

CHAPTER 1 ORIENTATION OF THE STUDY

1.1. INTRODUCTION

South African Tourism (SAT) defines *tourism* as a traded service where consumers are moved to the point of service (the destination) as opposed to service being taken to the consumer. The new millennium has witnessed the continued growth of interest in how people spend their leisure and non-work time (Page, 2008:2). The World Travel and Tourism Council (WTTC) has identified travel and tourism as an economic sector due to its activities generating US\$4421.1 billion, which is expected to grow to US\$861.8 billion by 2012 (Page, 2008:2). It is further estimated that on a global scale, travel and tourism is responsible for approximately 198 million jobs which as described by WTTC, is equivalent to 7.8% of world employment. It is for this reason that Page describes tourism as a discretionary activity (2008:2). In other words, just like people need food and water to survive, the world, especially the developing countries such as South Africa, need tourism to survive economically.

Rogerson and Visser (2004) state that policy makers, often with the help of international development agencies, have embedded tourism into national development plans either as an economic driver to attain growth or as supplementary to other economic sectors. It is reported that the ability of tourism to contribute significantly to the national objective of increasing prosperity depends on the extent to which the South African tourism industry can continue to grow the country's share of total volume, value and employment in the global tourism market (Global Competitive Programme, 2005).

SAT believes that to accomplish this goal depends on the extent to which the industry as a whole is able to innovate and upgrade its competitive performance ahead of the competition. Christie and Crampton (2001:48) share the same sentiments, but highlight that this can only be possible where there is an appropriate policy environment. Large and small businesses are responsible for sustaining jobs. It is individual enterprises that ultimately make choices that lead to innovation, growth and employment. It is for this reason that tourism growth development strategies capture the tourism SMME as the primary beneficiary.

1.2. PROBLEM STATEMENT

The government has tourism development strategies and implementation plans in place to support tourism SMMEs, but when it comes to self-sustenance, many stakeholders seem to be struggling. Tourism has long been identified as one of the sources of addressing many of the issues with regard to unemployment in Limpopo Province. Although this is so, tourism entrepreneurs are still experiencing numerous constraints in sustaining their businesses. Nieman (1999:8) explains that South Africa has an unacceptable and disappointingly high number of small and micro enterprises that fail during their early years of operation due to a myriad challenges.

The literature covers challenges in sustaining SMMEs but little is said about specific challenges on sustaining tourism enterprises. This study explored the challenges that affect the sustainability of SMME tourism enterprises with reference to current governmental strategies and implementation plans that address these challenges and support sustainability of Tourism SMMEs.

1.3. SIGNIFICANCE OF THE STUDY

According to statistics South Africa, foreign tourist arrivals in South Africa grew by 13.9% to almost 8.4 million in 2006, driven by increases of 16.9% from tourist from within the African continent, 11.2% from the Americas and 5.6% from Asia and Australia (www.statssa.co.za). Limpopo Province recorded a 22.5% growth rate in the number of national tourists in that same period while international tourists' arrival records taking in 509577 people between January and September 2007. Total foreign arrivals has shown a steady increase with an encouraging 11.9 % between January and March of 2008 and an estimated total foreign direct spent on land markets and air markets of R18.7 billion in the year 2008 (SAT, 2008).

While this trend is encouraging, Limpopo Province still receives far less tourists compared with other provinces and also ranked as one of the poorest provinces albeit its rich minerals, national tourist attractions as well as being a gateway to the rest of Africa. Limpopo Province received only 7.3% of the total South African tourists, ranking at number six of the nine provinces with Gauteng taking the number one spot with 48.7% in 2008. Possible reasons for this low intake may be the poor

marketing strategy of the province as a tourist destination, the lack of capacity to accommodate more tourists, the lack of effective support of tourism SMMEs from governmental institutions and a host of many other reasons.

Rogerson and Visser (2004) point out that tourism needs to be developed as a national priority in a sustainable manner for the following reasons:

- The sector provides South Africa with a competitive advantage for the natural and cultural resources;
- The tourism attractions complement global trends towards alternative tourism;
- The sector has the ability to attract substantial private sector investments;
- It accommodates SMME development and has the potential to address the unemployment rate;
- Tourism sector is also recognised to contribute effectively towards the infrastructural development and has the ability to stimulate linkages with other production sectors such as curios and jewellery, and
- It has value as an export earner

The motivation behind an interest in this study is the immense potential Limpopo Province has in taking advantage of the benefits inherent in the tourism sector and more specifically, it's potential for sustainable development of Tourism SMMEs. Limpopo Province is poor and being the gateway to the rest of the African continent, it is of significance that this industry is well supported through various developmental initiatives. The successful implementation of the tourism growth strategies in Limpopo Province can provide great lessons to other poorer provinces such as the Northern Cape and Free State.

1.4. OBJECTIVES OF THE STUDY

The objective of this study is to investigate how the provincial tourism growth and development strategies have been implemented to curb constraints and support growth and sustainability of tourism SMMEs in Limpopo Province.

1.5. RESEARCH DELIMITATION

Although the literature review covered some aspects that relate to tourism development strategies on a national level, the study only focused on the tourism growth and development strategies adopted in Polokwane. This is because Polokwane is the capital city of Limpopo, therefore effective methods piloted in Polokwane will be filtered to other areas within Limpopo Province. Another reason for this limitation was that most of the provincial departments where information was gathered are based in Polokwane. The study targeted small business owners within the tourism industry for this research initiative. Tourism is described as the “activity that occurs when tourists travel”. This encompasses everything from the planning of the trip, the travel to the place, the stay itself, the return and the reminiscences about it afterwards (George:2001). This report has focused only on travel agencies as well as accommodation outlets within Polokwane. The research has equally not attempted to analyse the Tourism Growth and Development strategies in totality but only parts that translate to tourism development and direct benefits to tourism SMMEs specifically on a provincial level.

1.6. MAJOR RESEARCH QUESTIONS

- What are the major objectives of the tourism growth and development Strategies in Limpopo province?
- What are the challenges faced by tourism SMMEs?
- How have the Tourism SMMEs responded regarding the effectiveness of, and support of the Tourism Growth and Development Strategies and initiatives put forth?
- How have the objectives of the tourism growth and development strategies been implemented

1.7. DEFINITIONS OF CONCEPTS

Sustainable Tourism

An industry committed to attracting corporate and leisure market into targeted area over a significant period of time while helping to generate income and employment for the local people,

Polokwane: the capital city of Limpopo province, South Africa.

Tourism developments

Efforts made by interested stakeholders to encourage tourism growth.

Growth strategies

Initiatives brought forth by the government to encourage the building of an entity.

Travel agencies

Tourism entities that form the middleman between the consumers and the tourism products.

Tourism establishments

Tourism businesses including both accommodation outlets as well as travel agencies.

Accommodation outlets

Outlet used by tourism consumers for business or leisure purposes.

Entrepreneurs

An individual who establishes an enterprise, or venture, and assumes significant responsibility and

accountability for the inherent risks and the outcome.

Travel and tourism

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 remunerated from within the place visited.

Tourism SMME

Small, micro and medium enterprises whose main trade is derived from the tourism industries.

Economic sector

Includes primary secondary and tertiary sectors that bring about trade for the financial emancipation of the communities within the societies.

Pro-poor benefits

Efforts made that are meant to enhance positive results for the poor.

Domestic consumer

Individuals or households who consume goods and services within the South African borders.

International consumer

Individuals or households who consume goods and services in foreign countries or are of foreign

residency consuming goods and services within the South African borders.

Global markets

Societies of individuals or households who consume goods and services of a global marketplace.

Small enterprise

Organisations with less than 100 employees that are more established than very small enterprises, those are formally registered and have fixed business premises. They are also owner managed and have a complex management structure.

Micro enterprise

Organisations with less than 100 employees that are more established than very small enterprises, they are formal and registered and have fixed business premises. These organisations are owner-managed with a more complex management structure.

Start-up business

Businesses that are still in the nascent stage within 0-3 years of existence with a turnover of less than the VAT registration level of R300 000.00.

1.8. CONCLUSION

In this Chapter, the research report initiative is presented based on the observation of the researcher of a need for such initiative to be carried out. The significance of the study is based on tourism as one of the sectors earmarked for development due to its importance towards contribution to the overall economy. Problems are identified regarding sustaining this industry in the problem statement. The researcher has also identified the main objective of the study from which research questions emanated. The boundaries of how far this research initiative has gone are drawn and major concepts defined.

The following chapter reviews the literature related to the study in order to establish and synthesise what has been written about the topic. This will provide a dynamic analysis of core issues pertaining to the topic, at the same time providing the necessary theoretical understanding.

CHAPTER 2 LITERATURE REVIEW

2.1. INTRODUCTION

This chapter provides an overview of the body of literature already done on the growth and development of tourism as a vital sector in the economy of the country, more specifically in Limpopo Province.

To map out a holistic picture, it is important to first understand the position of the tourism SMMEs and the role this sector plays in South Africa in order to best justify and weigh the importance of growing and sustaining this sector. In this section, a distinction is drawn for both the importance of the SMME sector as well as Tourism sector to best define the “tourism SMME” in South Africa. A comparison of South Africa as a tourist destination with the rest of the world was done in order to determine the country’s competitive advantage and whether this competitive advantage can be sustainable to support the tourism industry within the country and its various provinces.

Research into provincial tourism performance was done in order to compare Limpopo Province with other provinces. Through this process, recommendations can be made regarding alternative methods to improve Limpopo tourism for the overall growth of the provincial economy.

It has already been established in the first chapter that upon the realisation of the importance of the tourism industry to the overall economy, the South African government has made efforts to support its sustainable growth through the development and promotion of tourism strategy outlined in the White Paper on tourism growth and development in South Africa. An interrogation of this strategy was garnered. Observation as to how this has been interpreted in the Limpopo provincial growth and development strategy through the provincial strategy’s objectives was imperative in this research effort.

The different role players that are tasked to carry out the mandate of the White Paper’s development and promotion of tourism strategy within the province were also identified and their objectives to reaching this overall growth interpreted. The

types of challenges faced by SMMEs were also reviewed in order to seek clarity regarding the magnitude of distress the sector faces. The implementation of tourism growth and development strategies requires that the objectives set forth must have an action plan together with measurable results in order to demonstrate effectiveness of the strategies designed. These were explored through reporting of the annual performance report findings. In its totality, the literature review has sought to address the objective of the research initiative, address the research questions and highlight the gaps that may exist where the literature could not address the research questions.

2.2. THE CONTRIBUTION OF TOURISM IN THE SOUTH AFRICAN ECONOMY

Tourism in South Africa today has found recognition as an economic sector with the potential to improve development in destination areas (Telfer, 2002:12). In an effort to develop the economy of South Africa, policy makers with the help of international agencies decided to include tourism development into the overall national development plans as set out in the Accelerated Shared Growth Initiative for South Africa (AsgiSA). This comes forth because South Africa's natural endowment, cultural diversity and unique location in Africa have placed it on a platform that attracts foreign visitors both for leisure and business purposes (Pan African Research and investment services, 2010:12). Christie and Crampton (2001:48) point out that the government of South Africa recognises the potential this sector has in addressing social and economic issues, however, both maintain that this can only be done in the correct policy environment.

The 2004 NEPAD tourism action plan states that through the classification of African economies and generation of foreign exchange earnings, tourism becomes a vital sector to contribute to the economic regeneration of the African continent (2004:12). The White Paper on the development and promotion of tourism (1996) and the GEAR strategy for tourism (1998) remains the core of South African tourism policy with new policy frameworks that emerge to support this development and the changed role of tourism.

Rogerson and Visser (2004:48) argue that tourism must be developed as a national priority in a sustainable manner and as a key economic driver to offer a quality of life for all South Africans by focusing on its ability to provide a competitive advantage through its natural and cultural resources, its ability to compliment global trends and the ability to attract substantial private sector investments. Furthermore, it must accommodate SMME development. Ishii (2009:14) shares the same sentiments by noting Africa's unique and varied natural and cultural resources, tourism as a job intensive industry that generates jobs from semi-skilled to managerial levels; its ability to provide an excellent entry point for development of generic and specialized service skills, its generation of valuable foreign exchange as well as an invisible export sector. Other benefits include the significant pro-poor benefits as it provides a wide range of income-generating opportunities along the value-chain including low/semi-skilled employment for youths and women and facilitates small businesses to gain market access.

Studies conducted by South African Tourism on the exact contribution of tourism to the country's Gross Domestic Product (GDP) have some limitations due to data on tourism not having been compiled and documented over time. It has made it difficult to compile time series analysis without interpolating and extrapolating data to obtain the missing observations. Another reason tourism contribution towards the country's GDP proves challenging is that as a consumption based services industry, tourism does not produce an explicit product, but rather uses products of other industries that are captured under various standard sectors within the National Accounts statistics such as transportation, energy, trade and the like (Pan African Research and investment services, 2010). Rogerson (2005:5) points out that the tourism industry encompasses many different economic activities under one heading. In terms of economic analysis, the tourism sector is highly distinctive in that it is not a sector formally classified as such in terms of the International Standard Industrial Classifications. This means that because tourism is not properly defined or classified, there can never be a true reflection of exactly how much the sector as a whole contributes to the economy or what exactly a tourism SMME is.

SAT explains that the monthly schedules on tourism and migration published by StatsSA do not reveal much information regarding direct and indirect expenditure by

tourists ,making it difficult to estimate Gross Value Add (GVA) of the tourism sector accurately (2010). SAT was, however, able to conclude that tourism expenditure by either foreign or domestic tourists has a positive impact on fixed capital formation and employment. In illustration, when foreign tourism expenditure rises by 1%, fixed capital formation on average, increases by 0.41% while employment increases by about 0.15%. Domestic tourism elasticities are reported at 0.22% and 0.18% for fixed capital formation and employment respectively. SAT further states that tourism contribution to employment stood at 4.8% in 1994 and rose to 7.4 in 2008 (2010). Out of this leap in growth, direct tourism contribution stood at 2.6% in 2007, while the rest resulted from spill-over effects. With regard to tourism contribution to the Growth Value Added (GVA), the total effect grew from 9.4% in 1994 to 9.8% in 2007. The direct effect of tourism to GVA stood at 2.49% in 2007, while the remaining 7.3% can be attributed to indirect effects. In another study by SAT (2010), tourism is said to bring an estimated 20 billion Rand (US \$3.1 billion) into the economy, second only to manufacturing and mining in its contribution to the Gross Domestic Product (GDP). In other words, it contributes 8.2% to South Africa's GDP on average. Furthermore, the industry employs an estimated 3% of South Africa's workforce, and is regarded as potentially the largest provider of employment and earner of foreign exchange (UNECA, 2004)

Another research initiative conducted by the World Travel and Tourism Council's (WTTC) simulated satellite account indicates that the Travel and Tourism Industry as a whole in Africa directly contributes an estimated 3.3 % to GDP and 2.5% to employment. In addition to that, looking at both the direct and indirect impacts of the industry, the wider Travel and Tourism Economy contributes an estimated 8.3% to GDP and 5.9% to employment in Africa. Global economy contribution is said to be 3.2% for the global GDP while total employment contribution is said to be 2.7% (Ishii, 2009). The table below offers a picture of the contribution of the tourism sector on the continent.

Table 2.1: The Estimated economic impact of tourism in Africa, 2009

2009	North-Africa	Sub-Saharan	Total Africa	World
T&T industry as a % of GDP	5.3	2.2	3.3	3.2
T&T economy as a % of GDP	11.3	6.7	8.3	9.5
T&T industry as a % of employment	5.8	1.7	2.5	2.7
T&T economy as a % of employment	11.2	4.6	5.9	7.6
T&T industry (direct) GDP (US\$ bn)	29.6	21.9	51.5	1,870.0
T&T industry (direct) employment size '000 jobs	2,810	3,338	6,148	77,276
Relative size of direct T&T industry in GDP	1 st	11 th		
Relative size of direct T&T industry in employment	1 st	12 th		

Source: WTTC, 2009 T&T relative size to regional employment ranking out of 13 world regions

The table above demonstrates that North Africa's Travel and Tourism Sector has the biggest relative impact on overall GDP and employment creation of all 13 world regions compared to the relative contribution of Travel and Tourism to the economy of sub-Saharan Africa, which ranks the lowest of all world regions.

2.3. THE POSITION OF THE SMME SECTOR IN SOUTH AFRICA

The economic role of SMMEs comes in many folds. They contribute to the country's production levels through manufacturing of products of value to the overall export performance of South Africa through service delivery both for the domestic consumer and enterprises as well as for the foreign consumer (Berry, Blottnitzz, Cassim, Kesper, Rajaratnam and Van Seventer, 2002)

SMMEs account for approximately 60% of all employment in tourism and 30% in the total economy and are often a vehicle by which the lowest-income people in the South African society gain access to economic opportunities (Saayman & Olivier 2005). Evidently, there is a close link between how the tourism sector and the SMME

sector perform as both play a role in job creation and poverty alleviation. The SMME sector is vital and contributes economically to the tourism sector at 60%. Therefore, it is imperative to view them as interrelated. Large companies drive and economically dominate the South African tourism industry. However, it remains the case that as in most countries of the world, the vast majority of South African tourism enterprises falls into the category of SMMEs (Rogerson, 2008)

Entrepreneurship and the SMME sector are catalyst for economic growth and national competitiveness. Both are critical to the development and well-being of society as they create jobs, drive and shape innovation, speeding up structural changes in the economy. They introduce new competition, contributing indirectly to productivity (GEM report, 2010). In the current macro-economic context, it is imperative that significant investment is made in the SMMEs in order to create both short and long-term capacity for labour absorption and output growth as well as to improve income generation and redistribution (Saayman & Olivier, 2005). South Africa's current economic situation is said to be standing in such a way that excess labour from the secondary and tertiary sectors due to retrenchments and other industrial dynamics gets absorbed through the SMME sector by way of employment and upgrading of this excess labour and also through people starting their own businesses (Berry et al. 2002).

The Department of Trade and industry (DTI) in unison with Saayman and Olivier has reported that the overall micro, very small and small businesses accounted for 27-34% of total GDP in 2006 (2008). The DTI further stated that the GDP share remained relatively constant across the period 2001-2006. In terms of officially registered SMMEs that are economically active, the sector grew by 27% between 2004 and 2007 (from 422 000 to 536 000). Although this is an encouraging trend, it is observed that positive growth in economically active enterprises does not apply to all size categories – micro enterprises showed a decline by 5.6% between 2004 and 2007. As a result, the share of micro enterprises in the total pool of registered SMMEs in South Africa significantly decreased, from 50% of SMMEs in 2004 to 37% in 2007 (DTI, 2008).

