

**THE POTENTIAL OF BLACK ECONOMIC EMPOWERMENT
POLICY IN PROMOTING TOURISM ENTREPRENEURSHIP IN
THE UMHLATHUZE MUNICIPALITY**

BY

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DECLARATION

I declare that this research study: *THE POTENTIAL OF BLACK ECONOMIC EMPOWERMENT POLICY IN PROMOTING TOURISM ENTREPRENEURSHIP IN THE UMHLATHUZE MUNICIPALITY* in its entirety is a product of my own effort. All the literary sources that have been used or quoted have been acknowledged by means of complete references. It is further declared that this dissertation has not previously been submitted to any institution for degree purposes.

By

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DEDICATION

I dedicate this study to my family; my wife Mpho Biyela and my daughter Atang Nqobile Biyela for understanding my frequent absence from home, when undertaking this research study. On many occasions, I have had to be away *from them because of the pressures related to this study*. This piece of work is also dedicated to the rest of the Biyela family, especially my mother Mitta Biyela, young brother Phelelani Biyela, and older brother Samuel Biyela who have passed away during the course of this study.

ABSTRACT

The tourism industry is considered as the key towards Black people empowerment in uMhlathuze Municipality. This study examine whether Black Economic Empowerment [BEE] in tourism can contribute to the upliftment of Black people. Hence, the aim of this research inquiry, among other things, was to assess the impact and potential of the BEE policy towards promotion of tourism entrepreneurship among Black people in the study area. The aim was simplified into objectives also used to guide this study: The objectives focussed on examining the understanding, awareness, access to the BEE finances and the roles of stakeholders. The promotion of entrepreneurship among the Black people was view in this study as critical for success of the BEE policy in tourism.

A research method followed by this study was the survey technique, using self-administered questionnaire. The structured survey used closed ended objective questions. A sample of 160 respondents was acquired, based on a statistical population of about 300 000 people in the study area. The collected data was analysed using the Statistical Package for the Social Sciences [SPSS] computer programme. The tabled numerical data was analysed. Literature was used to comprehend, give insight on the issues that needed investigation, to support the findings as well as to make conclusions.

This study found that the BEE policy has the potential to contribute towards tourism entrepreneurship within the study area. The Black people were not sufficiently involved in the ownership of tourism businesses. The study has found that there is a lack of entrepreneurship skill, access to information and finance for BEE related entrepreneurial activities. The uMhlathuze

Municipality lacks the capacity to monitor the implementation of the BEE. The study concludes by suggesting that, because of the found shortcomings, the aims of the Black Economic Empowerment policy are not realised by the majority of Black people in the study area

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CHAPTER 1

ORIENTATION TO THE STUDY

1.1 INTRODUCTION

Empowerment is a complex set of principles that evoke emotions among individuals and groups. The notion of the Black Economic Empowerment (BEE) in South Africa evokes debate that is even more emotive and invariably people sometimes have quite diverging views about it. On the one hand, the Black Economic Empowerment is seen as the reverse of the apartheid policy, while on the other hand the BEE is viewed as the way to establish a demographic representation in the economy of South Africa (Woolley, 2005).

The context of application determines whether the Black Economic Empowerment can be judged as right or wrong approach (Woolley, 2005). In the context of South Africa, application of the BEE approach is essential to level the uneven economic landscape and promote Black people participation in the economy. However, the unanimous understanding is important in order to achieve the BEE objectives.

This study believes that the BEE stands to level the uneven economic landscape and promote Black people participation in the economy. To achieve its objectives the BEE must seek to bring together diverging points of views. The advent of democracy in South Africa means that inequalities of the past must be corrected. It is hoped that economic deprivation and inequalities among Black people will be resolved through the BEE

implementation (Cuba, 2004). The BEE should be encouraged because for Black people, the new political dispensation would be meaningless unless coupled with economic empowerment. The BEE should be applied across the spectrum of South Africans, to the employed, self employed and unemployed sections of the Black population. In this transitional stage in South Africa, it is critical that the BEE must promote entrepreneurship among Black people while sustaining the businesses of White peoples for the benefit of the South African economy.

1.2 THE PROBLEM STATEMENT

The rationale behind the BEE can be traced back to the apartheid era, the period, which was sustained by the previous Whites government. The apartheid maintained economic status of Black people at the level below that of White people in South Africa. The socio-economic status of the Black people is better summarised by Ramaphosa (2004:73) in World Economic Forum Commission, where he pronounce that:

The logic of the apartheid policy was actually Black people disempowerment; the Black people were destined to provide the cheap labour, a process that resulted in the deliberate denial of entrepreneurship development.

The disparities in entrepreneurship development between the White and Black people are the consequence of the earlier economic policies. Redressing of the racial economic disparities has continued since the advent of new South Africa. During the past decade, Reconstruction and Development Programme (RDP) and the BEE policy emerged as the key solution to the lack of essential resources for Black peoples economic development (ANC, 1994).

In tourism sector, fewer Black people own tourism enterprises. Among other factors limiting Black participation, are poor infrastructure, lack of access to financial resources, and lack of expertise that is crucial to planning, implementation, and management of tourism businesses. The situation demands an urgent commitment by the tourism industry stakeholders towards promotion of entrepreneurship among the previously disadvantaged population groups (Spykes, 2002)

The White people largely owned businesses in tourism industry. Access to opportunities and benefits of tourism favoured White people (Robinson, 2005). The lack of Black ownership means that there is skewed racial participation in tourism. According to Robinson, (2005) despite comprising of only ten percent of the nation's 45 million people, White people dominate in the economy. The business ownership situation was described by Robinson, (2005) as the imbalanced, a reflection of national economic ownership, where only 10 percent of whites dominate the economy.

The concentrations of the country's economic resources to fewer people have negative effect on general economic performance of South Africa. In the study area, White people predominantly own the tourism businesses. The lack of balanced participation in tourism is the cause for concern and need an urgent implementation of the BEE. This research inquiry, among other things, seeks to assess the impact and potential of the BEE policy towards promoting tourism entrepreneurship among Blacks in the study area. This study believes that improved entrepreneurship among the Black people can improve the general economic performance in the study area.

