.0%)	-
	Kwazulu Natal	23 (92.0%)	2 (8.0%)	0 (0.0%)	25 (100.0%)	-
	Other	45 (100.0%)	0 (0.0%)	0 (0.0%)	45 (100.0%)	-
	Western Cape	35 (89.7%)	3 (7.7%)	1 (2.6%)	39 (100.0%)	
	Total	158 (92.4%)	9 (5.3%)	4 (2.3%)	171 (100.0%)	.316

Appendix 7-A: The association between hotel variables and the availability of the black enterprises in hotel location

		Excellent / Very good	Good	Fair / Poor	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	8 (10.7%)	20 (26.7%)	47 (62.7%)	75 (100%)	-
	11+ years	12 (12.1%)	20 (20.2%)	67 (67.7%)	99 (100%)	-
	Total	20 (11.5%)	40 (23%)	114 (65.5%)	174 (100%)	.603
Star rating of hotel	One to three star hotels	10 (11.8%)	19 (22.4%)	56 (65.9%)	85 (100%)	-
	Four star hotels	6 (10%)	13 (21.7%)	41 (68.3%)	60 (100%)	-
	Five star hotels	4 (16.7%)	6 (25%)	14 (58.3%)	24 (100%)	-
	Total	20 (11.8%)	38 (22.5%)	111 (65.7%)	169 (100%)	.917
Municipal location of hotel	Other	11 (13.1%)	17 (20.2%)	56 (66.7%)	84 (100%)	-
	Urban metro cities	9 (10.7%)	22 (26.2%)	53 (63.1%)	84 (100%)	-
	Total	20 (11.9%)	39 (23.2%)	109 (64.9%)	168 (100%)	.629
Provincial location of hotel	Gauteng	6 (9.7%)	17 (27.4%)	39 (62.9%)	62 (100%)	-
	Kwazulu Natal	4 (15.4%)	7 (26.9%)	15 (57.7%)	26 (100%)	-
	Other	6 (13.3%)	7 (15.6%)	32 (71.1%)	45 (100%)	-
	Western Cape	3 (7.5%)	9 (22.5%)	28 (70.0%)	40 (100%)	-
	Total	19 (11.0%)	40 (23.1%)	114 (65.9%)	173 (100%)	.735

Appendix 7-B: The association between hotel variables and the ability of the black enterprises to provide products which meet hotel standards

		Excellent / Very good	Good	Fair / Poor	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	12 (16%)	19 (25.3%)	44 (58.7%)	75 (100%)	-
	11+ years	6 (6.1%)	27 (27.6%)	65 (66.3%)	98 (100%)	-
	Total	18 (10.4%)	46 (26.6%)	109 (63%)	173 (100%)	.114
Star rating of hotel	One to three star hotels	8 (9.4%)	25 (29.4%)	52 (61.2%)	85 (100%)	-
	Four star hotels	7 (11.9%)	17 (28.8%)	35 (59.3%)	59 (100%)	-
	Five star hotels	3 (12.5%)	3 (12.5%)	18 (75%)	24 (100%)	-
	Total	18 (10.7%)	45 (26.8%)	105 (62.5%)	168 (100%)	.544
Municipal location of hotel	Other	9 (10.8%)	22 (26.5%)	52 (62.7%)	83 (100%)	-
	Urban metro cities	9 (10.7%)	24 (28.6%)	51 (60.7%)	84 (100%)	-
	Total	18 (10.8%)	46 (27.5%)	103 (61.7%)	167 (100%)	.972
Provincial location of hotel	Gauteng	6 (9.7%)	17 (27.4%)	39 (62.9%)	62 (100%)	-
	Kwazulu Natal	3 (11.5%)	5 (19.2%)	18 (69.2%)	26 (100%)	-
	Other	5 (11.1%)	9 (20.0%)	31 (68.9%)	45 (100%)	-
	Western Cape	4 (10.3%)	14 (35.9%)	21 (53.8%)	39 (100%)	-
	Total	18 (10.5%)	45 (26.2%)	109 (63.4%)	172 (100%)	.742