The sustainability of SMMEs is of concern. Research by the Global Entrepreneurship Monitor (GEM) confirms that the survival rate for start-ups in South Africa is low and that the opportunity for entrepreneurial activity is the lowest of all the reviewed developing countries (GEM report, 2010). The DTI reports that approximately 1% of enterprises registered between 1 April 2005 and 31 March 2006 lasted only between one and a half to two and a half years. Furthermore, there has also been a steady increase in the number of liquidations, particularly in the following sectors: wholesale and retail trade; catering and accommodation, financing, insurance, real estate and business services. However, it is also important to note that the highest number of new registrations in a specific period is also found in these industrial sectors (2008). This literature indicates that even though there has been leeway in government's effort to create an enabling environment for SMMEs, much work remains to assist the majority of enterprises that remain in the nascent and "baby business" phases of less than 3.5 years of existence.

The DTI reports that SMME development is key to the government's aim of halving unemployment by 2014. However, the regulatory environment on labour issues poses a threat to this objective (2008). Small businesses view the country's labour regulation as a major challenge, but the government does little to deregulate it (DTI, 2008).

The relatively poor performance of SMMEs albeit their potential to contribute significantly to the South African economic and social emancipation is said to be often associated with the racial distortions in education, income and economic empowerment inherited from the previous regime (Berry et al. 2002). However, they point out that, there is a danger in ascribing all the responsibility for the underdevelopment of SMMEs to political disenfranchisement, since the corollary to this argument is that the new economic order provides a sufficient condition for the revitalisation of the SMME economy. Although it is recognised that the SMME economy in South Africa is extraordinarily diverse and composed of different groups of enterprises which require different kinds of support intervention. Support initiatives have been in the form of "generic" packages that overlook the specificities of particular sectors (Rogerson, 2005).

2.4. SOUTH AFRICAN GLOBAL COMPETITIVENESS IN TOURISM

Saayman and Du Plessis (2003) classify competitiveness under three meanings. Firstly, global competitiveness to firms implies the ability to compete in world markets with a global strategy while to many members of the US Congress, it implies that the nation has a positive balance of trade. Lastly, competitiveness to economists implies low cost of labour adjusted for exchange rates. In this study, competitiveness will adopt the former definition as the country's ability to compete in world markets with a global strategy. Strategy implies that there should be common variables which define the criteria by which one can measure the competitiveness of one country to another.

The benefit for South Africa to remain globally competitive is an obvious one. It is one for survival of local industries through the generation of foreign investment to curb economic degeneration. In order to achieve global competitiveness, South Africa has to keep track of changes in tourists' needs and the demands of globalisation in a sophisticated tourism industry (Saayman, 2003).

Saayman (2008) explains that the tourist of today is well educated and is more sophisticated in the choices he/she makes and also how his/her service is delivered. Therefore, the attractiveness of a travel destination reflects the feelings, beliefs, and opinions that an individual has about a destination's perceived ability to provide satisfaction in relation to special vacation needs. With regards to tourism competitiveness globally, Travel and Tourism in Africa has a very small share of the global tourism market. Despite the continent's wealth of natural and cultural attraction, the relative performance of tourism in Africa lags behind the global average (Ishii, 2009).

The contribution and importance of Travel and Tourism differs significantly between North (Mediterranean) Africa and sub-Saharan Africa. Ishii explains that in North Africa tourism is already the most important generator of economic development and jobs, while sub-Saharan Africa has a long way to go to capitalise fully on the continent's tourism potential (2009). According to SAT, the four main destinations in Africa, namely Egypt, South Africa, Morocco and Tunisia account for 73% of tourism receipts and all four of these countries experienced good growth in tourism receipts

during the period 2003-2007 following a slower growth period during the early millennium years (2010).

As indicated earlier, to be able to measure South Africa's competitiveness, there has to be a list of variables with which to base one's judgement. Saayman and Du Plessis compiled a list of variables according to work done by the following researchers: Porter (1990), Butler (1991), Luk *et al.* (1993), Edgell and Smith (1994), McIntosh *et al.* (1995), Otto and Ritchie (1995), Butcher (1997), Stabler (1997), De Keyser and Vanhove (1998), Sirše (1998), Ritchie and Crous (2000), and Saayman (2000). The main aim of this list was to demonstrate what South Africans rated as the variables that contribute towards global competitiveness according to order of importance. The table presents the following variables

Table 2.2: GLOBAL COMPETITIVENESS OF SOUTH AFRICA

VARIABLES	% OF RESPONSE	RATING
1. Location; Long-haul destination	51.62	18
2. Dependencies on support services	66.13	14
3. Safety	96.78	1
4. Value for money	88.90	4
5. Marketing	80.00	6
6. Availability of information	91.94	3
7. Quality of service	95.17	2
8. Geographical features	75.86	7
9. Marketing connections (networks)	51.61	19
10. Accessibility	67.22	13
11. Infrastructure & tourism supra-structure	71.18	10
12. Historical & cultural resources	53.23	17
13. Climate	59.68	16
14. Availability/quality of accommodation	74.39	8
15. Sports/recreational opportunities	17.74	25
16. Scenery	87.10	5
17. Food	72.58	9
18. Entertainment	25.80	23
19. Uniqueness of local people's life	70.97	11
20. Historical attractions	61.29	15
21. Museums, cultural attractions	50.00	20
22. Ability to communicate	61.29	15
23. Festivals	16.13	26
24. Shopping	33.87	22
25. Attitude towards tourists	69.35	12
26. Public transportation	19.36	24
27. Foreign exchange	33.87	22

28. Friends and family	37.10	21
29. Other: Airline links		
30. Other: Easy acquisition of visas		

Source: Saayman & Du Plessis *SAJR SPER, 2003, 25(2)*

Saayman and Du Plessis' table demonstrate the five main variables in order of importance as being Safety; value for money; availability of information, scenery and marketing. However, of all these variables, South Africa has a competitive strength in its scenery and value for money, whereas the highly rated variable of safety is unfortunately one of South Africa's weaknesses. Quality of services and availability of information were rated optimistically, but have shown a less than optimistic result in terms of the country's competitiveness. Table 2.3 below demonstrates these results

Table 2.3: FACTORS OF COMPETITIVENESS VERSUS SOUTH AFRICA'S STRENGTHS AND WEAKNESSES

FACTORS	COMPETITIVENESS	STRENGTH	WEAKNESSES
Safety	96.78%	11.48%	88.52%
Quality of services	95.17%	62.90%	37.10%
Value for money	88.90%	96.77%	3.23%
Availability of information	91.94%	58.06%	41.94%
Scenery	87.10%	100.00%	-
Marketing	80.00%	38.60%	61.40%

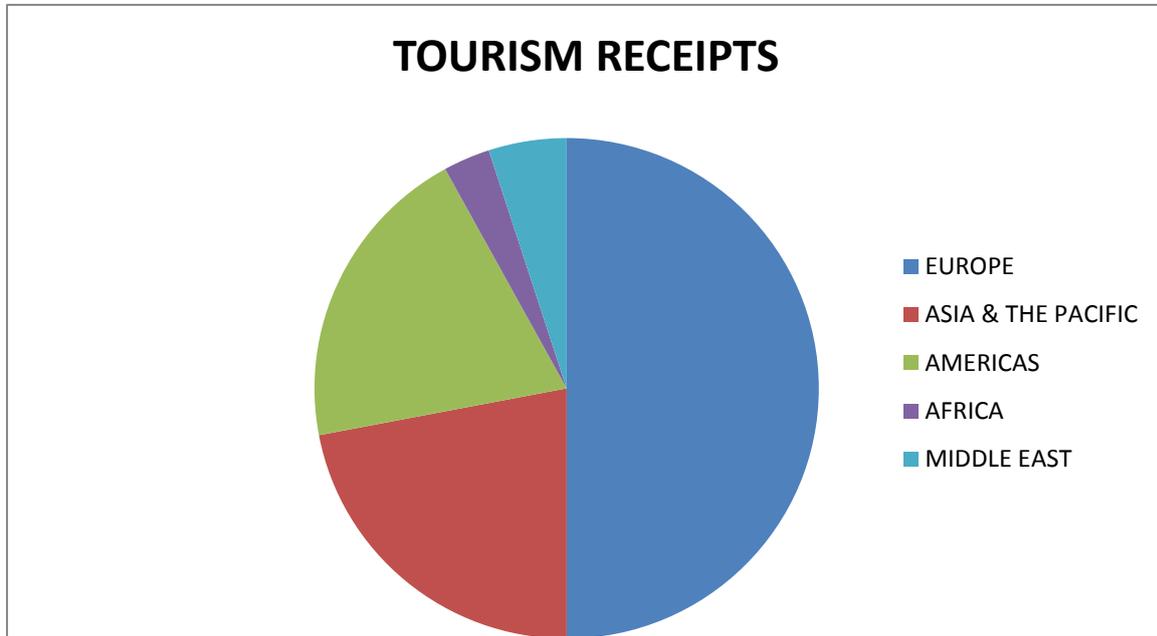
Source: Saayman and Du Plessis *SAJR SPER, 2003, 25(2)*

South Africa must be able to differentiate itself from its competitors now and for the future in order to achieve sustained growth. In a dynamic world market, differentiation requires constant innovation and renewal because tourism is rife with the practice of replicating good ideas and not so good at creating new ones as what is favourable today may be obsolete tomorrow (SAT,2005)

In terms of tourism performance of the whole African continent, Ishii (2009) identifies four countries that are top performers in terms of tourism attraction namely; Egypt, South Africa, Morocco and Tunisia. It is said that these four countries collectively maintain a 75% share of the continents' tourism market . Other main destinations include: Mauritius, Tanzania, Kenya and Ghana. The other 45 countries collectively attract 17% of all tourism receipts. The following graphs demonstrate simplistically

the current tourism performance of the world and of Africa as a whole and ultimately, South Africa's share.

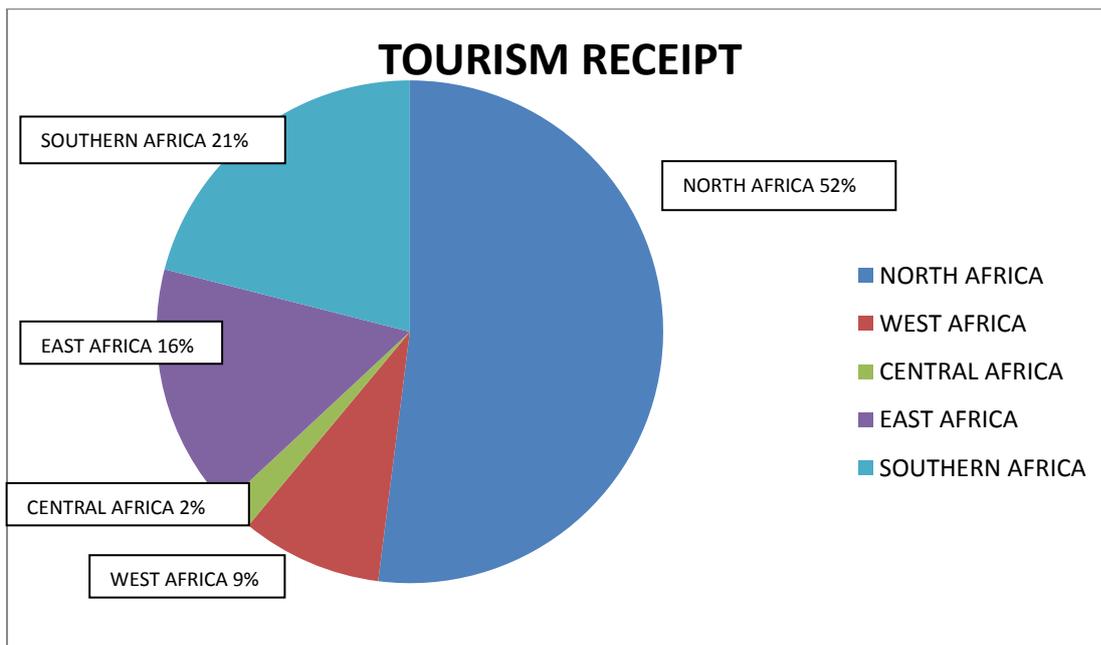
Figure 2.1: International tourism receipt by region, 2008 (US\$ bn)



Source: UN World tourism organisation, 2009

The figure above demonstrates that Africa as a whole has a small percentage of receipts in tourists compared with other continents.

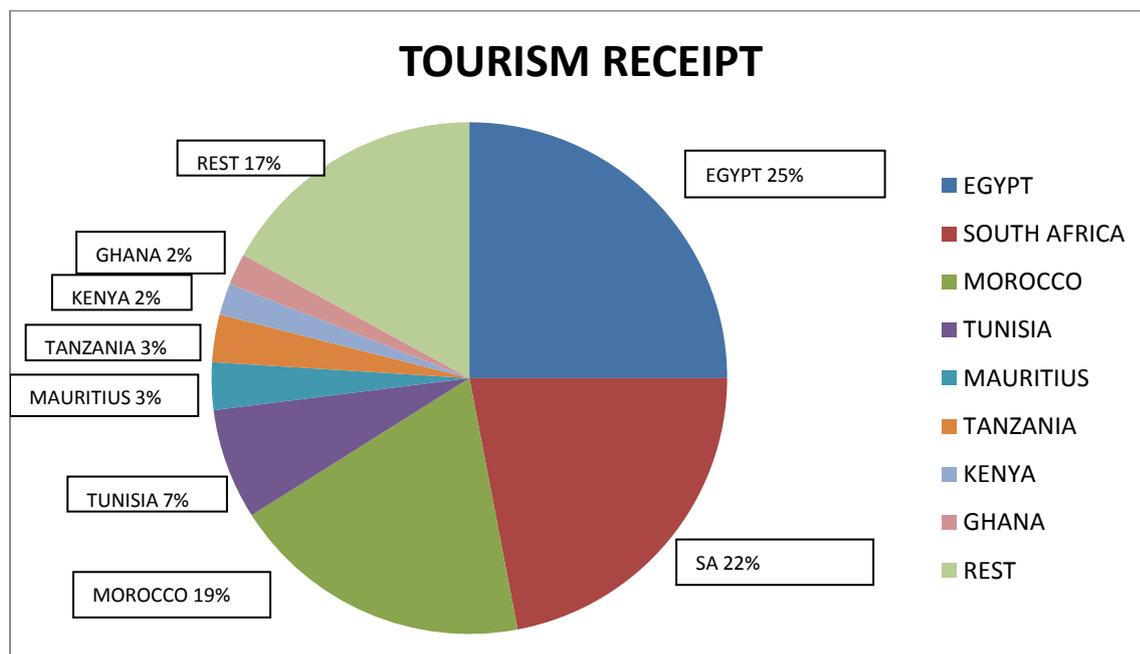
Figure 2.2: Regional share of Africa's tourism receipts, 2008



Source: UN world tourism organisation, 2009

Figure 2.2 demonstrates that out of the 3% share that Africa holds over the overall world tourism, the Southern African region, of which South Africa falls within, has 21% share second to the North African countries. This shows that tourism development is skewed regionally in Africa, with North Africa (including Egypt) attracting more than half of all tourism receipts to the continent.

Figure 2.3: Share of tourism receipts of main country destinations in Africa, 2007



Source: UN World Tourism Organisation, 2009

At 22%, South Africa has a significant share of the tourism market, however, Ishii (2009) explains that the effect of the global economic crisis on longer haul and more costly destinations which are dependent on visitors from Europe such as South Africa is evident, while shorter haul medium cost destinations like Egypt and Tunisia, that have a diversified product offer continue to do well. This point is disputed by statistics published by SAT which have recorded an increase in South African Tourist intake. SAT reports that the third quarter, July to September 2010, recorded just over 2.0 million tourist arrivals to South Africa, an increase of 11.5% (212,661) compared to the same period in 2009. Tourist arrivals increased in all the months of the reported quarter as follows: July tourist intake increased by 9.1% (57,000), August 12.6% (80,448) and September 12.9% (75,213).

Understanding the performance of South Africa as a tourist destination against performance of other countries globally, gives light to how far the industry has progressed and also how much more must be done in order for South Africa to either remain competitive or advance further up in order to gain a sustainable competitive advantage. It is important to research more on variables that will allow a strong and sustainable competitive advantage however, that kind of research goes beyond the scope of the present research initiative. Of importance thus far is to form a competitive analysis per province in order to best inform on the level of performance of Limpopo Province.

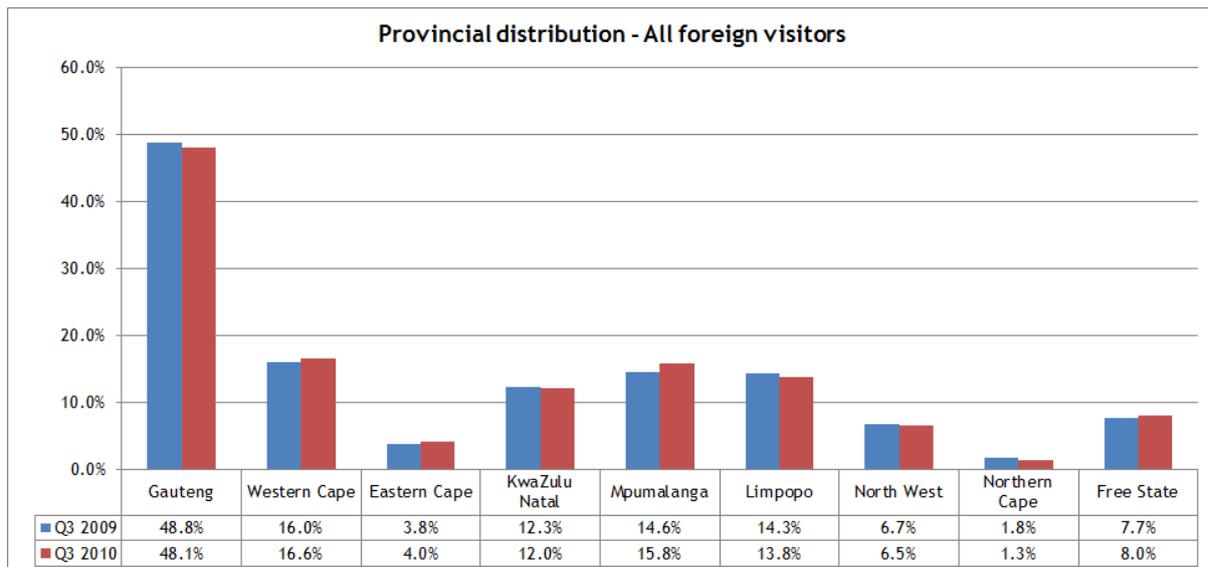
2.5. PROVINCIAL COMPETITIVE ANALYSIS

SAT views provincial distribution of tourist influx into the country on three different perspectives. Firstly, performance in terms of the highest number in distribution is based on how many foreign tourists visit one province during a certain period of time. Secondly, the distribution is based on bed nights and lastly, the distribution of value across all nine provinces (South African Tourism, 2010).