There is a general concern about the pace of the BEE implementation. The pace of the BEE implementation is arguable sluggish (Dlali, 2004). There is a need to fast track the BEE policy in the study area, because the large

proportion of the population is unemployed. The reason ascribed to slow implementation is that there is a lack of a unanimous commitment from stakeholders. Further, the government lack the BEE policy implementation monitoring mechanism. In addition to the slow delivery of the BEE, there is a concern that the BEE policy is not broad enough. The BEE policy does not reach the targeted population in the broad sense.

According to City of uMhlathuze, (2003), about 41percent of the economically active population (between 15 and 65 years old) is employed. The large number of those who are the employed Black people belong to low earning cater gory, and hence contribute less in the economy of the study area. The improved earnings can be achieved through promotion of the BEE policy. This policy stands to nurture the entrepreneurship potential of Black people with a hope to improve their economic situation. Black people of uMhlathuze Municipality have an innate ability to own tourism businesses provided they get support from tourism business associations, financing organisations, and the government (City of uMhlathuze, 2003).

There is a widespread perception that many Black people poorly understood the tourism sector and its opportunities (Department of Environmental Affairs and Tourism White Paper (DEAT, 1996). To improve understanding of the Black people, the tourism sector has to promote tourism to Black people. Further, the existing Black entrepreneurs must be encouraged to consider tourism as desirable place of work.

Tourism has recently been introduced into the school curriculum with the aim of building tourism culture in South Africa and encouraging school leavers to seek employment in the tourism sector. Tourism education can go a long way in improving the interest of Black people in tourism sector (DEAT, 1996).

1.3 AIMS AND OBJECTIVES OF THE STUDY

Aims can be distinguished from objectives, since they are the ends, which, this study wants to achieve. An aim gives a scope and final destination of this study. Therefore, aims are a wider focus of this study while the objectives are narrow. An objective gives focus to essential components of this study. In order, to clarify the intentions of this study the aims are broken down into several narrow objectives. The more specific objectives are then used as means to achieve the aim of this study. Based on data analysis each study objective, the assumptions, findings, and conclusions are shaped.

1.3 The aims of the study

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1.3.1 The aims of the study

The aim of the study was to determine the capacity of the BEE policy implementation to assist in upliftment of Black people through participation in tourism activities within the municipality.

1.3.2 Objectives of the study

The aim stipulated above was narrowed down to the objectives in order to facilitate the investigation process. The realisation of the aim was through the following set of specific objectives.

- a) To determine Black people's understanding of the meaning and intentions of Black Economic Empowerment.
- (b) To establish the levels of Black people's awareness of tourism business opportunities associated with the BEE initiative.
- (c) To reveal how access to the BEE finances is being managed or implemented in the study area.
- (d) To investigate whether the BEE contributes towards tourism entrepreneurship within uMhlathuze Municipality.
- (e) To determine the role of stakeholders in tourism, such as the business community, municipality, tourism associations and the Government, in the facilitation of the BEE implementation.

To further facilitate the conceptual analysis of the investigation and translation of objectives into possible solutions to the problem, these objectives have been converted into research hypotheses.

1.4 HYPOTHESES

Hypotheses are the statements about the expected outcomes of the research. The hypotheses are the educated guesses upon which the study is based. This study developed its hypotheses that are related to the objectives. Each objective corresponds with specific hypothesis. The hypotheses of this study were postulated as follows:

- (a) That the majority of Black people in the study area do not understand the meaning and intentions of Black Economic Empowerment.
- (b) That Black people are not aware of the tourism business opportunities associated with the BEE initiative.

- (c) That access to the BEE finances is poorly managed or implemented in the study area.
- (d) That Black Economic Empowerment in tourism does not contribute to tourism entrepreneurship within uMhlathuze Municipality.
- (e) That the stakeholders in tourism do not facilitate the BEE implementation policy within the study area.

In considering these hypotheses or educated guesses about the study, a few assumptions have been made. The research study assumes that the stakeholders in tourism should be practically engaged in promoting Black empowerment in tourism. It also assumes that the Government and tourism business are working in collaboration towards assisting Black people to get involved in tourism business. In this regard, the role of the government is crucial, since it is expected to encourage and monitor the implementation of the Black Economic Empowerment policy.

1.5 DELIMITATION OF THE STUDY

This study was delimited geographically and demographically. Geographic delimitation entailed a detailed description of the physical setting of the area, which is being studied. The Municipality under this study cover the area of about 795,9707 square kilometres and has a population density of approximately 372 persons per square kilometre (City of uMhlathuze, 2003). Due to constrain of time this study was based only on selected representative residential areas of the uMhlathuze municipality. The findings from these selected representative areas were applied to the rest of the municipality (City of uMhlathuze, 2003)

The population of the study area was well represented by the people who responded to questionnaires. The inhabitants of the study area constitute a diversity of people that is characteristic to South Africa. The demographic feature of the population inhabiting the study area was described. The contribution of the residential area in the economy of the uMhlathuze Municipality and percentage representative of each residential area was investigated and disclosed.