Appendix 7-C: The association between hotel variables and the ability of black enterprises to fulfil tender requirements

		Excellent / Very good	Good	Fair / Poor	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	9 (11.8%)	25 (32.9%)	42 (55.3%)	76 (100%)	-
	11+ years	9 (9.6%)	28 (29.8%)	57 (60.6%)	94 (100%)	-
	Total	18 (10.6%)	53 (31.2%)	99 (58.2%)	170 (100%)	.764
Star rating of hotel	One to three star hotels	7 (8.4%)	30 (36.1%)	46 (55.4%)	83 (100%)	-
	Four star hotels	6 (10.3%)	16 (27.6%)	36 (62.1%)	58 (100%)	-
	Five star hotels	5 (20.8%)	7 (29.2%)	12 (50%)	24 (100%)	-
	Total	18 (10.9%)	53 (32.1%)	94 (57%)	165 (100%)	.415
Municipal location of hotel	Other	7 (8.6%)	30 (37%)	44 (54.3%)	81 (100%)	-
	Urban metro cities	11 (13.1%)	22 (26.2%)	51 (60.7%)	84 (100%)	-
	Total	18 (10.9%)	52 (31.5%)	95 (57.6%)	165 (100%)	.273
Provincial location of hotel	Gauteng	7 (11.3%)	18 (29.0%)	37 (59.7%)	62 (100%)	-
	Kwazulu Natal	2 (8.3%)	6 (25.0%)	16 (66.7%)	24 (100%)	-
	Other	5 (11.1%)	14 (31.1%)	26 (57.8%)	45 (100%)	-
	Western Cape	4 (10.5%)	14 (36.8%)	20 (52.6%)	38 (100%)	-
	Total	18 (10.7%)	52 (30.8%)	99 (58.6%)	169 (100%)	.966

Appendix 7-D: The association between hotel variables and provision of access to markets for small black enterprises

		Agree	Neither agree nor disagree	Disagree	Valid n1	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	12 (16.2%)	23 (31.1%)	39 (52.7%)	74 (100%)	-
	11+ years	23 (24.2%)	28 (29.5%)	44 (46.3%)	95 (100%)	-
	Total	35 (20.7%)	51 (30.2%)	83 (49.1%)	169 (100%)	.440
Star rating of hotel	One to three star hotels	15 (18.1%)	24 (28.9%)	44 (53%)	83 (100%)	-
	Four star hotels	14 (24.1%)	18 (31%)	26 (44.8%)	58 (100%)	-
	Five star hotels	6 (25%)	8 (33.3%)	10 (41.7%)	24 (100%)	-
	Total	35 (21.2%)	50 (30.3%)	80 (48.5%)	165 (100%)	.803
Municipal location of hotel	Other	19 (23.5%)	25 (30.9%)	37 (45.7%)	81 (100%)	-
	Urban metro cities	16 (19.5%)	25 (30.5%)	41 (50%)	82 (100%)	-
	Total	35 (21.5%)	50 (30.7%)	78 (47.9%)	163 (100%)	.805
Provincial location of hotel	Gauteng	14 (23.0%)	19 (31.1%)	28 (45.9%)	61 (100%)	-
	Kwazulu Natal	3 (13.0%)	4 (17.4%)	16 (69.6%)	23 (100%)	-
	Other	10 (22.2%)	14 (31.1%)	21 (46.7%)	45 (100%)	-
	Western Cape	7 (17.9%)	14 (35.9%)	18 (46.2%)	39 (100%)	
	Total	34 (20.2%)	51 (30.4%)	83 (49.4%)	168 (100%)	.567

Appendix 7-E:
**The association between hotel variables and allocating employment /
management time to assist black enterprises**