According to SAT statistics for the period of 2010 last quarter, Gauteng remained the number one most visited province with an estimated 48.1% of the total South African tourist influx. This was, however, a decline by 70 basis points compared to the third quarter in 2009. The Western Cape at 16.6% and Mpumalanga at 15.8% came in second and third place (www.statssa.co.za).

On the other hand, Limpopo Province is said to have received 14.3% of the total tourist share in the third quarter of 2009 though has since declined by 0, 5% during the same quarter in the following year. Currently, the province stands in fourth place after Mpumalanga, beating five other provinces. The following figure demonstrates the above mentioned analysis.

Figure 2.4: provincial foreign visitor distribution 2009/2010

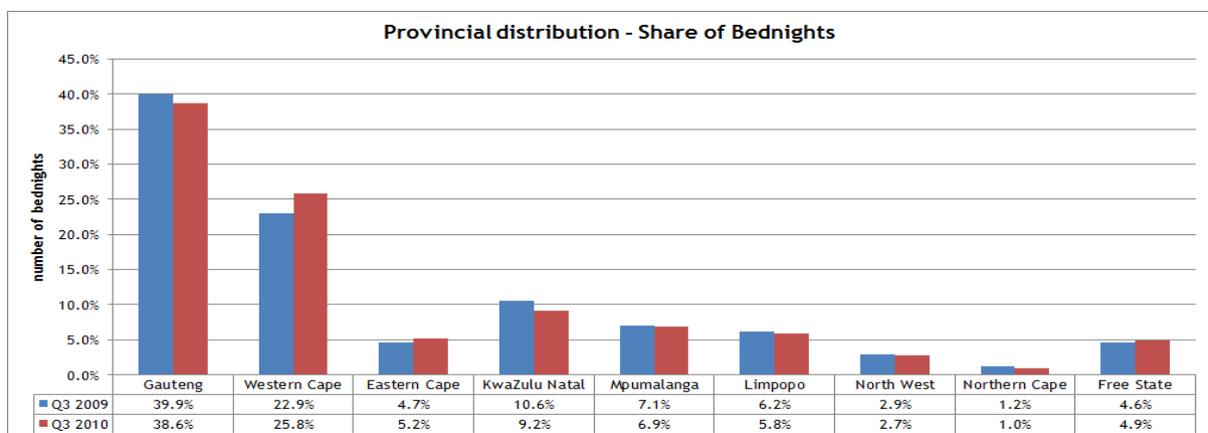


Source: South African Tourism Departure Surveys July to September

With regards to bed nights spent in the different provinces, Gauteng still leads by 38.6 % in the third quarter of 2010, although this is a decline from 2009 quarter 3 which reported a 39.9% share. The bed nights spent in the Western Cape, Eastern Cape and the Free State increased during the 2010 third quarter compared to the previous year's figures.

Unfortunately, along with all the other provinces, Limpopo Province reported a decrease in bed nights spent in the province. SAT statistics indicates that Limpopo reported a 6.2% share in 2009 but declined to 5.8 in 2010. The province currently stands on the fifth position. The following figure demonstrates the analysis above

Figure 2.5: Provincial distribution of bed nights per province 2009/2010



Source: South African Tourism Departure Surveys July to September

performance in attracting tourism. This gives an opportunity for further research to be carried out to analyse the province's possible potential with the purpose of creating and strengthening competitive leadership in tourism. The next section interrogates the literature about the origin, purposes and objectives of tourism growth and development strategies and also identifies who the major role players are within the province and their roles in implementing the strategy in question.

2.6. DEVELOPMENT AND PROMOTION OF TOURISM STRATEGY

The origin of tourism in the new democratic South Africa came about when the minister of Environmental Affairs and Tourism appointed a task team with a mandate of drafting a tourism discussion paper as a basis for a future tourism policy (<http://www.info.gov.za/whitepapers/1996/tourism.htm>). The Green Paper was released in September 1995 and was exposed to different sectorial groups to assess, comment and criticise in order to improve it into a fully-fledged white paper, the aim being to provide policy framework and guidelines for tourism development in South Africa.

The White Paper on Tourism Development was drawn in 1996 and presently there is no updated version. The White Paper highlights the importance of tourism as a sector with a potential towards a large contribution to the overall economy, as a sector capable of achieving the Reconstruction and Development Programme (RDP) objectives. The paper further highlights other benefits of tourism development to include the following:

- Creating opportunities for the small business person;
- Promoting awareness and understanding among different cultures;
- Breeding a unique informal sector;
- Helping preserve the environment;
- Creating economic linkages with agriculture, light manufacturing, and curios;
- Creating linkages with the service sectors and
- And providing dignified employment opportunities.

There are, however, constraints highlighted in the White Paper (1996:13) on the development of tourism that are said to have hampered the effectiveness of the tourism industry, which the tourism growth and development strategy sought to address. The constraints included:

- Tourism was said to have been inadequately resourced and funded
- The South African tourism private sector was said to be short-sighted with regards to the products they offered. For example, of concern to these tourism establishments, was only what the tourist experienced within the four walls of the establishment while failing to acknowledge or know how to deal with issues such as safety of the tourist outside the establishment.
- The perception of South Africa as an unsafe tourism destination due to past political unrests.
- Limited integration of local communities and previously neglected groups into tourism.
- Inadequate tourism education, training and awareness.
- Inadequate protection of the environment and its management including: unequal land distribution and landlessness; soil erosion; deforestation; water shortages and pollution as well as air pollution.
- Poor service.
- Lack of infrastructure, particularly in rural areas.
- A ground transport system not geared to service the tourism sector, and
- The lack of inclusive, effective national, provincial and local structures for the development, management and promotion of the tourism sector.

The overall vision as set out in the tourism growth and development strategy was to develop the tourism sector as a national priority in a sustainable and acceptable manner so that it can contribute significantly to the improvement of the quality of life for all South Africans (1996:35). This was planned to be done through allowing the sector to be driven by the private sector while government created an enabling environment. The government planned through this strategy to maximise involvement of communities and fostering dependent cooperation amongst key stakeholders. The condition imposed for sustainable tourism was to ensure support

for economic, social and environmental goals and policies of the government (1996:37).

From this vision, the strategy outlined its objectives around the economic objectives that sought to ensure that South African tourism generated economic growth and through optimising opportunities created for SMMEs and other emerging entrepreneurs. The economic objectives of the strategy also included aiding development in rural communities, promotion of domestic tourism, creating a conducive tourism investment climate and lastly ensuring that the tourism seasons are lengthened to avoid seasonalities. The strategy also aimed at attaining social and environmental objectives. Of importance to this research initiatives are the specific targets set out in the strategy. The targets are listed as follows:

- To increase the contribution of tourism to GDP to 8% by 2000 and 10 % by 2005.
- To sustain a 15% increase in visitor arrivals over the next ten years.
- To create 1 million additional jobs in tourism by 2005.
- To increase foreign exchange earnings of tourism, from approximately R10 billion in 1996 to R40 billion per annum in 2005.
- To welcome 2 million overseas visitors and 4 million visitors from the rest of Africa by 2000.
- To develop a tourism action plan to implement the strategies, objectives and targets of the tourism policy during 1996.
- To identify and execute at least 5 national priority tourism projects by 1998, endorsed by President Mandela.
- To establish tourism as a subject in the school curriculum by 1998 (1996:36-38).

The development and adoption of an implementation strategy for the development and growth of tourism in South Africa was reported by Ifundi ([http://myfundi.co.za/e/South African I Overview Tourism](http://myfundi.co.za/e/South_African_I_Overview_Tourism)) to cover the following key areas:

- Restructuring and transforming as well as increasing the funding base to improve effectiveness of:
 - government institutional capacity at national, provincial and local level
 - The marketing agency, South African Tourism (Satour).
- Launching a fresh promotional and marketing drive to grow tourism arrivals in South Africa and the sub-region.
- Nurturing and growing the partnership with the private sector and increasing its investment in tourism while stimulating emerging tourism business.
- Identifying infrastructure requirements to enable direct public and private sector investment in infrastructure development.
- Provision of accurate, reliable and timely tourism information for marketing, development planning and decision-making.
- Initiating programmes to increase public awareness and accelerate community ownership and involvement in tourism.

Specific literature on the review of these targets could not be found, however the following information came to light. Ifundi(<http://myfundi.co.za/southafrican/overviewtourism>) reports that SATOUR has undergone a vigorous and thorough restructuring exercise, which has seen the organisation becoming mean and lean and focused and shedding all non-core functions, thus re-establishing itself purely as a marketing arm.” This has enabled SATOUR to increase its presence and improve its profile in key tourist markets, which include the United Kingdom, Germany, France, Italy, the United States of America and the Benelux countries. SATOUR is also engaged in consolidating its presence in other markets, especially Africa, which provides over 70% of the tourists visiting South Africa. Emerging markets in other parts of the world are being developed.

Furthermore, Ifundi reported that SATOUR has transferred some of the non-core functions to either the business sector or the Department of Economic Affairs and

Tourism (DEAT). It is also reported that the DEAT has, through the recent review of the tourist infrastructure investment framework, identified priority areas of tourism infrastructure investment (PATIIs) which would allow the DEAT to develop a framework that aims at achieving maximum integration of tourism development within the broad socio-economic development planning of government. This framework focuses on key Special Development Initiatives (SDIs) as well as the development of the trans-frontier conservation areas.

In year 2001, the 2000/2001 marketing budget for SA tourism promotion increased by more than 100% with the national government having contributed R150 million. The Business Trust, which is a consortium of private sector organisations, was tasked with contributing towards job creation. It contributed R50 million, while the hospitality industry contributed approximately R25 million through voluntary levies collected by the accommodation sector. Additionally, the Treasury Department has consented to the collection of a departure tax, even though not a dedicated tax. However, this will boost the tourism promotion budget significantly (http://myfundi.co.za/e/South_African_I_Overview_Tourism).

In the area of tourism quality assurance, Ifundi reported that a new grading and classification system of tourism businesses was well underway, with the establishment of the industry-driven Grading Council. The goal of the Grading Council was said to be that of developing and determining a new regulatory framework for grading tourism establishments.

Further reports by Ifundi are as follows:

- The tourist guide registry function, through the Tourism Amendment Bill already passed by both houses of Parliament, has been transferred from SATOUR to DEAT
- Tourism, Hospitality and Sports Education and Training Authority (THETA), has enabled DEAT to transfer the management of the tourism sector management training to this new body. The three key projects under THETA's management are:

- The Tourism Learnership project, funded by the National Business Trust that aims to develop learnerships that will link education and work experience in a structured approach, leading to portable qualifications within the National Qualifications Framework.
- A “Customer Service Excellence Programme” for South Africa, aiming at improving customer service in the tourism and related industries, by implementing a world-class, high impact and affordable programme for frontline workers.
- The formation of the South African Tourism Institute (SATI) by DEAT, the Spanish government funding the project and THETA was officially launched in October 2000 with the aim of enhancing capacity building of educationists, trainers and assessors, as well as providing a research hub for improving professionalism in the field of training in the industry.

DEAT has in the past year engaged all of government in identifying key obstacles to tourism growth, with Cabinet approving a programme of action towards "unblocking delivery on tourism by government departments". iFundi reports on data dated between 1994 and 1999. Data regarding the improvement of tourism with regards to its contribution towards the GDP, on job creation, as well as the numbers of foreign arrivals has already been covered in earlier sections of this chapter.

The Development and Promotion of Tourism strategy explains broadly that there are three role players tasked for its implementation (<http://www.info.gov.za/whitepapers/1996/tourism.htm>) which are generally known as the three spheres of government which are the national government; the provincial government and the local government.

There are five key roles of national government in the implementation of the strategy

- Facilitation and implementation through the following commitments, namely:
 - The establishment of a safe and stable political and economic environment for tourism to flourish.
 - Assurance of safety and security of residents and visitors

- Facilitation and provision of appropriate incentives for private sector investment in tourism.
 - Establishment and facilitation of an enabling and appropriate legal and fiscal framework for the industry.
 - The development of a tourism culture in South Africa and the supply of skilled manpower for the industry.
 - Facilitation of an active labour market policy and an appropriate labour relations environment for the industry.
 - Allocation of appropriate financial resources for tourism development
 - Promotion of tourism as a national priority
 - Facilitation and organisation of effective marketing and promotion of the country as well as the encouragement and facilitation foreign investment
- Coordination with international, regional and provincial governments regarding all aspects of tourism development including efforts of all government departments and related government institutions in tourism-related activities as well as liaising with NGOs, labour and community organisations, training institutions, universities and other bodies related to the development of the tourism sector.
- Planning and policy-making through formulating, monitoring and updating the national tourism policy and strategy continuously in collaboration with relevant stake-holders. Planning and policy-making also include the development of integrated national tourism plans in collaboration with relevant stakeholders
- National government is also responsible for the regulation and monitoring of strategy implementation by ensuring that the application of integrated environmental management principles in land-use development proposals to facilitate sustainable utilisation of natural and cultural resources are maintained, by facilitating the sustainable and responsible development of the

tourism industry through the development of appropriate guidelines and regulatory measures and lastly, by establishing and maintaining standards of facilities and services.

- The last key role of national government is that of development promotion through the following activities,
 - Promoting the equitable development of all destinations with tourism potential, whether high, medium or marginal potential
 - Promoting the involvement of communities at appropriate levels of tourism activity
 - Promoting the spread of responsible tourism
 - As well as promoting the development of major tourism projects that will have national and country-wide impacts (e.g. trans-border protected areas).

As indicated that there are three spheres through which a delegation of authority flows through, the second sphere at which implementation of objectives are reported nationally is the provincial government. The role of the provincial government in relation to the tourism growth and development strategy has been and remains to formulate tourism policies in accordance with the national policy which are applicable to each area. Various provincial governments partner in the implementation of relevant national policies, strategies and objectives and through provincial tourism organisations, market and promote provinces as ideal tourist destinations (White Paper, 1996). The provincial government, through provincial tourism organisations such as Limpopo province agencies like Limpopo Business Support Agency (LIBSA), Limpopo Gambling Board (LGB), Limpopo Economic Development Enterprise (LIMDEV), Limpopo Tourism Parks (LTP), Trade and Investment Limpopo (TIL) and the Small Enterprise Development Agency (SEDA), have a responsibility for marketing and promoting provincial destinations against other provinces.

Accordingly, the White Paper further explains that the national and provincial tourism organisations should create strong and effective marketing strategy; to be coordinated at the national level and executed with the participation and support of the provincial organisations where international marketing is concerned.

The role of local government in implementing the overall Development and Promotion of Tourism strategy mirrors some specific provincial functions such as those of policy implementation, environmental planning and land use, product development, marketing and promotion. Specific functions of the local government include:

- responsible land-use planning, urban and rural development
- control over land-use and land allocation
- provision and maintenance of tourist services, sites and attractions, e.g. camping and caravan sites, recreational facilities (parks, historical buildings, sports facilities, theatres, museums, etc.) and public services
- provision of road signs in accordance with nationally established guidelines
- market and promote specific local attractions and disseminate information in this regard
- control public health and safety
- facilitate the participation of local communities in the tourism industry
- own and maintain certain plant, e.g. ports and airports
- provide adequate parking, also for coaches
- facilitate the establishment of appropriate public transportation services, e.g. taxi services
- license establishments in accordance with national framework
- promote and financially support the establishment of local publicity associations /community tourism and marketing organisations to facilitate, market, coordinate and administer tourism initiatives

In addition, the Development and Promotion of Tourism strategy document reports that the private sector will always play a critical role in the further development and promotion of tourism as a risk-bearer for tourism investment and customer satisfaction (1996:67). Another important benefit provided by the private sector is the involvement of local communities through the establishment by this sector of partnership tourism ventures. Other role players which do not form part of this

research focus include the labour force, communities, women, especially those in rural areas, non- governmental organisations, the media and conservation agencies (1996:68-73).

The national Department of Tourism has recently launched a strategic plan for the periods 2011/2012 and 2015/2016, which highlights newer targets and action plans. However, the plan covers nothing regarding the progress that has been made previously with regards to those previous targets set out in the Development and Promotion of Tourism Strategy of May 1996.

2.7. STRATEGIC PLAN FOR THE PERIOD 2011/12-2015/16 NATIONAL DEPARTMENT OF TOURISM

The strategic plan document tabled on 09th March 2011 mandated by the White Paper on Tourism Development and Promotion seeks to implement the very same objectives as the White Paper itself with a different set of targets. The objectives of this strategy in relation to tourism development are tabled below:

Table 2.4: Tourism Development: Strategic Objectives and Statements

Strategic Objectives	Objective statement
Create employment opportunities by implementing tourism projects targeted at the unemployed	To implement labour intensive tourism projects targeting the unemployed, youth, women and people living with disability
To contribute to skills and people development within the tourism sector	To build capacity tailored to ensure a capable workforce within the tourism sector.
Facilitate and support economic empowerment through product and enterprise development	Develop strategies to inform product and enterprise development with a deliberate bias towards rural areas
Enable and drive transformation in the sector as prescribed by the gazetted Tourism BEE Charter and the NTSS	To create an enabling environment for the private sector to achieve the Tourism BEE Charter targets and facilitate annual reporting, whilst leveraging organs of state to act in accordance with the gazetted Tourism BEE Charter and to ensure that beneficiaries take advantage of an

	enabling environment brought by the BEE compliance of both public and private sector
Key stakeholder engagement through strategic events platforms	To leverage strategic events where the department plays a strategic role, to ensure the content is aligned to the strategic objectives and mandate of the department, facilitating impactful stakeholder engagement

Source: Strategic Plan for the Period 2011/12 – 2015/16: National Department of Tourism

Highlighted on table 2.4 are only the broad objectives which almost mirror what the overall objectives that were set out in the White paper document of 1996. The document further highlights what is perceived by the department as the possible challenges that may hamper the strategy's implementation plans as well as means of mitigating against these challenges. These challenges and the means of mitigation are tabled as below:

Table 2.5: Risks and mitigating factors: Tourism development

Risks	Mitigating Factors
Fraud, corruption and conflict of interest	<p>Conduct investigation on all suspected cases and institute disciplinary measures on implicated officials</p> <p>Request legal opinion and intervention on affected cases and projects</p> <p>Introduce mandatory signing of confidentiality and interest declaration by all officials.</p>
Project failures	<p>Consultation with project stakeholders at all levels of government during the planning and implementation phase of the EPWP projects</p> <p>Consultation with legal services in respect of legal ownership aspects of the assets created by projects</p> <p>Contract signed with the Owning Agency upfront stipulating the conditions for funding and asset usage</p>
Non-availability of product development plan	Plan to be developed in 2011/2012

Non-availability of economic intelligence system to inform planning	Working closely with branch Planning, Resource ,Monitoring and Evaluation (PRM&E) to collate data
Absence of Charter Council	Engage strategic private sector partners to fast track the establishment of the council
Lack of alignment between PPPFA and B- BBEE	Develop alternative strategies for adopting B-BBEE principle within the current procurement legislation

Source: Strategic Plan for A Period 2011/12 – 2015/16: National Department Of Tourism

The strategic plan (2011:27) further documents the broad objectives for implementing growth in tourism for the same period as quoted above in table 2.6.