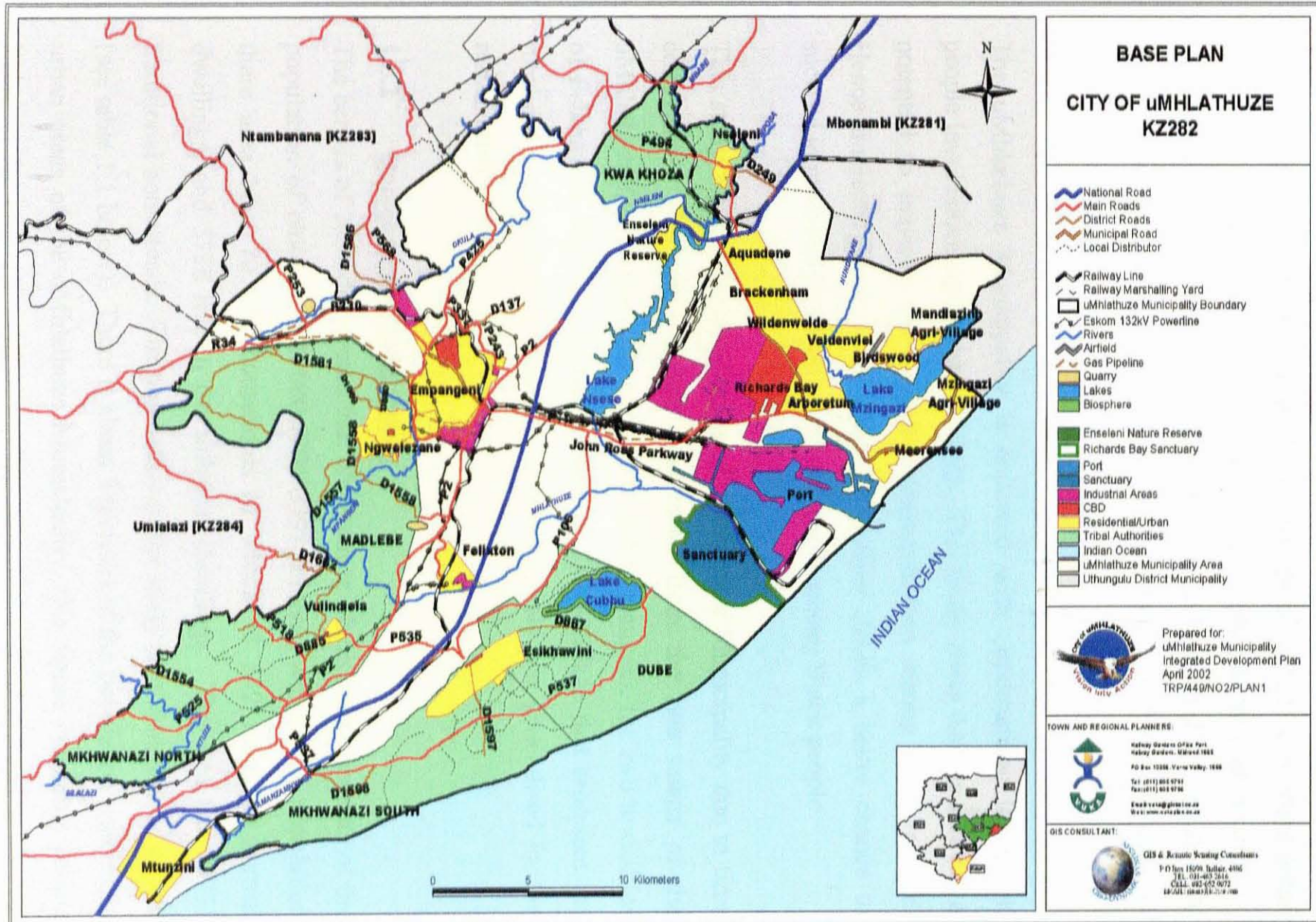
1.5.1 Geographical delimitation

This study focused at the uMhlathuze Municipality, which is situated on the northeast coast of KwaZulu-Natal, the province of South Africa (see Figure 1.1 below). The municipality is the amalgamation of Empangeni, Richards Bay, Esikhawini, Ngwelezane, Nseleni, Vulindlela, Felixton, as well as the rural areas. The rural areas are monitored Amakhosi, namely Dube, Mkhwanazi, Khoza, Mbuyazi and Zungu.

Richards Bay is situated on the coast approximately 180km North East of Durban, is considered as the industrial and Tourism hub, Empangeni is the commercial hub and Esikhawini is the largest township. The other areas are mainly made of smaller townships, the rural farming communities and reserves (City of uMhlathuze, 2003). Subsistent farming and government grants mainly sustain the life of the rural communities in the study area. The climate enables successful farming activities.

The climate in the study area is subtropical; influenced by warm Indian Ocean. Most of the days in a year are sunny and warm. Climate favours involvement in most tourism activities. A weather condition in the study area makes it an ideal environment for recreation activities, training, and sporting events (www.richemp.org.za, 2006)

FIGURE 1.1 ABSOLUTE LOCATION MAP OF UMHLATHUZE MUNICIPALITY



This study believes that the climate provides a situation where tourists flock into the study area and enhance tourism development. The climate enabled the development of a wide range of wildlife game parks; ecotourism areas and coastal destinations are in demand from local and international tourists. Visitors contribute significantly in the uMhlathuze Municipality economy. A more detailed discussion of the climatic situation in the study area is presented in Chapter 3.

The uMhlathuze Municipality is endowed with opportunities for Black people involvement in tourism industry. This study views that the area has a potential to improve the tourism entrepreneurship among Black people. Hence implementation of the BEE in tourism stands a better chance to succeed in promoting tourism entrepreneurship among Black people

This study focus on selected areas of uMhlathuze Municipality due to time constrains. The study sample was taken from the two towns of the uMhlathuze City, namely Richards Bay and Empangeni, the two townships of Esikhawini and Ngwelezane as well as Dube-Village that represent the rural areas. The findings from the selected sample was generalised for the rest of other areas.

1.5.2 Demographic delimitation

The census of 2001 discovered that uMhlathuze Municipality consists of the population of close to 300 000 (296 339) persons, within this population there area bout 70 031 households of which 53 542 reside in formal dwellings, and 5738 live in the informal dwellings. The area has 10751 traditional homesteads. The population of the study area is mostly urbanised (see table 1.1 below). There is about 57percent of the population residing in urban areas of the uMhlathuze Municipality, this figure constitute people living in the city and townships. The rest of the population lives in rural

areas. The majority of urban people in the study area live at Esikhawini (City of uMhlathuze, 2003).

About 86.6 percent of the economic activities of uMhlathuze Municipality are vested in Richards Bay, Empangeni, and Felixton. These areas were exclusive to White people during apartheid era; most of the residents are still predominantly White people. In Richards Bay 83, percent of economically active population are employed. In Esikhawini 62, percent of economically active population are employed. Only 11, percent is employed in rural areas surrounding Vulindlela (City of uMhlathuze, 2003). The most of the unemployed people in the study area are concentrated in the townships and rural areas, where Black people reside.

TABLE 1.1: DISTRIBUTION OF THE URBAN POPULATION OF UMHLATHUZE MUNICIPALITY

SUBURBAN AREAS	POPULATION FREQUENCY	POPULATION PERCENTAGE
Esikhawini	213 000	71%
Nseleni	57 000	19%
Richards Bay	15 000	05%
Ngwelezane	6 000	02%
Empangeni	6 900	02.3%
Vulindlela	1 800	00.6%
Felixton	300	00.1%
TOTAL	300 000	100%

[Source: Source: <http://www.richemp.org.za/> (2006)]

The high unemployment rate in the rural areas and townships affect Black people socio-economically as the consequence the economy of the area is

affected. The BEE policy stands to up bring Black people economically. This study envisages tourism developments that are compliant to the BEE having a potential to empower Black people.