		Agree	Neither agree nor disagree	Disagree	Valid n	Pearson Chi-Square exact significance p=
Experience in present role	10 or under years	11 (14.7%)	25 (33.3%)	39 (52%)	75 (100%)	-
	11+ years	23 (24%)	24 (25%)	49 (51%)	96 (100%)	-
	Total	34 (19.9%)	49 (28.7%)	88 (51.5%)	171 (100%)	.241
Star rating of hotel	One to three star hotels	16 (18.8%)	25 (29.4%)	44 (51.8%)	85 (100%)	-
	Four star hotels	13 (22.4%)	15 (25.9%)	30 (51.7%)	58 (100%)	-
	Five star hotels	5 (20.8%)	8 (33.3%)	11 (45.8%)	24 (100%)	-
	Total	34 (20.4%)	48 (28.7%)	85 (50.9%)	167 (100%)	.949
Municipal location of hotel	Other	16 (19.8%)	26 (32.1%)	39 (48.1%)	81 (100%)	-
	Urban metro cities	18 (21.4%)	22 (26.2%)	44 (52.4%)	84 (100%)	-
	Total	34 (20.6%)	48 (29.1%)	83 (50.3%)	165 (100%)	.735
Provincial location of hotel	Gauteng	17 (27.0%)	13 (20.6%)	33 (52.4%)	63 (100%)	-
	Kwazulu Natal	3 (13.6%)	4 (18.2%)	15 (68.2%)	22 (100%)	-
	Other	8 (17.8%)	18 (40.0%)	19 (42.2%)	45 (100%)	-
	Western Cape	6 (15.0%)	13 (32.5%)	21 (52.5%)	40 (100%)	-
	Total	34 (20.0%)	48 (28.2%)	88 (51.8%)	170 (100%)	.170

Appendix 8-A: Testing the association between having GM BBEE targets and the ease of recruiting senior black managers: Post hoc tests

		Multiple Comparisons					95% Confidence Interval	
Dependent Variable		(I) It is easy to identify black candidates for recruitment at senior management level from within my hotel group	(J) It is easy to identify black candidates for recruitment at senior management level from within my hotel group	Mean Difference (I-J)	Std. Error	Sig.	Lower Bound	Upper Bound
Recruitment	Scheffe	Strongly agree; Agree	Neither agree nor disagree	-.57382 [*]	.11030	.000	-.8464	-.3012
			Disagree; Strongly disagree	-1.34380 [*]	.09798	.000	-1.5860	-1.1016
		Neither agree nor disagree	Strongly agree; Agree	.57382 [*]	.11030	.000	.3012	.8464
			Disagree; Strongly disagree	-.76998 [*]	.11450	.000	-1.0530	-.4870
		Disagree; Strongly disagree	Strongly agree; Agree	1.34380 [*]	.09798	.000	1.1016	1.5860
			Neither agree nor disagree	.76998 [*]	.11450	.000	.4870	1.0530
	Dunnnett T3	Strongly agree; Agree	Neither agree nor disagree	-.57382 [*]	.10437	.000	-.8282	-.3194
			Disagree; Strongly disagree	-1.34380 [*]	.10088	.000	-1.5882	-1.0994
		Neither agree nor disagree	Strongly agree; Agree	.57382 [*]	.10437	.000	.3194	.8282
			Disagree; Strongly disagree	-.76998 [*]	.11233	.000	-1.0434	-.4965
		Disagree; Strongly disagree	Strongly agree; Agree	1.34380 [*]	.10088	.000	1.0994	1.5882
			Neither agree nor disagree	.76998 [*]	.11233	.000	.4965	1.0434
GM Targets	Scheffe	Strongly agree; Agree	Neither agree nor disagree	-.17824	.16611	.564	-.5888	.2324
			Disagree; Strongly disagree	-.37911 [†]	.14851	.041	-.7462	-.0120
		Neither agree nor disagree	Strongly agree; Agree	.17824	.16611	.564	-.2324	.5888
			Disagree; Strongly disagree	-.20087	.17213	.508	-.6264	.2246
		Disagree; Strongly disagree	Strongly agree; Agree	.37911 [†]	.14851	.041	.0120	.7462
			Neither agree nor disagree	.20087	.17213	.508	-.2246	.6264
	Dunnnett T3	Strongly agree; Agree	Neither agree nor disagree	-.17824	.16395	.624	-.5791	.2227
			Disagree; Strongly disagree	-.37911 [†]	.14956	.038	-.7418	-.0164
		Neither agree nor disagree	Strongly agree; Agree	.17824	.16395	.624	-.2227	.5791
			Disagree; Strongly disagree	-.20087	.17987	.604	-.6392	.2375
		Disagree; Strongly disagree	Strongly agree; Agree	.37911 [†]	.14956	.038	.0164	.7418
			Neither agree nor disagree	.20087	.17987	.604	-.2375	.6392
SBE Procurement	Scheffe	Strongly agree; Agree	Neither agree nor disagree	-.34261	.15341	.086	-.7218	.0365
			Disagree; Strongly disagree	-.32492	.13628	.061	-.6617	.0119
		Neither agree nor disagree	Strongly agree; Agree	.34261	.15341	.086	-.0365	.7218
			Disagree; Strongly disagree	.01769	.15926	.994	-.3759	.4113
		Disagree; Strongly disagree	Strongly agree; Agree	.32492	.13628	.061	-.0119	.6617
			Neither agree nor disagree	-.01769	.15926	.994	-.4113	.3759
	Dunnnett T3	Strongly agree; Agree	Neither agree nor disagree	-.34261	.14770	.066	-.7016	.0163
			Disagree; Strongly disagree	-.32492	.13874	.061	-.6607	.0109
		Neither agree nor disagree	Strongly agree; Agree	.34261	.14770	.066	-.0163	.7016
			Disagree; Strongly disagree	.01769	.14002	.999	-.3235	.3588
		Disagree; Strongly disagree	Strongly agree; Agree	.32492	.13874	.061	-.0109	.6607
			Neither agree nor disagree	-.01769	.14002	.999	-.3588	.3235
SBE Assistance	Scheffe	Strongly agree; Agree	Neither agree nor disagree	-.27980	.20579	.399	-.7885	.2289
			Disagree; Strongly disagree	-.29720	.18308	.271	-.7497	.1553
		Neither agree nor disagree	Strongly agree; Agree	.27980	.20579	.399	-.2289	.7885