Table 2.6: Tourism growth: Strategic objectives and statements

Strategic Objectives	Objective statement
Provide excellent people development within the tourism sector targeting young people	Build capacity tailored to ensure capable workforce within the sector and for the youth
Create conducive environment and contribution to economic growth with decent work	Build capacity tailored to ensure capable workforce within the sector and for the youth
To improve service levels in the tourism industry	To develop new and integrated existing mechanisms to ensure a collective effort towards improving customer service levels in the tourism sector
	By facilitating the development and implementation of a consumer satisfaction framework in the tourism industry
To professionalise tourist guiding services	By implementing the tourism guiding strategy to professionalise tourist guiding
To promote responsible tourism best practice	To encourage sustainable consumption of tourism products and services

Source: Strategic Plan for the Period 2011/12 – 2015/16: National Department Of Tourism

Similarly, to tourism development, the strategic plan also tables possible challenges that may hamper the objectives set out for the growth of tourism during the specified periods. Table 2.7 documents the challenges.

Table 2.7: Tourism growth risks and mitigating factors

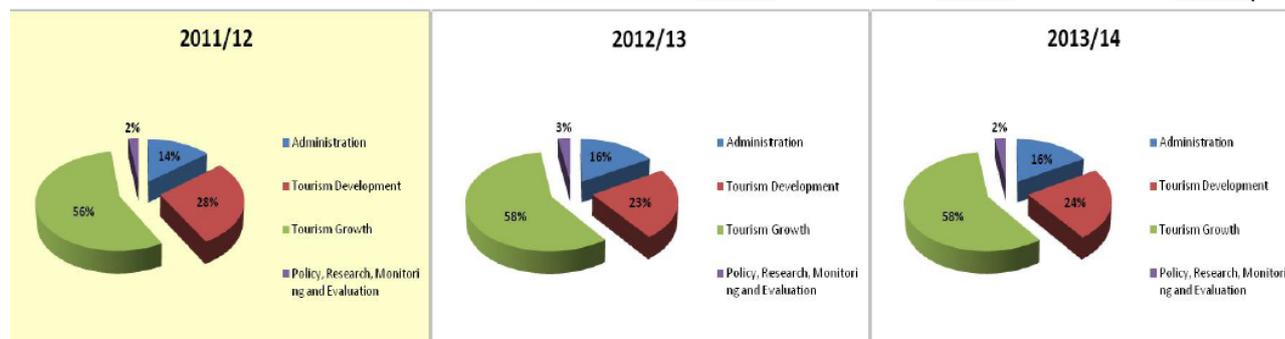
Risks	Mitigating Factors
Inadequate human resource and research capacity that partially match skills to implement the business plan.	Re-organise internal infrastructure and capacity, fund vacant posts, and re-skill current staff to match business plan requirements.
Lack of cooperation by government entities and stakeholders to support government initiatives.	Ensure early engagements and consultation of the sector and stakeholders; and the review of significance of current structures vs. beneficiation by the electorate.
Lack of buy-in and compliance by the industry with the frameworks.	Ensure formalisation of structures for collaboration and interaction between public and private sector.
Slow pace of implementing norms and standards by the sector.	Ensure the involvement of the sector in the planning of the norms and standards and shared ownership on implementation.
Universal Inaccessibility resulting in failure to facilitate access to tourist destinations.	Promulgation of regulations and implementation of Universal Accessibility (UA) Action Plan and conduct research to obtain data UA.
Lack of a minimum standard for quality control.	Implementation of the standard/guideline by the tourism sector.
Adverse climate change impact on tourism.	Ensure industry awareness and outreach programmes, capacity building, and a Tourism and Climate Change Action Plan.

Source: Strategic plan for the period 2011/12 – 2015/16: National Department Of Tourism

The strategic plan has also reported the objectives for administering this plan and its implementation, and set out specific targets with regard to each objectives above and put plans in place for the Policy, Research, Monitoring and Evaluation (PRM&E) of the strategic plan's implementation. The overall budget over the periods specified is set out in table 2.8.

Table 2.8: Departmental MTEF Baseline (Per Programme)

Programme	2011/12 R'000	% of Total	2012/13 R'000	% of Total	2013/14 R'000	% of Total
Administration	173,763	14%	208,723	16%	219,997	16%
Tourism Development	348,140	28%	299,101	23%	318,268	24%
Tourism Growth	694,074	56%	733,987	58%	774,003	58%
Policy, Research, Monitoring and Evaluation	26,899	2%	32,091	3%	33,014	2%
TOTAL	1,242,876		1,273,903		1,345,281	



Source: Strategic Plan for the Period 2011/12 – 2015/16: National Department of Tourism

Although the strategic plan has only recently been tabled, it mirrors on the original strategy for the development and promotion of tourism in South Africa and the provinces have adopted in their formulation of provincial growth strategies. The following section seeks to present the objectives of Limpopo province's Growth and Development Strategy specifically on tourism as inspired by the strategy that has just been explained.

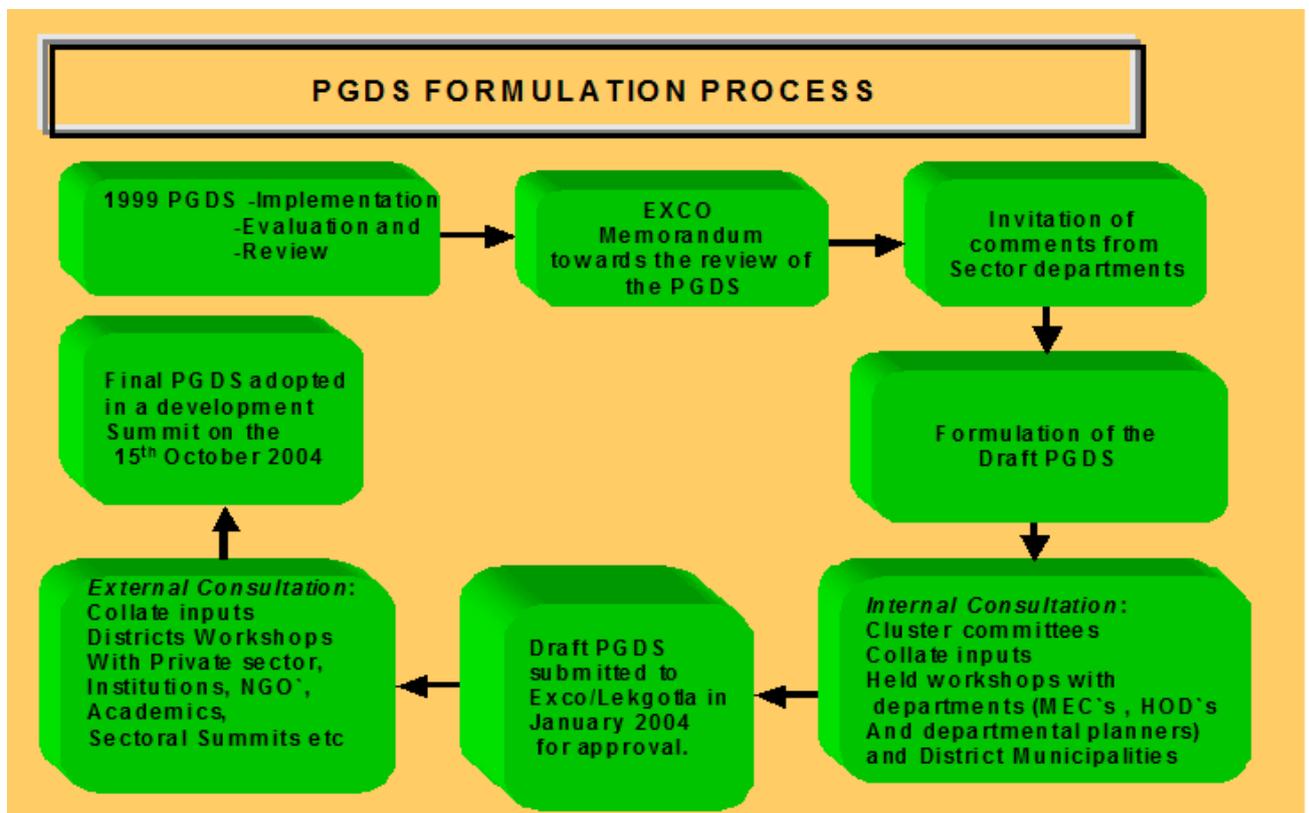
2.8 LIMPOPO PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY

Limpopo Province has, over the past ten years of freedom and democracy laid a firm foundation for prosperity and development in all respects. Furthermore, the province has developed and adopted Provincial Growth and Development Strategy (PGDS) to provide a framework for programmes that advance the growth of the economy in a manner that attracts investment, creates sustainable jobs and ultimately, improve the living conditions of the people of Limpopo (<http://led.co.za/document/limpopo-growth-and-development-strategy-2004-2014>). The PGDS is based on taking advantage of the province's competitive factor conditions in mining, agriculture and tourism to turn the economy of the province around (Limpopo provincial government, 2004). It is further expressed that the industrial value chain becomes a catalyst towards building

local economies in those competitive sectors and that this approach forms the basis of ensuring that the resources of the province are focused towards the greatest impact as well as the basis for meaningful local economic development and economic growth, aimed at bridging the divide between the first and second economy.

The Director General reports in his foreword statement (PGDS, 2004) that the Reconstruction and Development program (RDP), the National Spatial Development Plan (NSDP) underpin the strategy, and all provincial documents that have a bearing on growth and development in Limpopo. The implementation of the PGDS is said to be handled through seven industrial cluster committees, the PGDS Advisory Council, Cluster Committees and Policy Co-ordination Unit (PCU) in the Office of the Premier. The following figure gives a demonstration of how the PGDS came into being.

Figure 2.7: Provincial Growth and Development Strategy Formulation Process



Source: Limpopo provincial government, PGDS: 2004

In this strategy, the main objectives are set out to focus on:

The need to improve the quality of life of the population of Limpopo,

- Growing the economy of the province, sustainable job creation, innovation and competitiveness,
- Improve the institutional efficiency and effectiveness of government,
- Address priorities that cut across the three objectives above, such as Black economic Empowerment (BEE), HIV/AIDS-TB, poverty reduction, issues of Land and Environment etc. and attain regional integration

With regard to tourism development, the strategy does not include quantifiable targets regarding the development of tourism SMMEs in the province or enhance job creation through tourism. Tourism development cluster reported in the strategy document focuses on commercialisation of provincial game reserves, the rehabilitation of degraded landscapes, education and skills development in the tourism sector (Limpopo provincial government, 2004). Quantifiable targets are included for the development of the human resource potential within the province, reduction of poverty, an increase in investment in the province and the overall job creation. Table 2.8 and 2.9 demonstrate the targets as set forth in the PGDS.

Table 2.9: Objectives, indicators, proposed targets and associated programmes for improving quality of life

Objective	Performance indicator	Proposed Target	Programmes
Develop the human resource potential of the province	<ul style="list-style-type: none"> • Net enrolment ratio in primary education • Proportion of pupils starting grade 1 who reach grade 5 • Literacy rate of 15- to 24-year olds 	<ul style="list-style-type: none"> • Reduce the level of illiteracy from 25% to 10% by 2009, • 85% of children should have access to Early Childhood Development by 2009, • Increase the matric pass rate in the Information Communications Technologies, Mathematical, Natural, and Economic Sciences from 10% to 50% by 2009, • Achieve 100% coverage 	<ul style="list-style-type: none"> • Human resource development strategy, • Early childhood programmes, • Learners support materials,

		for learnerships according to nationally set targets from 2005 onwards, <ul style="list-style-type: none"> • At least 90% of all private sector businesses in Limpopo not falling within the SMME Sector should be partners in the development of specialised skills relevant to their businesses. 	
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Source: Limpopo provincial government, PGDS: 2004

Table 2.10: Objectives, indicators, proposed targets and associated programmes for growing the economy, sustainable jobs, innovation and competitiveness.

	Objective	Performance indicator	Proposed Target	Programmes
1	Poverty reduction	<ul style="list-style-type: none"> • These indicators overlap with those under improving the quality of life of specific communities listed under item 6 of the previous objective 	<ul style="list-style-type: none"> • At least 50% of the unemployed should be absorbed into the Expanded Public Works Programme by 2009, • All people in distress have access to support. 	<ul style="list-style-type: none"> • Co-operatives programmes, • Food security programmes, • Local economic development programmes,
2	Job creation	<ul style="list-style-type: none"> • Level of unemployment • Dependency ratio 	<ul style="list-style-type: none"> • Reduce poverty level by half by 2014, • Reduce dependency ratio from 9.39 to 4.6 by 2009 	<ul style="list-style-type: none"> • Extended public works programmes, • Co-operative programmes, • Local economic development programmes, • Irrigation development programmes, • SMME development programmes,
3	Increase investment	<ul style="list-style-type: none"> • Provincial portion of the Foreign Direct Investment in the country 	<ul style="list-style-type: none"> • Achieve investment of R8.6 billion per annum 	<ul style="list-style-type: none"> • Investment promotion, • Restructuring of state assets,

Source: Limpopo provincial government, PGDS: 2004

Tourism growth and development within the province is spearheaded by the Department of Economic Development, Environment and Tourism, the following section lists out the different role players with the mandate of carrying out the

objectives of the development and promotion of tourism strategy as well as their mandates in carrying out the implementation of this national strategy.

2.9 TOURISM DEVELOPMENT AND PROMOTION; PROVINCIAL ROLE PLAYERS

2.9.1 Limpopo Economic Development, Environment and Tourism (LEDET)

This department is the head under which other agencies receive their mandate from and seeks to draw its objectives from the national strategy.

There are four core distinct programmes that ensure the provincial department's commitment to service delivery. These include, Integrated Economic Development Services, Trade and Industry Development, Business Regulations and Governance as well as Environmental Affairs and Tourism (<http://www.ledet.gov.za>). The strategic objectives of LEDET are listed as follows:

- Job creation within a sustainable environment.
- Ensuring a healthy and fair trade.
- Growing a preferred eco-tourism destination.
- Sustainable environmental management.
- Increase in productive investment.
- Thriving enterprises in all sectors

The agencies functioning under this department are:

- Limpopo Business Support Agency (LIBSA)
- Limpopo Gambling Board (LGB)
- Limpopo Economic Development Enterprise (LIMDEV)
- Limpopo Tourism Parks (LTP)
- Trade and Investment Limpopo (TIL)
- Small Enterprise Development Agency (SEDA)

These agencies' strategic roles are listed below.

2.9.2. LIBSA

The formation of Limpopo Business Support Agency is a resultant of the Provincial Growth and Development Strategy, whose focus is to exploit opportunities in all the economic sectors for business development and promotion amongst existing and aspiring entrepreneurs in the whole Limpopo Province (<http://www.libsa.org>). LIBSA is mandated to promote enterprises in the sectors of mining, tourism, agriculture, manufacturing and construction and information communication technology into the mainstream economy. According to LIBSA, the success of the institution to drive economic development in the lifeblood of enterprises lies in its ability to grow organically in terms of geographic spread, research and development, information management systems and skilled human element. The agency provides the following core services:

- Provision of non-financial support services at no fee which include assistance in preliminary feasibility analyses of business ideas; general advisory services (mentoring and counselling); tender information dissemination; compilations of business plans and profiles, and provision of easy access to business development related seminars.
- Assistance with the marketing, distribution, processing of agricultural products
- Rural development and provision of basic infrastructures
- Contribution towards the reform of the financial and social sectors
- Democratisation and increase in community development
- Facilitation of linkages to business markets
- Facilitation of access to finance
- Facilitation of the establishment of manufacturing incubation centres
- Support and the development of cooperatives
- Other subsidiary support services offered include basic business training and technical training.

2.9.3. LIMPOPO GAMBLING BOARD

The Limpopo Gambling Board was established in terms of Section 2 of the Limpopo Gambling Act (Act No. 4 of 1996) as amended. The Board is a juristic person and is regulated among others by The Limpopo Gambling Act (Act No. 4 of 1996, as amended; The National Gambling Act (Act No. 33 of 1996), as amended; The Public Finance Management Act (Act No. 1 of 1999), as amended (<http://www.lgb.org.za/>)

The objectives of the board in its contribution towards the national strategy on tourism growth and development are as follows:

- Compliance with the law.
- Provision of appropriate leisure facilities and
- Sustainable local economic development.