1.6 DEFINITION OF TERMS

Some concepts used in this study have a specific meaning. The procedure for the definition of terms was done to indicate the meaning of the terms used. The terms with an ambiguous meaning were clarified and the functional meaning specified. Commonly used terms in this study were defined as follows.

1.6.1 Tourism

The Department of Environment Affairs and Tourism White paper on Tourism Development (DEAT, 1996) defines tourism as all travel for whatever purpose that results in that tourist spend one or more nights away from home. During the period spent away from home tourist are engaged in certain activities. When people leave their normal place of residence to areas where they engage in specific recreational activities, they spend money.

According to McIntosh *et al.* (2000) tourism is when a tourist spend time away from home engaged in certain composite of activities, services and industries that deliver a travel experience; transportation; accommodation, eating and drinking establishments, shops, entertainment, activity facilities and other hospitality services available for individuals or groups that are travelling away from home.

The concept tourism can also be defined in terms of period taken for activities. Tourist takes a limited period away from home. Bennet, (1995) defines tourism as an activity that concerned with temporary short-term

movement of people to destinations outside the places they normally live and work, and their activities during the stay at these destinations. Therefore tourism is considered as the limited period away from home for certain purpose. Gates, (2003) view the reasons for travelling as both for pleasure and business purposes. Travelling according to Gates, (2003) creates a need for tourist's transportation, accommodation, food, entertainment, recreation, souvenirs, and social contact.

Tourism in this study is viewed in the economic perspective. Since travel and tourism creates demands from the tourists, then Black people as hosts can position themselves as suppliers of the needed tourism products. Since tourist's needs are greater than supply of services, then tourism is the potential source of livelihood and economic development for the Black entrepreneurs. Tourist activities are viewed by this study as the key towards economic emancipation of the Black people. The government of South Africa can assist Black people utilise tourism sector to develop their economy

The various definitions indicate that tourism provide opportunities to entrepreneurs, therefore Black people owned tourism businesses could be sustained by a great demand for tourism. Tourism can become a significant source of livelihood for many otherwise indigent rural communities in uMhlathuze Municipality. The Black people can introduce a variety of new tourism products and further increase the demand for tourism.

1.6.2 The Black Economic Empowerment (BEE)

The Black Economic Empowerment refer to the systematic campaign by business and political groups to improve the financial, social and skills of previously disadvantaged groups of people in South Africa, by empowering them in areas where they were disadvantaged, neglected, or discriminated

(Lubbe, 2003). Financial deprivation caused Black people not to afford better necessities such as decent housing, private transport, and education. Poor financial standing of Black people affected their integrity. Where Black people were exposed to business activities, the lack of skills became an obstacle.

Vilakazi (2005) defines Black Economic Empowerment as empowering of the majority, with skills essential to participate in management. In addition to skills development, Black Economic Empowerment mean, the preferential procurement of recruitive business deals. The BEE according Vilakazi (2005), to means improving skills among Black people. Limited abilities to embark on entrepreneurship were caused by lack of skills.

The Black Management Forum BMF, (2004) defines the BEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of Black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.

In this study, the BEE is defined as the designed to engage Black people in entrepreneurship opportunities, skills development, enable to hold senior positions in the work place. The BEE also means aspirant entrepreneurs are aware and have accessible to the available means of production, and marketing of tourism products. The promotion of Black people entrepreneurship is the responsibility of the state, tourism business, and funding organisations.

1.6.3 Broad-Based Black Economic Empowerment

The Broad-Based BEE Act (2003) defines Broad-Based BEE as the inclusive policy that was designed to empower all Black people. This definition

emphasise the inclusion of women, workers, youth, and people with disabilities and people living in rural areas. These people are considered as the beneficiaries of empowerment initiatives such as ownership, management, employment equity, skills development, preferential procurement, enterprise development, and corporate social investment (GSA, 2003).

In the context of this study, the Broad-Based BEE refers to more inclusive and sustainable empowerment of the people who are unemployed, and self-employed Black tourism entrepreneur. The amplifications of the Broad-Base BEE is poverty alleviation through promotion of involvement of previously disadvantage groups into income-generating tourism businesses. In addition, the creation of new tourism products is expected to bring diversity in the South African tourism industry (GSA, 2003).

1.6.4 The BEE Score Card

Tourism scorecard is an instrument that is a prescribed measure of Black Economic Empowerment in a tourism sector. The Score Card indicates the percentage of Black people share in business ownership, preferential procurement, and capacity building in specified period (Spykes, 2002).

The tourism scorecard is a guide towards that level which the BEE in implementation must achieve over a specified time in years. Included in the scorecards is the period as well as the number of Black people in percentages that must be incorporated in the economy of the sector. The scorecard can be used to monitor the progress of BEE implementation(Spykes, 2002).

1.6.5 Entrepreneurship

Luthans and Hodgetts (1989) define entrepreneurship as the process whereby an entrepreneur organise resources, control operations, and assume the risks

associated with business venture. The entrepreneur is the creator of the new, product, or service. Sometime an entrepreneur modifies the existing products business. In both cases, the activity of an individual is referred to as entrepreneurship.

Bowler and Dawood (1995) define the concept entrepreneurship as the creative activity where materials, capital, technology, and labour are mobilised to offer marketable innovative products and services to customers.

In this study entrepreneurship, refers to the individual's acquiring and utilising the ability to observe his or her environment, identify tourist needs, and provide unique or modified version of valuable tourisms products. The development of entrepreneurship can be encouraged and sustained by the anticipated improvement in economic status of the entrepreneur. Hence, encouraging entrepreneurship among the Black people will bring new and innovate tourism products (www.zulu.org.za, 2004)

1.6.6 The uMhlathuze Municipality

The uMhlathuze Municipality refers to the area covered by the amalgamation of Empangeni, Richards Bay, Esikhawini, Ngwelezane, Nseleni, Vulindlela, and Felixton, as well as the rural areas under Amakhosi Dube, Mkhwanazi, Khoza, Mbuyazi, and Zungu. For the purpose of this study, the areas of Richards Bay, Empangeni, Esikhawini, Ngwelezane, and Dube village rural area represented uMhlathuze Municipality in the sample (City of uMhlathuze, 2004).