		disagree	Disagree; Strongly disagree	-.01740	.21247	.997	-.5426	.5078
		Disagree; Strongly disagree	Strongly agree; Agree	.29720	.18308	.271	-.1553	.7497
			Neither agree nor disagree	.01740	.21247	.997	-.5078	.5426
Dunnett T3		Strongly agree; Agree	Neither agree nor disagree	-.27980	.21098	.463	-.7950	.2354
			Disagree; Strongly disagree	-.29720	.18043	.275	-.7341	.1397
		Neither agree nor disagree	Strongly agree; Agree	.27980	.21098	.463	-.2354	.7950
			Disagree; Strongly disagree	-.01740	.21488	1.000	-.5419	.5071
		Disagree; Strongly disagree	Strongly agree; Agree	.29720	.18043	.275	-.1397	.7341
			Neither agree nor disagree	.01740	.21488	1.000	-.5071	.5419
BBBEE Support	Scheffe	Strongly agree; Agree	Neither agree nor disagree	-.17570	.14182	.466	-.5262	.1748
			Disagree; Strongly disagree	-.14339	.12662	.528	-.4563	.1696
		Neither agree nor disagree	Strongly agree; Agree	.17570	.14182	.466	-.1748	.5262
			Disagree; Strongly disagree	.03231	.14777	.976	-.3329	.3975
		Disagree; Strongly disagree	Strongly agree; Agree	.14339	.12662	.528	-.1696	.4563
			Neither agree nor disagree	-.03231	.14777	.976	-.3975	.3329
Dunnett T3		Strongly agree; Agree	Neither agree nor disagree	-.17570	.15295	.583	-.5509	.1996
			Disagree; Strongly disagree	-.14339	.12088	.555	-.4364	.1496
		Neither agree nor disagree	Strongly agree; Agree	.17570	.15295	.583	-.1996	.5509
			Disagree; Strongly disagree	.03231	.16234	.996	-.3646	.4292
		Disagree; Strongly disagree	Strongly agree; Agree	.14339	.12088	.555	-.1496	.4364
			Neither agree nor disagree	-.03231	.16234	.996	-.4292	.3646

*. The mean difference is significant at the 0.05 level.