2.9.4. LIMPOPO DEVELOPMENT ENTERPRISE (LIMDEV)

LimDev is a juristic body established in terms of the Northern Province Development Corporation Act No. 5 of 1994 and operates as Provincial Government Business Enterprise, entitled to make profit, as listed in Schedule 3D of the Public Finance Management Act, Act No. 1 of 1999, (as amended by Act No. 29 of 1999) (<http://www.limdev.co.za>). LimDev's mandate is to provide development finance to Small, Micro and Medium Enterprises (SMME's), to stimulate the growth and development of the Limpopo economy. The agency's main core functions are SMME finance, housing finance, property management, project development, mining project and public transport. Of interest to this research initiative, yet, is the SMME finance function. The Enterprise Development Finance Division (EDFD) within LIMDEV offers the following services:

- Business financing
- Start-up assistance finance
- Asset finance
- Working capital finance
- Bridging / Procurement finance
- BEE Finance (equity and loans)

Enterprise Development Financing provides developmental loan finance to both new and existing businesses (SMMEs) in the following sectors:

- Agro-processing
- Manufacturing
- Mining (Logistics)
- Tourism
- Construction
- Retailing
- Specialised business services
- Personal services
- Transport

2.9.5. LIMPOPO TOURISM AND PARKS (LTP)

Limpopo Tourism and Parks Board were established in terms of the Northern Province Tourism and Parks board Act No.8 of 2001. The main objective for the establishment of this agency was for the development and management of Provincial nature reserves as well as the promotion of Limpopo as a preferred tourist destination (<http://www.golimpopo.co.za>)

2.9.6 TRADE AND INVESTMENT LIMPOPO (TIL)

Trade and Investment Limpopo is the official agency for the Limpopo Economic Development, Environment and Tourism (LEDET) to market the potential and investment opportunities of Limpopo Province to local, national and international business communities (<http://www.til.co.za>). The agency is the business development network for Limpopo companies seeking to expand operations locally, and in African and other foreign markets through initiatives such as research, packaging and marketing investment opportunities, and offering a wide range of services aimed at assisting and supporting investors to establish them in Limpopo or to trade with the province. Strategic objectives for TIL are as follows:

- Seek increased added value from existing and new projects.
- Increase the Limpopo added value content of exported products.
- Create sustainable new jobs and maintain existing jobs.
- Increase equity and Broad-Based Black Economic Empowerment (BBBEE).
- Create a competitive environment in Limpopo through improved capacity and by removing obstacles to competitiveness.
- Make TIL the most effective learning organisation in Limpopo through knowledge management and sharing.

2.9.7. SMALL ENTERPRISE DEVELOPMENT AGENCY (SEDA)

The Small Enterprise Development Agency (SEDA) was established in December 2004 in terms of the National Small Business Act. This law is said to have merged the previous small enterprise development agencies namely: Ntsika Enterprise Promotion Agency, NAMAC Trust and the Community Public Private Partnerships (CPPP) into a single small enterprise support agency (<http://www.seda.co.za>). The mandate of SEDA is to design and implement a standard national delivery network that must uniformly apply throughout the country. Its role includes the support and promotion of cooperative enterprises while its functions are carried out in line with the Department of Trade and Industry's Integrated Small Enterprise Development Strategy.

The main objectives of this agency are to:

- Strengthen support for SMME's access to finance;
- Create an enabling regulatory environment;
- Expand market opportunities for specific categories of small enterprises;
- Localise small business support through a grid of seda-coordinated information and advice access points;
- Initiate a national entrepreneurship drive and expand education and training for small business, and
- Co-fund minimum business infrastructure facilities in local authority areas across the country.

Regardless of the services offered by these agencies, SMMEs including those in the

tourism sector, still struggle to sustain their businesses.

2.9.8. SMME CHALLENGES

Rogerson (2006: 71) in the study conducted in the Free State Province on SMMEs, identifies the following challenges as attributes to the failure rate in the Province: Access to finance, inadequate premises, lack of equipment and tools, Inadequate markets or marketing, theft, lack of formal registration as well as transport to name a few. Brand, Du Preez and Schutte (190: 2007) in addition report that the high rate of unemployment in South Africa affects the number of informal SMMEs as many people are forced to make a living. Tustin (2003:36) agrees with the sentiments expressed by Brand et al by observing that SMME seem to function as independent units and operate mainly to cater for basic monthly household needs. Tustin further reports that the lack of infrastructural capacity such as business premises, electricity, telephone, water, or sanitation were also observed to be hampering the development and sustenance of many SMMEs. Lack of access to communication technologies, business location of SMME, government procurement dependency, lack of business skills and experience are listed as SMMEs challenges.

Rogerson (2006:71) further observes that exposure to management experience impacts on the management skills of entrepreneurs and that, years of restrictions and control of access to entrepreneurial opportunities created a mindset focused on wage and salaried work rather than the establishment of small business and entrepreneur.

A distinction was made between established SMMEs and emerging SMMEs. Rogerson (2005:15) points out those different sets of growth constraints impinge upon the development of different kinds of tourism SMMEs. According to him, there are certain differences between growths constraints that affect established as opposed to emerging SMMEs. Established SMME entrepreneurs are said to enjoy advantage in terms of access to capital as well as high levels of social capital in terms of access to networks, sources of information and data to support their tourism business. Often, the high levels of social capital are enhanced by the high levels of education of these entrepreneurs.

According to Rogerson (2005:17) emerging SMMEs operate at a disadvantage with respect to both the enormous market power enjoyed by large tourism enterprises and the advantages of economic, social and cultural capital of established SMMEs.

The competition offered by established tourism businesses – both large and small – clearly is a major constraint upon the development of emerging businesses. The spatial pattern of emerging black-owned small-scale accommodation establishments shows that they are largely confined to the apartheid-designated spaces of townships and while this distinctive geography offers opportunities, it is also said to impose considerable limits upon the growth of these establishments because they do not attract the wider mix of business as well as leisure tourists that visit the parallel accommodation establishments as operated by established SMME entrepreneurs. Features of similarity that Rogerson observed relate to the new surge of establishment growth post-1994, high levels of women entrepreneurship and a striking parallel in terms of a high proportion of entrepreneurs over the age of 50 years. Education levels of emerging tourism SMME entrepreneurs are relatively high with many entrepreneurs with tertiary qualifications and several former nurses and teachers amongst the ranks of the new tourism entrepreneurs.

Providing a backdrop under which SMMEs in the tourism sector operates against the set objectives of the tourism growth strategies does not provide satisfactorily towards measuring the implementation of such objectives to assist SMME success in sustainability. It is of significance to establish how the tourism growth objectives have been implemented as well as report on the outcomes of expected results. The Department of Economic Development, Environment and Tourism have published an annual report for the financial year of 2010/11 which presented the outcomes on set objectives that have governed the various tourism related agencies in Limpopo Province. The following section explains

2.10 Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

The departmental planning trajectory for the department for the financial year 2009/2010 was informed by the medium term strategic framework and so was the implementation of agreed plans. According to the Limpopo Economic Development, Environment and tourism Department (LEDET), The department was established in terms of the Constitution of the Republic of South Africa, Act 108 of 1996 and is governed by the Endeavour to achieve the strategic goals which are regulated and guided by amongst others, the following broad legislative and policy mandates:-

- Medium Term Strategic Framework
- Provincial Growth and Development Strategy
- White Paper on the Development and Promotion of Tourism in South Africa
- Tourism Growth Strategy for Limpopo

As mentioned before, the mandate of the Department is to develop the Provincial economy and to promote and manage environmental and tourism activities according to the following six strategic goals:

- Job creation through a sustainable environment
- Ensuring a healthy and fair trade
- Positioning Limpopo as the preferred eco-tourism destination
- Creating a sustainable environmental management
- Increasing productive investment as well as thriving enterprises in all sectors (LEDET Annual report 2010/11,7:2010)

In order to chart a work plan for the implementation of these strategic goals through the various agencies, the department sub-divided the work programs into four. The following table summarises.

Table 2.11: **Summary Programme Structure**

Program (s)	Sub-Program (s)
1. Administration	1. Corporate Services 2. Information Management 3. Financial Management
2. Economic Development	1. Economic Planning and Research 2. Integrated Economic Development Services 3. Trade and Sector Development 4. Business Regulation and Governance
3. Environmental Affairs	1. Environmental Trade and Protection 2. Biodiversity and Natural Resource Management
4. Tourism	1. Tourism Planning and Community Environment Development (CED)

Source: Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

Although for further research, it may be vital to focus on the administration of the overall department as well as the environmental affairs, the focus in this section of the research will only be on the sub-programs that focus on the implementation of the growth and development strategies for tourism SMMEs as per the research delimitation. The programs under review are the Economic Development program as well as Tourism program. The following sections will present the two programs comprehensively by explaining each sub-program's measurable outputs against what has been implemented during the reported financial year of 2010/11.

2.10.1. PROGRAMME 2: ECONOMIC DEVELOPMENT

- SUB-PROGRAMME1: ECONOMIC PLANNING AND RESEARCH

The purpose here is that of speeding up growth and transforming the economy to create decent work and sustainable livelihoods in Limpopo province through the provision of professional economic planning and the undertaking of appropriate research on economic growth and development. Tabled below, are the results on the performance targets against the actual performance.

Table 2.12: Economic planning sub-program

Sub-programs	Outputs	Output Performance Measures/Service Delivery Indicators	Actual Performance Against Target	
			Target	Actual
Economic Planning	To transform the economy and build up national economic capacity to accelerate growth to an average rate of 5% by the second half of the mandate period	Provision of an integrated economic planning and research agenda	<ul style="list-style-type: none"> - Implementation of the approved industrial clusters - Availability of the growth fund 	<ul style="list-style-type: none"> - Implementation of industrial clusters is awaiting the establishment of the growth fund - R 90 million has been secured for the Growth Fund for 2010/11 financial year, however the directorate is in the process of establishing a growth fund management to operationalising the fund

Source: Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

As reported in the table above, the targeted outcomes were not achieved fully where the economic planning was concerned. The implementation of the approved

industrial clusters as targeted, were dependant on the growth fund which was secured however the fund management had not been established.

Table 2.13: Economic research sub-program

Sub-programs	Outputs	Output Performance Measures/Service Delivery Indicators	Actual Performance Against Target	
			Target	Actual
Economic Research	To transform the economy and build up national economic capacity to accelerate growth to an average rate of 5% by the second half of the mandate period	Provision of an integrated economic planning and research agenda	Availability of credible research reports	Research Projects on hold

Source: Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

As reported above, the sub-program on economic research in order to transform the economy to accelerate growth was halted. Reasons pertaining to this were not provided. The benefit for economic research in this regard would have assisted in the economic planning of the province based on credible information.

- **SUB-PROGRAM 2: INTEGRATED ECONOMIC DEVELOPMENT SERVICES**

The purpose for the integrated economic development services is to create an enabling environment for SMME's and Cooperatives to succeed in order to improve the quality of life of the people of Limpopo Province. This can be measured through the following objectives,

- The promotion and facilitation of economic empowerment through SMME's and Cooperatives
- The promotion and facilitation of economic empowerment through BBBEE
- The promotion and creation of awareness among SMME's and Cooperatives
- The Increase in the number and contribution by small enterprises to the Provincial economy.

Tabled below are the reported outcomes

Table 2.14: Enterprise Development sub-program

Sub-programs	Outputs	Output Performance Measures/Service Delivery Indicators	Actual Performance Against Target	
			Target	Actual
Enterprise Development	Above average economic growth, jobs and skills levels	To develop and implement strategies for supporting enterprises in order to increase the number of, and contribution by small enterprises to the provincial economy, jobs created, and skills levels	6 000 SMME'S and cooperatives assisted: Financially and non financially	<ul style="list-style-type: none"> - Cooperatives supported financially and non-financially to establish, grow and increase skills levels as follows: - Various support programs: - LIBSA: <ul style="list-style-type: none"> ✓ Registration – 7000 ✓ SMME Incubation – 316 ✓ Business Training – 3729 ✓ Technical Training – 1830 ✓ Business plans developed – 91 ✓ Bids – 60 amounting to R7 860 629.00 ✓ DTI 5 Cooperatives amounting to R1 387 870.00 ✓ Walk in Clients – 42771 ✓ Access to Finance: ✓ LIBSA assisted SMMEs with business plans and to access 63 loans amounting to R10 444 876.00 - LimDev Loans approved – 95 amounting to R17 033 511.08 - DTI 2 SMMEs amounting to R390 412.00 - Walk in Clients – 42771 - Access to Finance: - LIBSA assisted SMMEs with business plans and to access 63 loans amounting to R10 444 876.00 - LimDev Loans approved – 95 amounting to R17 033 511.08

Source: Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

The measurable objectives are put forth in the table above however the data is subjective. The targeted outputs are not broken down in a manner that is comparable with the actual performance therefore cannot be measured adequately..

Sub-programs 3 and 4 on Business Regulation and Governance as well as Trade and Sector Development are omitted due to their broad nature on the overall development of Tourism SMMEs and the indirect benefit realised. Further research is however recommended.

The following section presents data relating to Tourism as outlined on table 2.11, program 4.

2.10.2. PROGRAM 4: TOURISM

• SUB-PROGRAM 1: TOURISM PLANNING AND COMMUNITY ENVIRONMENT DEVELOPMENT

The purpose of LEDET in tourism planning and community environment development is to ensure the development, promotion and regulation of tourism and provide community environmental development support services by implementing the following measurable objectives

- Enhancing economic development and investment through the implementation of the Provincial Tourism Growth Strategy
- Ensuring that tourism business development are established within provincial nature reserves.
- Positioning Limpopo Province as a competitive tourist destination within the SADC region.
- Enhancing transformation of the tourism industry & equitable redistribution of tourism opportunities.
- Implementing the Tourism BEE Charter & Scorecard
- Developing a Tourism Culture in the Province
- Ensuring compliance to regulations in the tourism industry.
- Enhancing environmental governance through supporting local government to the implement environment programmes
- Implementing environment awareness and environmental education programmes to enhance environmental knowledge and responsible natural resource use as well as participating and complying with international environmental agreements.

Table 2.15: presents the report on the implementation of the measurable objectives as set out above based on the targeted outcomes against the actual performance.

Table 2.15: Tourism Planning Sub-program

Sub-programs	Outputs	Output Performance Measures/Service Delivery Indicators	Actual Performance Against Target	
			Target	Actual
Tourism Planning	Create a favourable environment for growth and investment by maintaining a stable macroeconomic environment and addressing the constraints to growth.	2% Increased domestic and international tourist arrivals and economic investment through implementing the tourism growth strategy	New five year tourism growth strategy in place	<ul style="list-style-type: none"> - Revised 5 year Provincial Tourism Growth Plan finalized for implementation. - 2nd phase Parks upgrading for Rust De Winter and Doorndraai dams completed. - Escarpment destination plan developed - Golf & Game domestic and international packages officially launched and operational involving Zebula, Entabeni, Euphoria and Elements. - Waterberg Meander Route launched and operational
			Marketing strategy in place to increase the: <ul style="list-style-type: none"> - number of domestic & international visitors , - tourist spend, and - Length of stay - Through implementing the tourism marketing strategy. - Marketing partners established with the Tourism Industry and SADC. 	<ul style="list-style-type: none"> - Destination Limpopo aggressively marketed through trade shows at - Indaba Tourism Show in May 2009 (Durban), Destination Limpopo aggressively marketed through shows and exhibitions at Kyalami Adventure Show and Getaway Show for domestic market - Southern African Show in the USA for international buyers, WTM in London and ITB in Germany for international buyers. - Trade workshops to emerging markets conducted in Johannesburg (Spotlight) Cape Town (Travel People) and Pretoria (Spotlight). Hosted in partnership with SAT, SATSA and Ba - Phalaborwa Tourism Association the speed-marketing workshop involving the Tourism channel. - Successfully marketed & hosted the 5th annual Limpopo Marula festival held over four days (20th, 25th, 26th and 27th February 2010) in Phalaborwa. The event attracted in excess of 25000 participants and spectators injecting over R10 Million in the economy

				<p>of Ba- Phalaborwa Municipality over three days.</p> <ul style="list-style-type: none"> - Facilitated the official launch of the Golf & Game International packages involving Zebula, Elements, Euphoria and Legends between the 17th & 19th March 2010 attracting 120 international Media, Tour Operators, Golf Experts, Consultants and Heads of Companies Launched the Zambezi packages during the ITB show in Germany in March 2010. - Hosted a total of 39 Trade and Media educational comprising of Irish media, Holland Trade and African Trade to increase their awareness on the Limpopo products.
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Source: Limpopo Province Economic Development, Environment and Tourism Annual Report 2010/11

Applicable regulations regarding the presentation of annual reports requires that the Auditor- General (AG) produce audit reports on all government departments, public entities, municipalities and public institutions. Over and above these entity-specific reports, the audit outcomes are analysed in general reports that cover both the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA). This is to ensure that published reports are done according to regulations and that the information is credible.

www.agsa.co.za/Portals/1/87757%20STRATEGIC%20PLAN%20REPORT.pdf

The following section presents the Auditor- General observations regarding the LEDET annual report.

2.11 REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2010

The following criteria were used to assess the usefulness of the planned and reported performance (LEDET annual report 2010/11: 63,2010)

- **Consistency:** Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?

- **Measurability:** Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

- Reported information was not consistent with planned objectives. The department has not reported on some of its performance against predetermined objectives which is consistent with the approved strategic and annual performance plan
- Planned and reported performance targets are not measurable; The percentages were not accompanied by baseline numbers to facilitate the monitoring of service delivery.
- Planned and reported targets were not time bound in specifying the time period or deadline for delivery for Economic Development sub-programs

The following criteria were used to assess the reliability of the planned and reported performance:

- **Validity:** Has the actual reported performance information occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- **Accuracy:** Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately.

The following audit findings relate to the above criteria and are reported as follows:

- Planned performance measures, indicators and targets were not included in the annual performance plan
- Performance measures, indicators and targets reported in quarterly reports not included in the annual performance plan.

2.12 CONCLUSION

This chapter sought to interrogate the body of literature related to tourism SMME in terms of sustainability of growth and development and also to explore the possibilities that exist in promoting for the benefit of the communities living in touristic areas and the challenges these communities face, which is the gap in the economic environment.

The following chapter covers the research methodology. In this chapter, the researcher sought to define the scope of the research; the assumptions under which this research was conducted; the population and sampling methods used for the collection of data. Furthermore, the researcher described the method used to collect; present and analyse the data.

CHAPTER 3 RESEARCH DESIGN AND METHODOLOGY

3.1. INTRODUCTION

In the previous chapter, an interrogation of the body of literature that is of relevance to the study was presented. The gap in the economic environment that to a great extent forms the basis of this research initiative was brought to the fore demonstrating the significance of this study.

This chapter aims to present the methods used for the collection of data relevant in answering the research questions. Esternberg (2002:211) is of the opinion that the methods used in conducting an enquiry should be clear and easy to follow such that someone other than the researcher will be able to replicate. The same sentiment is shared in this research initiative. The researcher has followed a method that not only assisted in collecting the most appropriate data necessary to address the research questions, but has kept it as simple and as easily replicable as possible.