1.6.7 The Black people

According to the Broad-Based Black Economic Empowerment (Broad-Based BEE) Act of 2003, the concept Black people is the generic term, which means Africans, Coloureds, and Indians. Black people are according to this

study refers to the Africans, Indians, and Coloureds who were previously disadvantaged citizens of uMhlathuze Municipality regardless of gender. The Black people in this study consist of those who are employed, unemployed, youth, as well as people with disabilities (GSA, 2004).

1.6.8 Empowerment

Cuba (2004) defines the concept empowerment as the mechanism to correct something that is historically not correct.

The word empowerment as defined by Eade, (1997) implies that the people who are poor lack power to improve the quality of their lives; it also implies that they lack the necessary strength and capacity to improve their own conditions.

Pearce, (1997) defines empowerment as the process of passing power to those who have none. Empowerment is increasingly used as a tool for understanding what can change the situation of poor and marginalised people.

McWhirter, (1991:142), defines empowerment as "the process by which people, organisations or groups who are powerless, become aware of power dynamics at work, in their life, develop the skills and capacity for gaining reasonable control over their lives, exercise control without infringing upon the rights of others and support the empowerment of others in the community. Further, in the context of the conventional definition, empowerment is about bringing in and involvement of people who were outside in the decision-making processes". Then the current situation of the Black people require empowerment. Empowerment in the context of the study means the process of improving the quality of life for all Black people through involvement in tourism entrepreneurship. The process entails

capacity building through training, access to infrastructure and finance.

1.6.9 Potential

The concept "potential" in this study refers to the capacity of the BEE policy in tourism industry to have a positive influence on socio-economic development amongst the Black people. BEE potential mean the factors in the policy that can positively enhance socio-economic status by influencing entrepreneurship amongst Black people. These factors are included in the tourism BEE scorecard, they are used as a measure of the BEE potential (Spykes, 2002).

1.6.10 The Policy

Hall, (2000) defines policy as the consequence of political environment, values, and ideologies, the distribution of power, institutional frameworks, and decision-making process. Policy is the guidelines or the cause of action adopted by government that is necessary for planning and the management of recreation resources. Recreation policies are government prescribed guidelines based on combinations of values and ideologies (Magi, 2003).

According to this study the BEE policy, is seen as the government code laid down to transform the socio-economic situation of the Black people. In tourism industry, the BEE policy came about as the consequence of the past political environment. The BEE is implemented with consideration of the need to improve on Black people participation that was hampered by apartheid economic policies (GSA, 2004).

1.7 THE SIGNIFICANCE OF THE STUDY

This study attempts to find a current situation in the BEE implementation process and predict the future outcome thereof. The study want to find a

solution to poor socio-economic position of Black people, and make a difference in the peoples lives, by identifying the best way to develop tourism entrepreneurship through the implementation of the BEE in the study area. It was hoped that the findings of the study would go a long way towards resolving the following challenges:

- The promotion and development of tourism entrepreneurship within uMhlathuze Municipality.
- Improving Black people awareness of tourism entrepreneurship opportunities within uMhlathuze Municipality.
- Improving Black people's understanding of the meaning and intentions of BEE in tourism.
- The better understanding of the role of all stakeholders in tourism, such as business community, Municipality, tourism associations, financial organisations and the Government in facilitation of Broad-Based BEE implementation.

The above challenges need collaboration of all stakeholders in tourism to resolve. The current position and the possible outcomes as far as handling of the mentioned challenges is the concern of this study. The role of the government in particular is taken as crucial.

The facilitation of the BEE can be possible if the targeted Black people are made aware about the BEE. Further understanding about the stakeholders and their roles in implementation of the BEE is essential, especially to the upcoming entrepreneurs in tourism. The South African government through the Department of Trade and Industry encouraged development-funding organisation, but access to finance is illusive for the poor Black entrepreneurs (Loxton 2006).

1.8 RESEARCH METHODOLOGY

This study followed a structured survey research method. A deductive approach was applied; gathered facts were used to arrive at the conclusion. The conceptual framework guided formulation of questions. The quantitative and descriptive deductive strategies were used to test theory and hypothesis. This structured survey, used a closed ended objective questions. Closed ended questioning assisted to simplify data analysis and interpretation (Magi, 2005).

The number of questionnaires distributed was 160. The larger proportion of questionnaires was issued to the public, that is 150 questionnaires, and 10 questionnaires were issued to other tourism stakeholders such as tourism information centres and tourism businesses. The public successfully completed and returned 120 questionnaires while tourism information centres and tourism businesses completed and returned all 10 questionnaires were not included in data tables, but used as sources of reference.

The large proportion of respondents [69%] was female while the rest [31%] were males. The higher number of female respondents was due to that in some the public areas visited such as libraries and tourism information offices have more female visitors then male. A work place in which questionnaires were distributed, such as the work wear-manufacturing factory at Esikhawini, workers were predominantly women.

The respondents were classified into three categories of age. The age groups range from the group of 18 to 35 years old, 36-59 years old, and 60 years old and above. The youth (18 to 35 years old) constitute the majority [68%] of the respondents. The dominance of youth respondents was due to that most questionnaires were distributed to the centres mostly inhabited by the youth.

The public oriented questionnaires were distributed through the Ngwelezane public library, Richtech campus, Richards Bay uMhlathuze tourism information centre, Esikhawini tourism information centre, Esikhawini YMCA, Empangeni Tourism information office, Empangeni office of the DEAT, the Working world business college, and the Ticor sponsored Dube village work-wear, arts and craft projects.

1.8.1 Research design

A research method followed by this study was a survey technique, using self-administered questionnaires. The population of the study area was large this made it necessary to do sampling. From the large population of the study area, a sample was derived from which the assumption about the population was made. The relationships between the dependent variable "entrepreneurship" and independent variable "Black Economic Empowerment" were established. The influence of independent variable Black Economic Empowerment on the dependent variable tourism entrepreneurship was determined (Magi, 2005).

1.8.2 Research instrument

The research instrument used in this study consists of the questionnaires. These questionnaires were issued to three different categories of tourism stakeholders within the uMhlathuze Municipality. The design of questionnaires was different. This was done to derive response from different stakeholders in tourism. The questionnaires were designed for the following groups of respondents:

- The public of uMhlathuze Municipality,
- The uMhlathuze Municipality tourism information officers and
- The uMhlathuze owners of tourism business.

The questionnaire to the public consisted of closed-ended questions. These questions were designed to make it easy for respondents to respond to the questions and to simplify data analysis process. This questionnaire consists of three sections. Section A, has questions that are related to personal particulars, which include items such as the racial group the age group, the area of residence and employment details. Section B, asked for people perceptions about the understanding, awareness and contribution of the BEE towards Black people entrepreneurship. The last section, Section C asked about contributions of the stakeholders in tourism industry such as the government, tourism business, and funding organisations.

The questionnaires for the tourism information officers, and owners of tourism business also consisted of three sections. Section A consists of personal particulars and organisation particulars. Section B of the questionnaire asked about the contribution of BEE towards Black people entrepreneurship in tourism, the awareness, and understanding of Black economic empowerment, while section C asked about the awareness and understanding of the BEE as well as their roles in Black Economic Empowerment.

1.8.3 Sampling

The portion of the population of the study area was chosen for survey. The reason for selecting the small portion was that the actual population was too large to use in the survey over a limited time frame. The population of approximately 300000 people was grouped according to race (see Table 1.2, below). The proportional contribution of each race group was calculated based on the findings of the Population Census - 2001 (Table 1.2). The census conducted in 2001 determined that the study area is made up of African, Coloureds, Indians and Whites (Impact 2005).

The racial groups-based stratified purposeful sampling was used to determine the sample to be involved in the study. In this sampling method the researcher believes that the identified groups are likely to differ in their responses (Gray, 2004). The sample was derived by calculating the percentage contributions based on given Population Census-2001 figures. The total of 160 people form the sample that was proportionally representing each race grouped.

TABLE 1.2: SAMPLING OF THE POPULATION WITHIN THE STUDY AREA

RACIAL GROUPS	CENSUS 2001 POPULATION	SAMPLE OF RESPONDENTS	SAMPLE PERCENTAGE
African	251 250	134	84%
Coloured	5 625	3	2%
Indian	24 375	13	8%
White	18 750	10	6%
Totals	300 000	160	100%

Due to the time constrains and inadequate resources, the sample population only included respondents from residential areas of Richards Bay, Empangeni, Esikhawini, Ngwelezane and Dube village.

1.8.4 Data collection

The researcher personally delivered and collected questionnaires to local tourism business, uMhlathuze tourism office, and visited residential areas as well as adult community centres of the city, in townships, and a rural area. This fieldwork was carried out within four weeks from June to July 2005. Seven questionnaires were issues to tourism businesses, three questionnaires to tourism information centres of the study area. One hundred and fifty questionnaires were given to the public.

1.8.5 Pilot study

The pilot study was conducted by involving ten (10) respondents. The aim of conducting a pilot study was to determine validity, sensitivity, and ambiguity of the questions in the questionnaires. The pilot study was conducted in public to facilitate acceptance and successful completion of questionnaires.

1.8.6 Data analysis and interpretation

Raw data was collected by means of questionnaires with coded questions analysed quantitatively using the Statistical Package for the Social Sciences (SPSS) programme and excel. The data in the form of table was analysed by means of descriptions and explanations. The relationship between the dependent and independent variables were identified. Analysed data was used to decide whether the hypotheses could be accepted or rejected.

1.9 STRUCTURE OF THE STUDY

This study consists of five chapters arranged in order from the first to the fifth. The first chapter contain the orientation to this study, where the problem is stated, and the key concepts are defined, aims and objectives are stated. Based on the aims and objectives the hypotheses are stated. The rest of the chapter's topics and subtopics are arranged according to objectives.

The second chapter give the conceptual framework; the concept Black Economic Empowerment was explored as well as its major components was discussed in details. Chapter 2 is also is composed of various topics arranged according to the study topic and objectives. Each topic has subtopics that give a refined understanding. The reference to earlier studies and views about Black Economic Empowerment are presented in chapter two.

The third chapter discuss the setting of the study area. Chapter 3 discuss the climatic features of the study area and its influence in tourism. The history of uMhlathuze municipality, including the two towns, townships, and rural areas was narrated. There tourism potential of the study area including current tourism projects, existing tourism resources. Infrastructure such as communication and transport that is essential for tourism development are described.

The fourth chapter consists of data analysis and interpretation; data was presented in tables and graphs to make the analysis process easy. This chapter is of vital importance in this study as it deals with presentation, analysis, and interpretation of statistical information. From this chapter one can make sense of all the data that was collected during an investigation. During analysis and interpretation of data, one was also able to see whether the objectives of the study were met and the hypotheses were either accepted or rejected. The fifth chapter presents the study summary of findings, conclusions, and recommendations.

1.10 CONCLUSION

This study focused on the Black Economic Empowerment and the expected consequent improved level of tourism entrepreneurship in uMhlathuze Municipality. Based on the formulated aims and objectives, the study pursued the examination of the meaning of terminology used in the study, hindrances towards the Black Economic Empowerment implementation, and the potential of the Black Economic Empowerment in promoting Black people entrepreneurship. The study was further engaged in establishing the roles of tourism stakeholders in the promotion of the BEE and improvement of tourism entrepreneurship within uMhlathuze Municipality.

CHAPTER 2

CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION

In 1994, the government of South Africa brought major economic reforms aimed at reconstruction of the country from the shambles of apartheid. New reforms encompassed and encouraged all economic sectors to adopt programmes that would address economic imbalance among the people of South Africa. In order to facilitate economic redress, the adjustments were made in the constitution. The various guiding policies were created. The most important policies are the Reconstruction and Development Programme (RDP), Affirmative Action (AA) and Black Economic Empowerment (BEE) (ANC, 1994)

The intention of Reconstruction and Development Programme (RDP) was to repair disparities of apartheid era. The core function of RDP was the provision of essential infrastructure. Affirmative Action (AA) according to La Grange (2001) refers to measures designed to ensure that all race groups in South Africa have equal employment opportunities. The Affirmative Action required equal representation in all occupational categories and levels of work force. Where people with similar qualifications and experience, competes for the same job, a Black candidate receives first preference (ANC, 1994).

Despite the good intentions of the Affirmative Action, the policy faced some criticism from the public. Nzimande and Sikhosana (1996:44) view that

"Affirmative Action programmes are limited to deracialisation, the prohibition of discrimination, and the eradication of race and gender based inequalities". Such programmes are not broad enough to address the economic problems in Black society. A comprehensive restructuring and broader socio-economic transformation cannot be addressed by the Affirmative Action policy alone. Matola (2004) points out that a connection between BEE and AA rests on the fact that BEE aims mainly at compensating for the shortcomings of AA by addressing broader socio-economic imbalance in the tourism sector. In addition to Affirmative Action the Black Economic Empowerment policy intends to promote economic status of the Black people. In terms of BEE, the promotion of Black people economically is by introducing them in the mainstream of the economy (Glennie, 2004).