3.2. SCOPE OF THE RESEARCH

As explained in the delimitation of study section in chapter one, the scope of this research initiative did not go beyond the geographical boundaries of Polokwane. The reasons behind this decision were based on limitation imposed by the researcher's resources and also due to the concentration of data within the city, making it possible to gather sufficient data for the research initiative. Polokwane is the capital of Limpopo Province and all the provincial departments including those relevant for this research initiative are located in the city. Because the attraction of investment into the province is mainly in the capital city, Polokwane harbours many tourism outlets such as bed and breakfasts, guesthouses, lodges, hotels travel agencies and many other relevant establishments. The research initiative has also not attempted to cover too broad a spectrum of tourism outlets, but has focused on the small accommodation outlets that can be classified under the SMME sector and travel agencies that fall under the same sector. The researcher abstained from including any tourism transportation businesses as it was deemed that there are vague boundaries between the normal transport business that caters for residents and

those that are purely tourism transport businesses making it difficult to quantify the correct extent of support necessary.

3.3. ASSUMPTION

The research initiative was conducted under the following assumptions

- Strategies implemented or piloted to develop tourism SMMEs in Polokwane can be adopted and implemented in a modular fashion in the rest of Limpopo Province if found to be effective.
- All major challenges faced by tourism SMMEs in Polokwane are similar to those experienced by other tourism SMMEs in other parts of Limpopo Province.
- The number of tourism SMMEs that will be selected as a sample for this research initiative will be representative of the whole population of tourism SMMEs in Polokwane.

3.4. RESEARCH DESIGN

Qualitative and quantitative research methods were applied in conducting the present research. The objective of the study sought to investigate how the provincial tourism growth and development strategies have been implemented to curb constraints and support growth and sustainability of tourism SMMEs in Limpopo Province. Leedy and Ormond (2005: 95) explain that qualitative research is explorative in nature and seeks to understand phenomenon under study. In the present study, the phenomena under study are:

- The growth and development strategies put in place by government for the benefit of tourism SMMEs;

- How these strategies are adopted and implemented by the government and supporting structures in Limpopo, and
- How the beneficiaries of these strategies are benefiting from them.

3.5. QUESTIONNAIRE DESIGN

Quantitative research method was used by way of a questionnaire. The design of the questionnaire was in such a way that most questions are closed- ended to allow the researcher to quantify and categorise the different responses using numbers. For an example, it was uncovered in each role player's strategic plan that the services offered by each were limited to a certain number. Therefore, the SMMEs were able to choose from the list of services which they benefited from in a quantifiable manner, which then made it easier for the researcher to analyse the data.

The decision for the adoption of a quantitative research technique through the administration of the questionnaire, was based on the notion that in order to explore the challenges of the targeted beneficiaries of the growth and development strategies, feedback had to be gathered primarily.

The questionnaire was designed in such a way that it was not long enough to discourage the participation of the respondents and not short enough to disadvantage the research exercise and limit the quantity of the information necessary for an adequate research report.

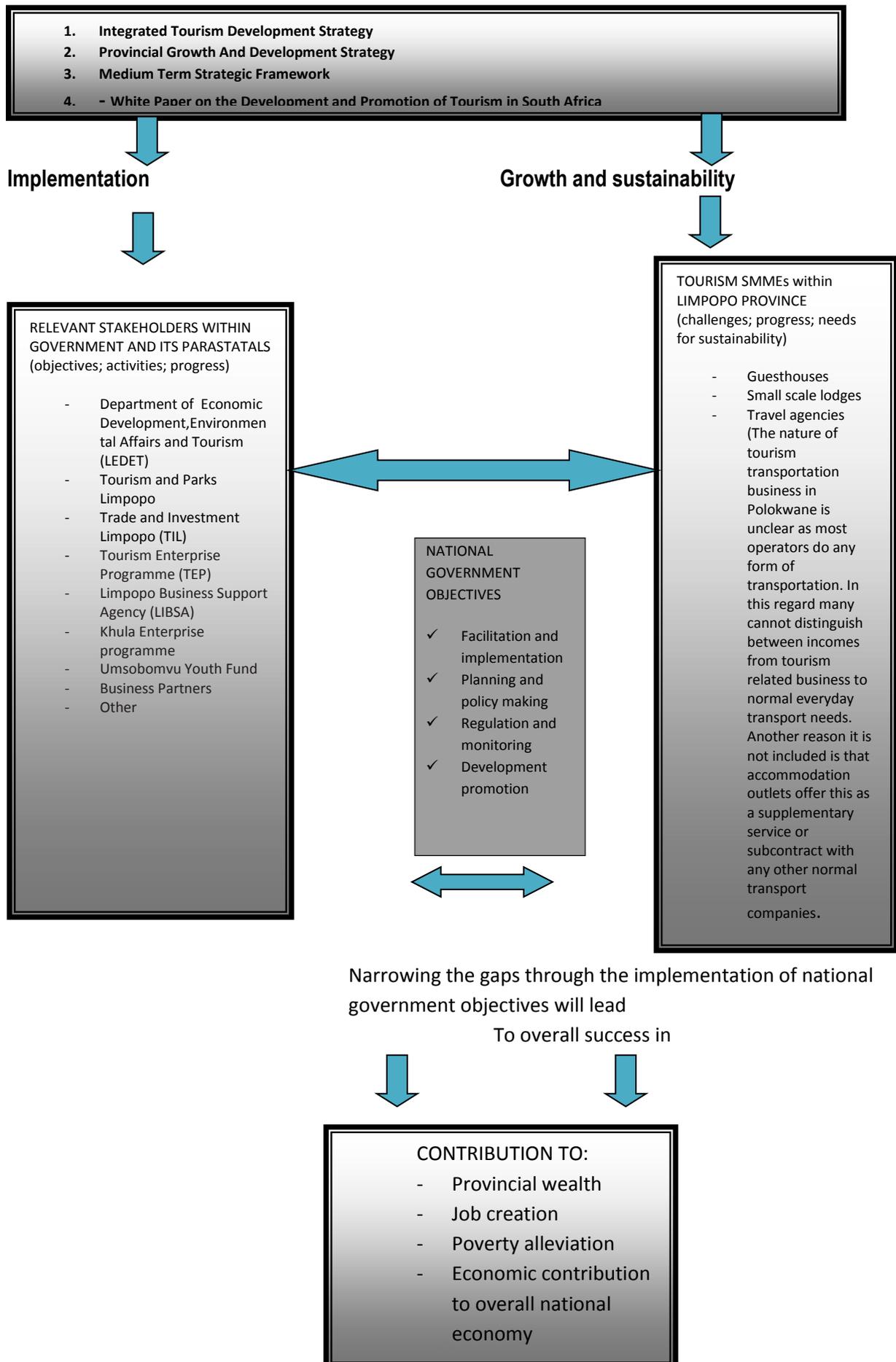
The coloumn-style format was undertaken to limit the number of pages per questionnaire. the first part of this questionnaire was titled and explained to immediately capture and provide understanding to the respondents about the main reasons behind the research, furthermore, assurance was given to the respondents regarding the treatment of the information they would provide.

Questions 1 through to 4 sought to profile the beneficiaries of the said growth strategies. Questions 5 and 6 sought to establish what the respondents observed to be their challenges in sustaining their establishment. The rationale behind the

questions was to establish whether there is any truth to the literature regarding the challenges of the tourism SMMEs. Furthermore, the literature reported that many SMMEs raised start-up capital from any other sources than from the government, question 6 was aimed at establishing any truth from that notion. Questions 8 through to 11 sought to establish whether the activities surrounding the implementation of the growth and development strategies are channelled to the tourism SMMEs. Finally, questions 12 and 13 aimed to acquire feedback from the respondents with regard to their level of satisfaction on services that are being implemented to support the growth and sustainability of their establishment as well as to acquire the recommendations on the improvement of such support services.

The diagram below provides a summary of the research study as observed and carried out by the researcher.

Figure: 3.1 VISUAL REPRESENTATION OF THE OVERALL RESEARCH REPORT



1. Integrated Tourism Development Strategy
2. Provincial Growth And Development Strategy
3. Medium Term Strategic Framework
4. - White Paper on the Development and Promotion of Tourism in South Africa

Implementation

Growth and sustainability

- RELEVANT STAKEHOLDERS WITHIN GOVERNMENT AND ITS PARASTATALS (objectives; activities; progress)
- Department of Economic Development, Environmental Affairs and Tourism (LEDET)
 - Tourism and Parks Limpopo
 - Trade and Investment Limpopo (TIL)
 - Tourism Enterprise Programme (TEP)
 - Limpopo Business Support Agency (LIBSA)
 - Khula Enterprise programme
 - Umsobomvu Youth Fund
 - Business Partners
 - Other

TOURISM SMMEs within LIMPOPO PROVINCE (challenges; progress; needs for sustainability)

- Guesthouses
- Small scale lodges
- Travel agencies

(The nature of tourism transportation business in Polokwane is unclear as most operators do any form of transportation. In this regard many cannot distinguish between incomes from tourism related business to normal everyday transport needs. Another reason it is not included is that accommodation outlets offer this as a supplementary service or subcontract with any other normal transport companies.)

- NATIONAL GOVERNMENT OBJECTIVES
- ✓ Facilitation and implementation
 - ✓ Planning and policy making
 - ✓ Regulation and monitoring
 - ✓ Development promotion

Narrowing the gaps through the implementation of national government objectives will lead

To overall success in

- CONTRIBUTION TO:
- Provincial wealth
 - Job creation
 - Poverty alleviation
 - Economic contribution to overall national economy

The first section in figure 3.1 outlines the strategies put in place by government to develop and grow both the tourism SMMEs in Limpopo Province with specific focus on Polokwane as the capital city. In this section, the researcher engaged in an explorative study to uncover the role and objectives of the strategies.

The second section going anti-clockwise outlines the different role players in advancing the strategies outlined. The different government departments and parastatals that play a role in interpreting and implementing plans to achieve the objectives of the growth and development strategies are listed. As per delimitation of this research effort, only that which applies to developing and growing the tourism SMME in Limpopo Province with special reference to Polokwane was researched. In this section, the researcher was able to interrogate the different strategic plans of each of the role players and conclude on each role player's targets and objectives in implementing the strategies set above in section 1.

The third section in Figure 3.1 which fits between the list of beneficiaries and the governmental agencies, are the National Government objectives. The provincial and local spheres of government seek to implement these core objectives through the creation of measurable goals that are discernated through the governmental agencies under the leadership of the Economic Development, Environmental Affairs and Tourism. These objectives as well as the annual report for the period of 2010/11 were presented in the literature review

The fourth section lists the beneficiaries (tourism SMMEs) of the growth and development strategies. The focus was on feedback attained regarding the effectiveness of the strategies in addressing the challenges of this targeted group. The researcher was able to link the objectives of the role players represented in section 2 in the implementation of the strategies, with the challenges of the tourism SMMEs in Polokwane thus determining if the current objectives are truly addressing the challenges facing tourism SMMEs. This was possible through the administering of a questionnaire that allowed the respondent to offer feedback on the effectiveness thereof.

The last section in Figure 3.1 indicates the overall benefits should the strategic plans by the role players listed in the second section best address the challenges of the

SMMEs in the third section, with the goal of sustaining and growing the tourism SMME sector. These benefits include: provincial wealth creation, poverty alleviation, job creation as well as the overall contribution towards the national economy.

3.6. STUDY POPULATION AND SAMPLE

There are currently 111 bed and breakfasts, guesthouses and lodges in Polokwane. A distinction of these accommodation outlets was not made by type, but was made with regard to the SMME category each fell under. The researcher opted for a simple random sample in which a list provided by the Limpopo Tourism Parks (LTP) of all registered overnight accommodation outlets was used. Thirty percent of the total population was used as a sample size in which every second name registered was chosen. There are only 7 travel agencies in Polokwane and the researcher opted to select the whole population as a sample size. Respondents were communicated with telephonically to seek permission after which questionnaires were emailed to each and a fax2email number was provided for response. In other instances where there was no infrastructure in place to collect data via email, or respondents did not know how to respond to the questionnaire in an effective manner, the researcher personally visited the respondents and administered the questionnaire.

3.7. DATA COLLECTION

The method used for data collection included firstly, gathering secondary data through engaging in a literature review specifically related to the SMME and tourism sector on a broader perspective, and then narrowing it down to focus specifically within the scope of the research. The different stakeholders' strategic plan documents were studied to uncover implementation plans towards achieving the overall objectives of the broad strategies. Through this, the researcher was able to determine how each stakeholder interpreted their roles in achieving the overall objectives of both the national and provincial strategies. The research questions as well as the strategic plans of the role players were crucial in the formulation of the questionnaire in that respondents were asked questions relevant to the objectives as

set out in the strategic plans as well as those related to the applicable research question.

Primary data were collected through questionnaires which were handed out to the sample group of beneficiaries. The goal was to investigate the effectiveness of the growth and development strategies on offer in addressing the challenges of the tourism SMMEs, thus creating sustainability. The researcher took care in determining what data were needed to answer the research questions and where these data would be located. The researcher also took care in ascertaining that data would be availed for the research initiative through seeking permission from the necessary authorities, (refer to permission letter in annexure section). Care was taken in ensuring that the research was conducted in an ethical manner and treated the data with the utmost confidentiality.

3.8. DATA PRESENTATION AND ANALYSIS

Data were presented in such a way that ease of analysis would be possible. The questionnaire was only three pages long and the questions were designed in such a way that the respondents would not be reluctant to complete the whole questionnaire. Closed-ended questions which required a *Yes* or *No* responses were used consistently and in an unambiguous manner. A Likert scale was used where the response would not be concrete to obtain a sense of the confidence of the respondents. Furthermore, lists of objectives or services of the different governmental role players were included in the questionnaire for the respondents to choose from in order to limit the scope of responses where direct response is necessary. Furthermore, the researcher took care in ascertaining that should there be a strong feeling amongst respondents to add their own comments, they could do so in the *Other: Specify* sections. Lastly, the researcher allowed the respondents as the targeted beneficiaries to recommend ways for improvement. This section of the questionnaire was designed deliberately to assist the researcher to draw recommendations that are on par with what the industry deems crucial.

Data analysis took a simple format. Each question in the questionnaire was analysed according to percentages in order to demonstrate the general feedback of the overall sample. Where there are general views such as in the additional sections where the respondents specified additional items, the researcher listed the information as provided in the questionnaires. Information collected regarding recommendations by the respondents was utilised more directly to form recommendations for the study.

3.9. CONCLUSION

This chapter covered the research methods used for the overall research initiative. The study scope was defined more comprehensively than in the first chapter. The assumptions under which this research was conducted were stated in order to ensure the correct context for the overall study. The research design was demonstrated by way of a visual representation with different subsections explained for easier understanding. The study population was defined as well as the method of sampling adopted by the researcher. Data collection methods were explained as well as how the data were presented and the researcher explained in synoptic fashion how the received data were analysed.

The following chapter analyses the data collected with the aim of reaching a conclusion and drawing up recommendations.

CHAPTER 4 ANALYSIS AND INTERPRETATION OF DATA

4.1. INTRODUCTION

Chapter 3 presented the methodology used in the collection of data. This chapter analyses and interprets the findings from data collected in order to answer the research questions, thus enabling the researcher to reach a certain conclusion and provide sound recommendations.

The analysis of data will be presented in a systematic way. Each section will define data collected from the questionnaire and analyse it by use of percentages followed by a graphs and charts for simpler visual representation of the findings. Interpretation of the findings from collected data as well as the literature reviewed will conclude the chapter.

As indicated in chapter 3, there are 111 registered accommodation outlets of which an approximate 28% (31) no longer exist. In essence, only 80 registered accommodation outlets exist. The researcher could not establish the reasons for the closure of those that no longer exist. Thirty percent (24) of the 80 registered and existing accommodation outlets was targeted as a sample size for this research initiative. The total number of questionnaires that were returned was 87.5% (21).

There are only 7 travel agencies that are registered with Limpopo Tourism and Parks Board (LTP). The researcher opted to target the whole population, and 100% response rate was achieved. The results are presented in the following section.

4.2. DEMOGRAPHICAL BACKGROUND

The total number of responses came to 28, of which 21 were accommodation outlets and 7 were travel agencies. All tourism businesses fell into the SMME sector. However, a predominant number fell into the micro enterprises at 42.9%. Micro enterprises are described as those enterprises that employ between 1 and 5

employees usually family members. They have no licence and have a turnover below the VAT registration of R300 000 per annum. This group has the highest potential to become a viable small business which can employ between 10 and 100 employees. The lowest percentage at 10% falls under the survivalist enterprises of the SMME categories. These basically fall under the informal sector of the economy. The following table provides a synopsis, while question 2 in the questionnaires (found in appendices) provides the definition of each category of the SMME.

TABLE: 4.1 SMME category of Tourism SMME sample

Category of SMME	Frequency	Percent
Survivalist enterprises	3	10.7
Micro enterprises	12	42.9
Very small enterprises	9	32.1
small enterprises	4	14.3
Total	28	100.0

To establish the eligibility of the respondents in receiving priority in benefits from government programmes aimed at HDI's (Historically Disadvantaged Individuals), the researcher categorised respondents to reflect this status. HDIs are defined as those South African citizens who, due to the apartheid policy that had been in place:

- had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 110 of 1983) or the Constitution of the Republic of South Africa, 1993, (Act No 200 of 1993) ("the interim Constitution); and/or
- who is a female;
- And/or who has a disability, provided that a person who obtained South African citizenship on or after the coming to effect of the Interim Constitution (<http://www.phforums.co.za/f32/historically-disadvantaged-individual-22213/>).

Of the selected sample, 78. 6% of the tourism SMMEs is female. Out of the total 28 businesses, 50% are owned by black individuals while the other 50% are non-black.

Further to these findings, the sample indicates that 7.1% have a form of disability and 25% are owned by the youth.

The findings also make known that a sizeable number at 67.9% of the tourism SMMEs have had formal training relating to the running of their tourism establishment, while a predominant number has national degree as the highest qualification held in their businesses. Table 4.2 provides a synopsis of the demographical data.