This study explores the potential of BEE policy implementation towards the promotion of black entrepreneurship in tourism industry with specific reference to the uMhlathuze Municipality. The study area is the important part of KwaZulu-Natal province because it is considered as the gateway and a tourist destination of KwaZulu-Natal. The study area has a great economic potential, which could be turned into the BEE operation. BEE operations in the study area would provide a better chance of enhancing Black people socio-economic standing.

Matola (2004) view BEE as a means to transform tourism industry and improve the quality of life among Black people. The success of BEE can only be achieved if beneficiaries are Black people and the emphasis is on a wide Black society. Lalu (2004) suggest that BEE policy implementation must be inline with the important pillars of BEE framework. These important pillars of the policy are stated as follows:

- Fast tracking the entry of Black people in major economic activities,

- The promotion of Black employees,
- Affirmative action procurement and
- Skills development.

Pillars of BEE suggest that Black, entrepreneurs must be urgently introduced in tourism industry. In all the White people owned workplaces, the deserving Black people must be fairly given a chance to strategic management positions. Where Black people are employed, each tourism business must ensure their promotion to management positions on merit. BEE pillars emphasis is also on management skills development among Black people. Skills shortage is the major setback towards Black people involvement in economic activities (Bukula, 2004).

The introduction of the Broad-Based BEE was mainly to compensate for shortfall of the BEE. The idea of broadening the BEE came about because of complaints about the BEE delivery towards Black people. The BEE was accompanied by insufficient inclusion of the Black people. There has been recent conflict of interest where only the Politicians enjoyed BEE benefits (BMF, 2003).

Apart from conflicts of interests, the people have conflicting perceptions about Black Economic Empowerment policy. Some people perceptions were that BEE hardly makes a dent on the chronic unemployment Lalu (2004). The contributions of BEE policy towards Black people are sometimes marred by controversial deals that fall in favour of the prominent people. Politician's enjoyment of BEE benefits overshadows advantages that the BEE has to the wide sector of Black population. However, the majority of stakeholders viewed have confidence about BEE and still view it as the viable policy that can address inequality (Lalu, 2004).

The BEE implementation must follow guidelines as specified by BEE policy. The Department of Trade and Industry (DTI: 2004a), suggest that private and public companies must interpret and employ BEE programmes with more emphasis on the core areas of the policy. According to the DTI (2004a), the BEE stresses the following important areas:

- Equity ownership, which give employees a stake in the company.
- Preferential procurement, which ensure that there is more money available for BEE procurement while preventing the problem of fronting.
- Skills Development with the purpose to develop capabilities and to empower people to be able to make decisions and build confidence.
- Employment Equity, which accelerates equity in the workplace and implement Affirmative action.
- Enterprise development, which highlights the need to increase black Entrepreneurship and the need for White owned companies to collaborate with emerging black companies thus ensuring the transfer of skills.

South Africa has a capitalist economy that may undermine the BEE policy in some instances. There is still a contention that currently beneficiaries of the policy as Dawes (2004:3) cited that the labour unions community views BEE as benefiting only an “elite black”. Dawes (2004) further opposes what he calls the conflict of interest, where only the prominent Black politicians benefit from Black empowerment initiatives. A limited number of Black people involvements can also be blamed on the lack of business management capacity and experience. However, limitations can be dealt with through skills development programmes with support from all stakeholders (Cooper, *et al.*, 1996).

2.2 INVOLVEMENT OF BLACK PEOPLE IN THE TOURISM INDUSTRY

Broad-Based BEE involves Black people through diverse and integrated socio-economic strategies such as ownership, management, employment equity, skills development, preferential procurement, enterprise development, and corporate social investment. The White Paper on Tourism Development of Department of Environmental Affairs and Tourism (DEAT, 1996) acknowledges that there are hindrances towards the full involvement of Black people in tourism industry. The BEE challenges show that there is a need to develop further plans in order to ensure that BEE is more inclusive.

DEAT (1996) findings reveals that the BEE policy has not adhere to the aims of its foundation. There is less involvement of Black people in tourism businesses. If the BEE implementation pursued its intensions was going to make business opportunities are accessible to more Black people. It has been argued that access to opportunities should be more inclusive. The inclusive BEE allows the entrance of Black people while maintaining the existing tourism businesses. The inclusive BEE according to the DEAT (1996) stands to meet the following set of objectives:

- Promoting economic transformation in order to enable a meaningful participation of Black people in the economy.
- Achieve a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises.
- Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;

- Promoting investment programmes that lead to broad-based and meaningful participation in the economy by Black people in order to achieve sustainable development and general prosperity;
- Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills, and;
- Promoting access to finance for black economic empowerment

The inclusive BEE further ensures that women, workers, youth, and people with disabilities gain better positions from tourism sector. The more inclusive BEE is referred to as the Broad-Based BEE. As stated in the Broad-Based BEE Act of 2003, the Broad-Based BEE means the empowerment of all Black people. Further the Broad-Based BEE Act of 2003 emphasis the inclusion in BEE programmes of women, workers, youth, people with disabilities and people living in rural areas. Inclusive BEE programmes would be very helpful in the study area because the level of unemployment mainly of the youth and women is high (GSA, 2004).

In the context of this study, the Broad-Based BEE is viewed as a more inclusive and sustainable economic empowerment of Black workers, promotion of tourism entrepreneurship and self-employment among Black people. The Broad-Based BEE main target must be poverty alleviation through promotion of involvement of Black people into new income-generating tourism products. In terms of the Broad-Based BEE Act of 2003, the Economic Empowerment will be in line with the integrated socio-economic strategies if the following activities were implemented (GSA, 2004):

- Increase the number of Black people that manage, own and control enterprises and productive assets

- Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises.
- Human resource and skill development.
- Achieve equitable representation in all occupational categories and levels in the work force.
- Preferential procurement and
- Investment in enterprises that are owned or managed by Black people.