TABLE 4.2 Demographical data on tourism SMME sample

Gender		Race		Disability status		Age category		Related training		Qualifications	
	%		%		%		%		%		%
Male	21.4	Black	50.0	Abled	92.9	Youth	25	Yes	67.9	Secondary school	7.1
Female	78.6	Non black	50.0	Disabled	7.1	Adult	75	No	32.1	Certification	10.7
										National diploma	32.1
										National degree	42.9
										Other	7.1

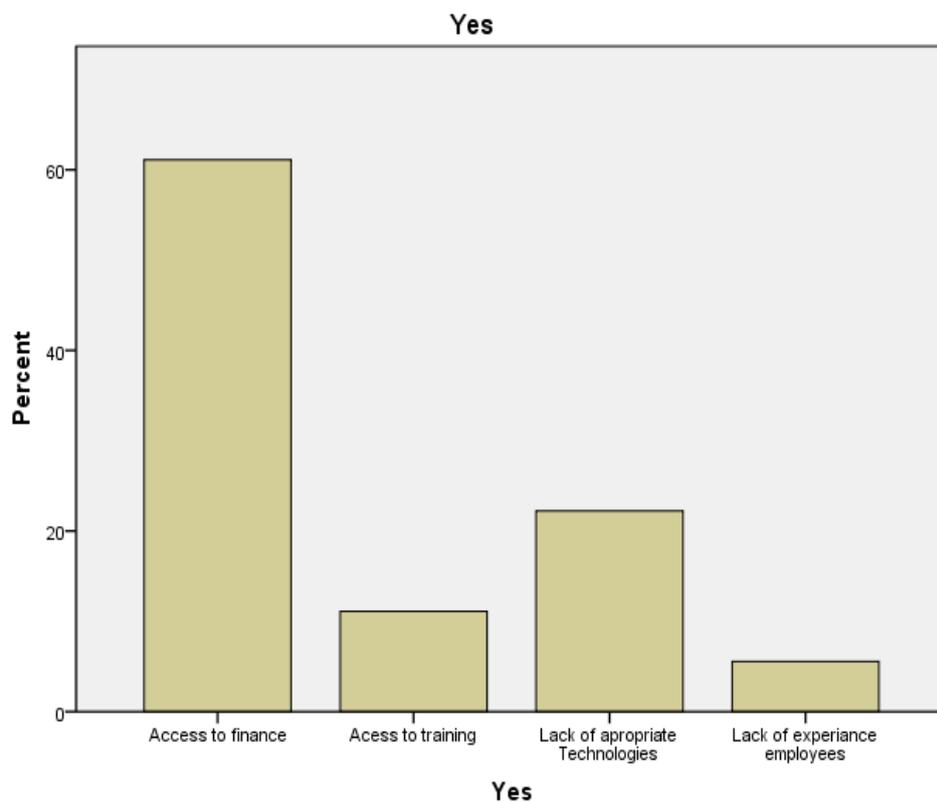
4.3. TOURISM SMME OPERATIONAL CHALLENGES

The data revealed that out of the 28 tourism establishments, 18 agreed they experienced challenges in managing their businesses. Nieman and Nieuwenhuisen (2009: 35). list the main challenges faced by entrepreneurs and SMMEs in South Africa. They included access to start-up and expansion finance, access to training and education, lack of management experience, and a lack of appropriate technologies and experienced employees The researcher included these challenges

in the questionnaire to give the respondents an opportunity to select one or more as well as an opportunity to specify if there are other challenges besides those listed.

The findings revealed that a predominant number of the respondents agreed that the main challenge was of access to finance followed by access to appropriate technologies. The findings also revealed that many were confident about their employees being experienced and none would admit to having problems relating to management experience. Figure 4.1 illustrates these findings.

FIGURE 4.1: Main Challenges experienced in the operation of the tourism establishments



4.4. SOURCE OF START-UP CAPITAL

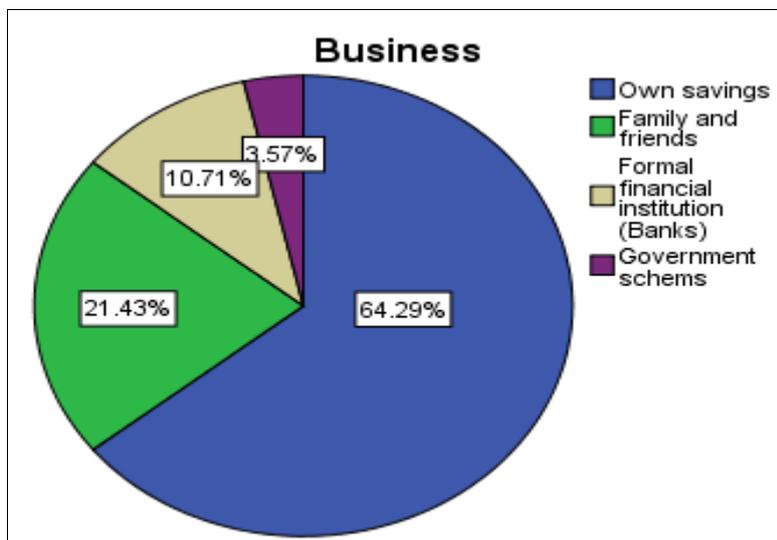
Access to finance was listed as one of the major constraints faced by SMMEs (Nieman and Nieuwenhuisen, 2009: 35); the data collected indicated that a predominant number of respondents agreed that the main constraint was access to finance. The researcher further inquired which medium was used to raise start-up capital. A list provided by Nieman and Nieuwenhuisen (2009) was included in the

questionnaire to allow respondents to choose from. Furthermore, respondents were given an opportunity to list any other source of raising start-up capital. The list included the following:

- Own savings.
- Family and friends.
- Formal institutions such as banks.
- Informal institutions such as loan sharks.
- Government schemes

A predominant number of respondents had to raise start-up capital from their own savings while 21.4% received funding from family and friends. Only 3.6% actually received assistance from a government scheme. The following chart gives a synopsis.

Figure 4.2: Source of SMME start-up capital



These data collected from the selected sample contradict the objectives of Limpopo Development Enterprise (LimDev) as set out in the recent strategic document. LimDev's mandate is to provide development finance to Small, Micro and Medium Enterprises SMMEs to stimulate the growth and development of the local economy.

The data prove that only 3.57% of the sample actually received financial assistance to start and grow their businesses.

4.5. MEASURES PUT IN PLACE TO SUPPORT SMME GROWTH AND DEVELOPMENT

Measures put in place include the development of agencies such as LimDev; LIBSA and SEDA. The respondents were first asked if they were aware that the government had measures in place to support the development and growth of their businesses. This was done to establish whether there was awareness regarding government's efforts and whether these services benefited the SMMEs. The respondents were asked from a list of service offerings which they benefited from. The list of service offerings per agency came from strategic documents of each agency.

The result showed that 64.29% of respondents did not know that the government had measures in place to assist SMMEs in non-financial services while the same percentage of respondents knew about the existence some financial assistance from the government.

4.5.1. Findings related to LIBSA

The sample under study shows that 57.14% of the respondents knew of LIBSA. But, only 21.43% of the total sample size had actually benefited from the agency's services. A list of services offered by LIBSA was included in the questionnaire where respondents were asked to select from the list those services they benefited from. The researcher chose to list the services in order to simplify analysis of the data and also to probe the respondents further about the services that these agencies offered. Although 57.14% of the respondents knew of LIBSA, a predominant number had not benefited in any way from its services. Furthermore, only 10.71% of the respondents benefited from LIBSA's advisory service, while approximately 10% had basic business training and a further 3.57% listed other service benefits of various natures. The following figures demonstrate the findings.

Figure 4.3. SMME benefit from LIBSA

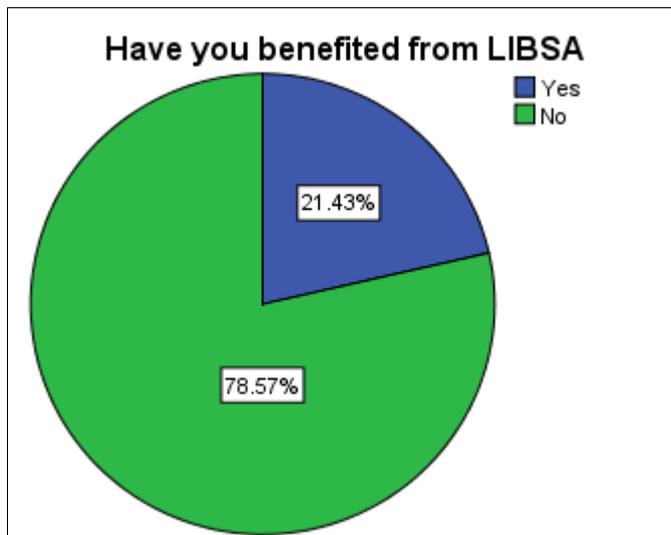
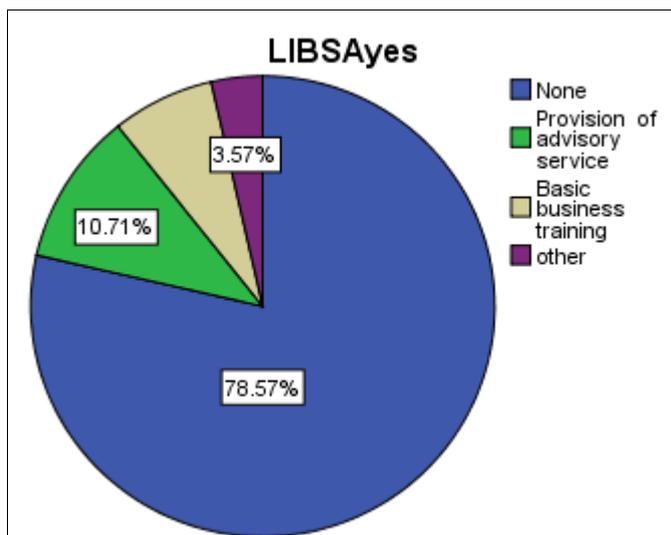


Figure 4.4: Types of benefits from LIBSA



The researcher asked the same questions regarding both services offered by LimDev as well as those offered by SEDA. The three agencies and their services formed part of the questionnaire as they are the only ones with a direct link to SMME benefit. Other agencies as listed and discussed in the literature review Limpopo Gambling Board (LGB), Trade and Investment Limpopo (TIL) as well as Limpopo Tourism and Park (LTP). These agencies provide indirect benefits for SMMEs as well as the overall provincial business fraternity. The main objective for LGB is to provide appropriate leisure facilities, while that of TIL is to market the potential and

investment opportunities of Limpopo Province to local, national and international business communities. LTP aims to develop and manage provincial nature reserves as well as to promote Limpopo Province as a preferred tourist destination. All these objectives are beneficial to the tourism SMME. However, their impact is not quantifiable.

4.5.2. Findings related to LimDev

With regards to services offered by LimDev, the findings make known that 57.14% of the respondents knew about LimDev and its services although only 10.71% benefited from its services. LimDev services include business financing, start-up assistance finance, asset finance; working capital finance; bridging / procurement finance and BEE Finance (equity and loans). The sectors prioritised include tourism as well as agro-processing, manufacturing, mining (logistics), construction, retailing, specialised business services, and personal services. Of all the services, a predominant number of respondents benefited from business financing. The following charts demonstrate the findings.

Figure 4.5: SMME benefit from LimDev

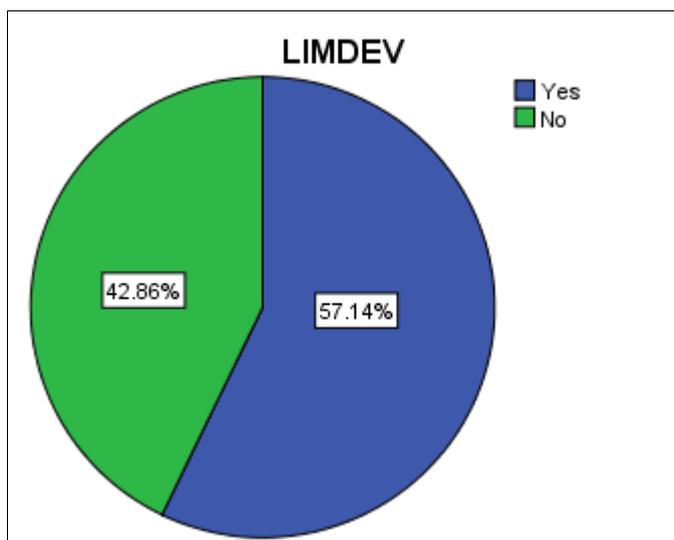
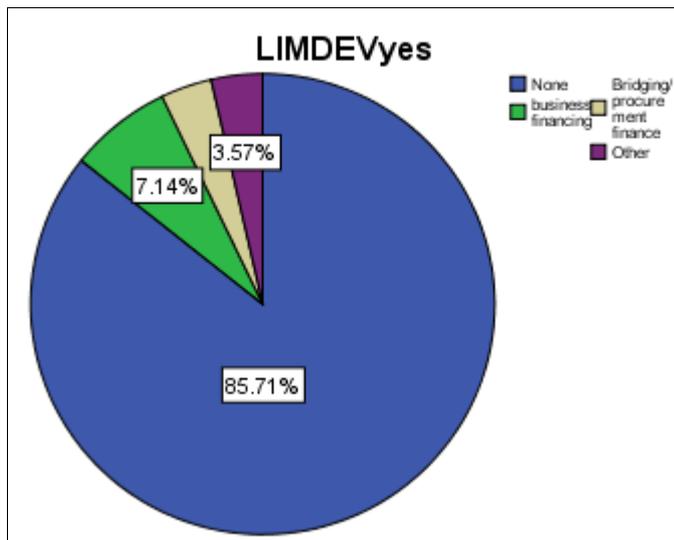


Figure 4.6: Types of Benefits from LimDev



4.5.3. Findings related to SEDA

Of all the agencies put in place by government to support the development of SMMEs, especially those in the tourism sector, SEDA was the least known at 25%. Some respondents (3.6%) did not answer the question regarding the knowledge of SEDA or its services. Of the 25%, the number of services known was far less. Possible reason for SEDA to be relatively unknown could be that it was only established less than 5 years ago after Ntsika Enterprise Promotion Agency, NAMAC Trust and the Community Public Private Partnerships (CPPP) were merged into a single small enterprise support agency. Its mandate was to design and implement a standard national delivery network to apply throughout South Africa through support and promotion of co-operative enterprises.

Some of SEDA services are tangible while others are indirect. Tangible services with a direct benefit for SMMEs include educating and training of small businesses as well as the co-funding of minimum business infrastructure facilities. Indirect benefits include the strengthening of support for SMMEs access to finance, the expansion of market opportunities in only certain categories of small enterprises as well as creating an enabling regulatory environment.

This research could only reveal findings related to the direct benefit to the respondents as none of the respondents could comment on whether they had received the benefit of smoother regulatory environment. Figure 4.2 in this chapter revealed that only 3.57% received assistance with start-up capital from government schemes. None of this 3.57% was credited to SEDA. In essence, the respondents knew relatively less about SEDA and had not benefited from any of its services.

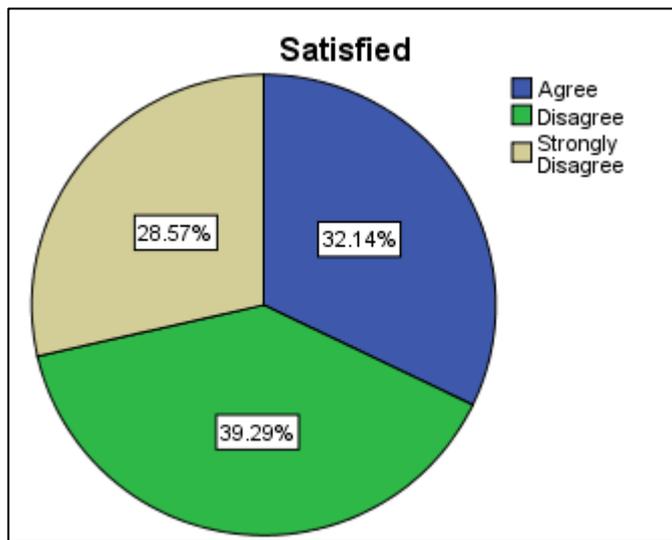
TABLE 4.3: FINDINGS RELATED TO SEDA AND ITS SERVICES BENEFITS FOR SMMEs

Description	Number of respondents	Percent	Valid Percent	Cumulative Percent
SEDA knowledge	7	25.0	25.9	25.9
No knowledge	20	71.4	74.1	100.0
Total response	27	96.4	100.0	
No response	1	3.6		
Total respondents	28	100.0		

4.6. EFFECTIVENESS OF GOVERNMENT DEVELOPMENT STRATEGIES

Respondents were asked whether thought the government did enough to support the growth and sustainability of their tourism establishment. Findings have revealed that 32.14% agreed that government had done enough, while almost 40% disagreed and a further 28.5% strongly disagreed. Figure 4.7 below illustrates these findings.

FIGURE 4.7: EFFECTIVENESS OF GOVERNMENT SUPPORT FOR SMME DEVELOPMENT



further to these findings, respondents were required to recommend the means for the government to improve its service offering in order to improve the status quo.

4.7. RESPONDENTS RECOMMENDATIONS

All respondents agreed that although it was up to each individual Tourism establishment to ensure survival and continuity, the government played a major role in providing an enabling environment for their businesses to thrive. The major factor seen by the respondents as an obstacle for development was the regulatory environment. It was recommended by many respondents that although much still needed to be done regarding the development of SMMEs, much of the business through which the government channels towards SMMEs has red tape. The following is a non-exhaustive list of further recommendations:

- A proper beneficiary audit must be done in order to separate emerging SMMEs from established SMMEs so that the appropriate services can be channelled to the correct group.
- There needs to be formulation of SMME committees that is representative of the targeted market. These committees must be involved in strategy

formulation for SMME provincial growth and development in order to ensure that needs are addressed more appropriately.

- Economic sectors such as the tourism and SMME sector must be incorporated into the curriculum at secondary school level in order to acquaint the youth at a very junior level the art of business management; entrepreneurship and South African and provincial tourism.
- The government should provide SMMEs with better access to procurement services and curb beauracracy in the running of governmental departments.
- Finally, it is recommended that further infrastructural development as a means of creating more revenue generators within the province. Currently, there are not enough activities to attract a substantial number of tourists in the province.

4.8. INTERPRETATION AND SUMMARY OF FINDINGS

The researcher was able to present empirical data that were collected through the administration of a questionnaire. These data were analysed and interpreted using the SPSS software (Statistical Package for Social Sciences). The administered questionnaire was designed in such a manner as to minimise bias.

The chapter presented the demographical background of tourism SMMEs as per targeted audience. The operational challenges where presented, which revealed that access to finance was the major challenge for the growth and development of most tourism SMMEs. Since access to finance was documented in the literature review as a major obstacle, the researcher was also able to establish where the Tourism SMMEs sourced start-up capital for their businesses. A predominant number sourced this start-up capital from other means and not necessarily from governmental agencies. The research also revealed findings related to the effectiveness of government initiatives in supporting the growth and development of these tourism SMMEs. Lastly, the chapter presented the recommendations from the tourism SMMEs that formed part of the sample under study.

The following chapter will provide an overall conclusion for the research report and provide recommendations. This will be done through creating a synergy between the literatures reviewed as well as the empirical data findings.

CHAPTER 5 CONCLUSION AND RECOMMENDATION

5.1. INTRODUCTION

The previous chapter presented empirical data that were collected through the administering of a questionnaire to a targeted group of respondents. These respondents formed part of the beneficiaries of the tourism development strategies and were assumed to be representative of the total population defined in this research report. The data were then analysed and interpreted in a simplistic and systematic manner. Each question was posed, analysed using percentages and presented in the form of tables and graphs for a simpler visual representation. The represented data for each question posed was then interpreted in the summary of findings. This systematic manner of presentation, analysis and interpretation was done for all the data.

Where interpretation of data may be subjective which could present bias to the research, the researcher opted to present these data in the form of a list of responses to allow the respondents the opportunity to draw their own conclusion. These data come from responses to open-ended questions in the questionnaire. The researcher further listed the respondents' recommendations as set out in the administered questionnaire and finally in the chapter conclusion, the researcher presented an overall interpretation of the presented data.

This chapter concludes the overall research. It puts into perspective and in a synoptic manner the overall research findings. The research initiative is presented through an essay type format where the reasons for the undertaking of this research (research problem and research questions) are reviewed as well as what the literature and the evidence from the empirical data inform. In essence, this concluding chapter focuses on integrating the various issues surrounding the research that are covered in the body of this paper, and providing the meaning to all of it. This includes both the reviewed literature as well as the interpreted empirical data. In closure, recommendations are presented as well as the forecasting of future trends and the need for further research

5.2. RESEARCH SUMMARY

The purpose of this research initiative has been to seek answers related to the development of the tourism SMMEs in Limpopo Province. To carry out this initiative, the researcher was able to identify the research problem, which was then interpreted into research questions.

As stated in chapter one, the researcher established that although the tourism sector was identified as a key sector for economic development in South Africa, the sector still did not produce the expected results with regard to the tourism SMMEs. The literature informs that both the tourism as well as the SMME sectors have been acknowledged as critical sectors with the potential to address job creation and poverty alleviation. Nevertheless, the failure rate of these start-up SMMEs is high due to a number of factors, among them, lack of finance and access to markets in spite of the government interventions targeting them in terms of financing and accessing government markets,

The literature as set out in chapter 2 of this research, further explains that since 1994, the South African government introduced and implemented a range of policy initiatives and programmes aimed at economic reform and in particular, those that give effect to the vision and objectives of addressing the economic imbalances and uneven development within and between South Africa's regions.

The research questions are posed in this research document based on the defined research problem as identified from the offset. A gap was identified where, the one hand the Government has put in place measures to support and develop the SMME sector as well as the tourism sector as priority sectors, and while on the other hand, the beneficiaries of such initiatives continue to fail despite the intervention. The researcher sought to investigate what the major objectives of the tourism growth and development strategies were. This question was answered through an interrogation of the Development and Promotion of Tourism Strategy set out in the White Paper on Tourism, the strategic plan of the national department of tourism for the periods of

2011/12 to 2015/16, provincial growth and development strategy of Limpopo province as well as the various role players that were established by Limpopo provincial government to carry out the mandate of the national strategy.

The research focused on investigating how these tourism growth and development strategies were implemented in order to curb constraints and support growth and sustainability of tourism SMMEs in Limpopo Province.

In chapter 3 figures 3.1, research initiative was illustrated where section 1 represented the development strategies under study; section 2 represented the various governmental departments and parastatals which formed the task teams for the implementation of the strategy objectives, while section 3 represented the core objectives of the National Government which if implemented accordingly through measurable goals of the agencies mandated, will narrow the gap between the services offered and the challenges experienced by tourism SMMEs. Section 4 listed the targeted beneficiaries of the said objectives of the national strategies. The gap between section 2 and 3 highlights the gap area, which the researcher interprets as the problem area that must be narrowed by the implementation of measurable goals emanating from National Government's core objectives. Obstacles need to be curbed in order for the objectives of the strategies to best address the challenges of the targeted beneficiaries.

Research questions that sought to solicit the relevant responses to address the major objectives were as follows:

- What are the major objectives of the Tourism Growth and development Strategies in Limpopo Province?
- What are the challenges faced by tourism SMMEs?
- How have the Tourism SMMEs responded regarding the effectiveness of, and support of the Tourism Growth and Development Strategies and initiatives put forth?

- How have the objectives of the tourism growth and development strategies been implemented?

The first two research questions were addressed through the interrogation of a body of literature from various sources, including other working documents. To answer the first research question, data were collected to quantify the major objectives of these development strategies with the aim of measuring effectiveness through investigating how these strategies were implemented. The second research questions sought to allow for the collection of data from the body of literature of other researchers as well as from the empirical data gathered from the respondents through the administration of the questionnaire. The third research question simply focused on how the respondents as the defined beneficiaries of the said development strategies viewed these strategy objectives in terms of addressing their challenges. In answering the last research question on the implementation of the measurable goals through which the core objectives of the growth and development strategies for tourism SMMEs, the researcher presented the Annual report of the Department of Economic Development, Environmental Affairs and Tourism for the period of 2010/11. This report was presented objectively by enlisting the targeted outcomes versus the actual performance of the department, the report from the Auditor-General formed part of this report in order to qualify the usability, reliability and credibility of the information in the published report. In whole, the four questions were aimed at effectively addressing the main objective of the research. The next section presents the findings.

5.3. RESEARCH FINDINGS

An analysis of the strategic document portrays an ideal situation of SMME development. A summary of the answers to the research questions are as follows

5.3.1 The major objectives of the Tourism Growth and Development Strategies in Limpopo province?

The overall vision of the national tourism growth and development strategy has been to develop the tourism sector as a national priority in a sustainable and acceptable manner so that it can contribute significantly to the improvement of the quality of life for all South Africans (1996:35). This will be achieved through outlining strategy objectives around the economic objectives that seek to ensure that South African tourism generates economic growth and optimises opportunities created for SMMEs and other emerging entrepreneurs. These economic objectives of the strategy include aiding development in rural communities, promoting of domestic tourism, creating a conducive tourism investment climate, and lastly ensuring that the tourism seasons are lengthened to avoid seasonalities.

Furthermore, other key areas include:

- Restructuring and transforming as well as increasing the funding base to improve effectiveness of: government institutional capacity at national, provincial and local level as well as funding the marketing agency, South African Tourism (Satour).
- Launching a fresh promotional and marketing drive to grow tourism arrivals in South Africa and the sub-region.
- Nurturing and growing partnership with the private sector and increasing its investment in tourism while stimulating emerging tourism business.
- Identifying infrastructure requirements to enable direct public and private sector investment in infrastructure development.
- Provision of accurate, reliable and timely tourism information for marketing, development planning and decision-making.
- Initiating programmes to increase public awareness and accelerate community ownership and involvement in tourism.

The five key roles of national government in the implementation of the strategy that are comprehensively explained in the literature, include the following:

- Facilitation and implementation.
- Coordination.
- Planning and policy-making.
- Regulation and monitoring.
- Development promotion.

The interpretation of these major objectives as set out in the Development and Promotion of Tourism strategy document is said to be through the provincial and local government spheres. The literature reviewed in chapter 2 revealed that the provincial government's role has been and remains to formulate tourism policies in accordance with the national policy. The role of local government in implementing the overall Development and Promotion of Tourism strategy mirrors some specific provincial functions such as those of policy implementation, environmental planning and land use, product development, marketing and promotion.

Tourism growth and development strategic plan has highlighted an exhaustive list of strategic objectives, obstacles to achieving these objectives as well as mitigating factors to curb these obstacles. The list paints an optimistic picture for the development and growth of this sector. However, empirical data reveal that although such objectives are put in place, the implementation thereafter is flawed by government beauracracy as presented through the LEDET annual report . The status quo as evidenced through this research shows that the development of the SMME sector in tourism has not yet achieved a satisfactory level. In an effort to implement the objectives of this national growth and development strategy, the provincial government created several agencies listed in chapter 2 of this report. These included, Limpopo Business Support Agency, Limpopo Gambling Board, Limpopo Economic Development Enterprise, Limpopo Tourism Parks, Trade and Investment Limpopo and Small Enterprise Development Agency. Of direct benefit to the SMMEs included only LIBSA, LimDev and SEDA, while the other agencies offer indirect benefits. Empirical evidence reveals that only a select few of the direct benefit to SMME sector are known to the targeted audience while even less have delivered on its objectives. The most recognised agencies are LIBSA and LimDev at

57.14% of the total sample, but 21% and 10.7% benefited from these agencies respectively.

5.3.2 Challenges faced by tourism SMMEs

The literature as reported in chapter 2 indicates that the major obstacles for the growth and development of SMMEs in South Africa, including those in the tourism sector, include the access to finance, inadequate premises, lack of equipment and tools, inadequate markets or marketing, theft, lack of formal registration as well as transport (Brand R.P. et al., 190: 2007). Tustin (2003:36) observes that further to this, SMMEs seem to function as independent units and operate mainly to cater for basic monthly household needs. The lack of infrastructural capacity such as business premises, electricity, telephone, water, or sanitation was also observed to be hampering the development and sustenance of many SMMEs. Lack of access to communication technologies, business location of SMME, government procurement, dependency, lack of business skills and experience are also listed as SMMEs challenges.

The development and promotion of tourism strategy documents highlighted that tourism has been inadequately resourced and funded while the private sector is said not to function at its optimal level. This strategy document further speaks of a limited integration of local communities and previously neglected groups into tourism. Many researchers cited in the body of literature also agree that tourism education; training and awareness are inadequate, while the ground transportation sector is not geared to service tourists.

Empirical evidence mirrors this literature review. Respondents were required to tick from a non-exhaustive list of summarised major challenges in the questionnaire. Furthermore, they were also required to furnish additional challenges that were not included on the enlisted major challenges. As stated in the previous chapter, access to finance remained a priority challenge followed by lack of appropriate technologies, training and education and lastly, the lack of experienced employees. This information reveals that there is still a large need by both the government and the private sector to intensify funding for both the emerging and established SMMEs in

the tourism sector. This also reveals that the infrastructure is not sufficient to support the effective functioning of this sector. The lack of experienced employees reveals the lack of business management, entrepreneurship and tourism education in the South African curriculum. Rogerson (2006:71) observes that exposure to management experience impacts on the management skills of entrepreneurs and that, years of restrictions and control of access to entrepreneurial opportunities created a mindset focused on wage and salaried work rather than the establishment of small business and the entrepreneur.

5.3.3 Feedback on the effectiveness of Tourism Growth and Development Strategies

Empirical evidence reveal that a significant number of tourism SMMEs in Limpopo Province as reflected in the sample group are dissatisfied with the tourism growth and development strategies. The reasons for this dissatisfaction stems from the inability by the government to address the challenges experienced by these tourism SMMEs. According to this evidence presented in chapter 4, approximately 70% of the sample group showed dissatisfaction. 32.14% agree that government had done enough while almost 40% disagreed and a further 28.5% strongly disagreed. Figure 4.7 illustrated these findings.

5.3.4 Implementation of the objectives of the tourism growth and development strategies.

The implementation of the objectives for growth and development of tourism in the Province of Limpopo was brought about through the development of four programmes of the Department of Economic Development, Environmental Affairs and Tourism. These programmes are namely:

- ✓ The administration programme through the corporate services, information management and financial management
- ✓ The economic development programme through which economic planning and research is made, the integration of economic

development services is performed, trade and sector development takes place and through which regulation of businesses and their governance are observed

- ✓ The final programme is that which focuses on tourism from tourism planning to Community Environment Development activities.

In the analysis of the implementation of the said programmes, attention is drawn to a comparison between the targeted outcomes of each activity with the actual performance. It remains unclear whether these targets are within the National Government's expectation. The two programmes under study are the Economic Development programme and the Tourism programme. An analysis of the findings is presented according to each programme as follows:

✓ PROGRAM 2: ECONOMIC DEVELOPMENT

Economic Development program was aimed at speeding up growth and transforming the economy through the creation of sustainable jobs to curb unemployment and poverty. The Department aimed to do this firstly through adequate economic planning and through undertaking credible economic research.

Findings revealed that the department failed to achieve this target as the implementation of the approved industrial clusters were dependent on the Growth Fund. Although the Growth Fund was established, the directorates under which it was meant to be administered, had not established the fund management program by the end of the said financial year. Furthermore, the research projects that were put in place were halted.

Second to the undertaking of credible economic research, LEDET aimed at providing an integrated economic development program for the empowerment of SMMEs.

Analysis of the performance in providing this program proved challenging as targeted outcomes were not compatible to the actual performance. LEDET however, reported an extensive list of activities it undertook to realise relative performance although such performance is subjective to an unclear targeted outcome.

✓ PROGRAM 4: TOURISM

In this program, LEDET aimed to develop, promote and regulate tourism as well as provide support for community environmental development services through two sub-programs. These sub-programs are Tourism Planning and Community Environment Development.

In tourism planning, LEDET aimed to create an environment that supports growth and investment by managing a stable macroeconomic environment and addressing constraints to growth. The targeted outcome was for the department to realise the creation and administration of a Five-Year Tourism Growth Strategy.

Findings revealed that in reality, the said five year plan was developed and revised however, by submission of the annual report, it had not been implemented. A marketing strategy to increase tourist intake was implemented through various trade shows and marketing activities.

In view of objectivity in the analysis of the annual report, the Auditor-General's remarks were reviewed to establish the authenticity of the information that has been reported. The Auditor-General sought to establish whether the information was usable, credible and reliable. It was established that the reported information had not been consistent with the planned objectives and that the planned and reported performance targets were not measurable and time-bound. The Auditor-General found the credibility of the published information to be questionable in that the planned performance measures, indicators and targets that formed part of the quarterly reports had not been included in the annual performance plan in that financial period.

In concluding the research findings on how well were growth strategies implemented by the mandated department and its agencies, the information published in the annual report cannot be taken to reflect the true state of affairs where the application of various national objectives for growth, development and sustainability of tourism in the province are concerned. As indicated in the Auditor-General's remarks, the information published and the processes in administering this information was flawed.

5.4. RESEARCH CONCLUSION

From the onset, this research initiative sought to interrogate a body of literature that was to address the reasons behind the lack of sustainability of tourism SMMEs in Limpopo Province. A problem was identified and the significance of solving this problem made known. The researcher provided the tools of gathering the necessary data through engaging in a literature review and applying appropriate research methodologies. The following findings were presented.

- 5.4.1. The SMME sector as well as the Tourism sector are crucial economic sectors that need to be supported and developed for growth in order to address the South African economy for the benefit of all who live in it.
- 5.4.2. The government, through policy consultation on an international platform put measures in place to support the growth and sustainability of these two sectors in order to realise economic benefits. Among those, are the National Strategy for the Department of Tourism, the Development and Promotion of Tourism Strategy, provincial growth strategies and many more discussed in the literature review.
- 5.4.3. The Tourism and SMME sectors are currently not achieving what they set out to achieve due to a myriad of challenges both from an entrepreneur point of view and from governmental interventions. This means that the sectors are not utilised to full capacity
- 5.4.4. The implementation of National Government's objectives and strategies for growth, development and sustainability of tourism and SMMEs in Limpopo Province had not been adequately administered and the performance of LEDET as

presented in the annual report for a period of 2010/11, had been disproved by the Auditor-General.

5.5. RECOMMENDATIONS

Based on the research conclusions, the following recommendations are made:

- The objectives of the Growth and Development strategies must be looked at more critically in order to ensure that South African tourism generates economic growth. This can be achieved through outlining the strategy objectives around the economic objectives. Opportunities created for SMMEs and other emerging entrepreneurs must be optimised through consultations with SMME committees and other structures
- The government has enormous responsibility in the governance of the country; therefore it needs to align its responsibility around the capacity of the various government stakeholders as well as those of the private sector where support of SMMEs is concerned. In as much as the government is only doing business with those companies with Black Economic Empowerment accreditation, similar programmes can be adopted for SMME supporting companies. The government must nurture and grow its partnership with the private sector. Furthermore, investment in tourism must be maximised while at the same time, emerging tourism business are stimulated.
- Current programmes adopted for the support of SMMEs in all sectors are more generic with only a few customised. These programmes do not necessarily address each sector's challenges uniquely. The critical sectors identified as the economic sectors of South Africa must be separated and dealt with individually in order to best serve the purpose of support programmes.

- The various categories of the SMME sector must also be separated and individual programmes implemented according to the needs of each category. A small emerging entrepreneur needs more financial support and support in related activities such as effective administration while an emerged entrepreneur may be struggling with tax and other regulatory red tapes.
- The government is in a position to both empower and sink a small business. This leverage must only be used to empower the small businesses such as in instances of stiff competition. For example, the government should relax its bargaining powers and rather opt to create floors on pricing. The government should also regulate the number of rezoning permitted for the establishment of guesthouses in the province so as to prevent saturation
- There needs to be a more aggressive approach to the promotion and marketing of Limpopo Province as a tourist destination. Annual events such as the marula festival and other similar festivals need to be promoted more visibly. Limpopo Tourism and Parks should provide a constant inflow of business opportunities in the province.
- Sports tourism must be looked at more closely as one of the biggest revenue generators. The recently built Peter Mokaba Stadium should be booked for more sporting events in order to generate revenue for tourism SMMEs.
- As the Department mandated to oversee the implementation of the national growth and development strategies through the various agencies, the Department of Economic Development, Environmental Affairs and Tourism should exercise care in the administration and implementation of the programs to realise a success that is not only presented in annual reports but through real SMME empowerment, growth and sustainability. The remarks of

the Auditor- General should be addressed as a point of departure and continuous improvements should be made.

To conclude, this study looked at the implementation of tourism strategies in supporting tourism SMMEs. As the study showed, a number of factors need to be taken into account for proper and effective development to take place in the area of tourism. The government as well as the business community need to be proactive. Both need to work closely together and only then will true tourism development take place. Since there are so many issues in this area that need to be explored and investigated, more research is suggested.