The Broad-Based BEE strategically eliminates the problematic areas, address issues such as lack of information, skills, finance, business, and government support. This study view Broad-Based BEE as a comprehensive empowerment strategy. The BEE strategy is likely to have observable life enhancement in townships and rural areas of uMhlathuze Municipality because of betterment of economic situation. Currently there is low level of education and entrepreneurship skills in the study area, the situation that impede on achievement of the Broad-Based BEE (Impact, 2003). The outcome of this strategy will depend on quality education and entrepreneurial skills development plans. The successes in the area of skills development have a potential to enhance the investment in Black owned businesses (GSA, 2004).

2.3 OWNERSHIP OF TOURISM BUSINESSES_

According to the Broad-Based BEE Act of 2003 (GSA, 2004) ownership as one of the important components of Black Economic Empowerment. A tourism Company compliance with BEE can be measured in terms of the percentage of Black people involved in its ownership. Black people ownership is thus one of the various complementary focus areas of BEE.

However, ownership cannot be used as the sole measure of BEE, but together with other factors can be used to assess the progress of Black people participation (GSA, 2004).

In terms of the Broad-Based BEE Act of 2003 ownership, emphasise the inclusion of women and the disabled. The Act stresses the importance of promotion and substantial involvement of women and the disabled in the management and business ownership. In the study area women and disabled play a breadwinner role in a number of families. Therefore, participation of women and the disabled people in BEE can enhance socio-economic status of many Black people (GSA, 2004).

2.3.1 Defining Black Ownership of a company

The Black ownership was defined by Spykes, (2002) as the percentage of shares owned by Black people in a tourism company. Spykes (2002), further announce that the BEE policy categorises of company ownership as follows:

- A "Black company" is one that is 50 percent owned and managed by Black people.
- A "Black empowered company" is one that is at least 25 percent owned and managed by Black people.
- A "Black influenced company" is one that is between 5 and 25 percent owned and managed by Black people.
- An "engendered company" is one with at least 30 percent representation of Black women within the black equity and management portion.

The BMF (2003) anticipate that if Black ownership shares are used to measure implementation of BEE, very few tourism companies in the study area can be regarded as black empowerment companies. Therefore the

percentages of the Black ownership may need adjustment overtime to increase level of Black people ownership in tourism businesses. The special small business funding for BEE can improve participation by Black people in tourism businesses (Glennie, 2004).

2.3.2 Categories of Company Ownership

There are several types of existing companies in South Africa. Spykes (2002) listed five distinct categories of company ownership as follows:

- Companies that are 100 percent foreign-owned.
- Wholly owned subsidiaries of public listed companies, either on the Johannesburg Stock Exchange or an offshore exchange;
- Companies independently listed on the Johannesburg Stock Exchange
- Companies privately owned by mainly South African interests; and
- Companies wholly or partly owned by the government or state-owned enterprises.

This study assumes that in each of these categories, there are distinct issues to be taken into account when measuring Black people ownership and each has its own constraints. The BEE policy provides the guidelines and the process to be followed by each type of tourism enterprise in order to become BEE compliant (Glennie, 2004)

2.3.3 Constraints on Black ownership of companies

According to Spykes (2002) the constraints towards BEE on one hand, concern with business company's compliance with BEE and on the other hand, with correcting deficiency on the side of Black people. Another challenge facing BEE is concern with foreign companies that are expected to prioritise their interest whilst comply with the BEE. These companies are more likely not to consider South Africa as a suitable place for investment if they disapprove BEE. The government can turn the situation around by

introducing certain incentives for foreign BEE compliant companies. The government must avoid making BEE look like an obstacle, but BEE should be made attractive, accompanied by incentives such as reduced tax for complying businesses.

Foreign companies often cite lack of suitable Black empowerment companies to form a partnership with. Companies need partnership with local empowerment company with excellent record of accomplishment and finance. So far, there are relatively few Black empowerment companies able to meet these conditions. The shortage of BEE companies hampers many willing foreign investors to meet the terms of BEE (Spykes, 2002).

The challenge facing the Black people apart from a lack of BEE information is a lack of capital. The Black Empowerment partners need the means to finance their investments. There are few Black people with a strong financial position to buy shares in big tourism enterprises. Stakeholders in tourism need to encourage Black people to participate in tourism businesses because Black people still show a low level of interest in the tourism industry. The Black entrepreneurs tend to acquire finance and invest it, in other sectors of the economy rather than in the tourism industry (Spykes, 2002). There are other constraints against the increase of Black people business ownership in tourism industry. This study identified the following constraints towards the BEE ownership.

- The negative attitude of Black people towards the tourism sector. Tourism is considered as White peoples 'thing'.
- The lack of entrepreneurial skills.
- The access to finance remains a challenge.
- The material resources required to acquire ownership are expensive.
- Literacy level among the Black people is low.

- Access to opportunities benefits the politically connect Black people.
- Corruption in tourism industry.

The Department of Environmental Affairs and Tourism (DEAT, 1996) consider rural areas as endowed with tourism opportunities. In uMhlathuze, there is unequal infrastructure provision especially if one compares rural areas with urban areas. In urban areas the essential infrastructure is adequate for further development. But in rural areas there is a lack of infrastructure such as access to roads, electricity, running water and modern communication technology. The lack of infrastructure in rural areas, inhibit tourism entrepreneurship potential that is only possible in the city (DEAT, 1996).

The current study believes that the stakeholders in the tourism industry have to ensure that constraints towards achievement of BEE are eliminated. Ideal implementation of BEE in tourism should attract foreign investment and promote Black people's entrance in tourism businesses. The main area of focus should be to Black people in tourism and encourage foreign capital investment in the study area. The BEE should ensure that Black people owned business develop without difficulties in Towns, Townships, and Rural areas. The success in these activities will be evident in the form of poverty alleviation, diversified tourism industry, and socio-economic improvement in favour of all race groups. The problem of unemployment and crime can be reduced by success in the BEE implementation.

2.4 EQUITY IN THE WORK PLACE

The Department of Trade and Industry (DTI, 2004b) defines equity in any form of enterprise as the member's share of that enterprise. Equity means balanced non-discriminatory representation in terms of gender, race, ability,

and other physiological features making each group unique. Equity also means that all people have equal access to skills development and economic opportunities. Black people within the enterprise are allowed to develop a potential to become independent entrepreneurs.

Equity is also viewed as the equal access to tourism business opportunities and the disposal of shares by tourism business to Black employees with the aim to attain Black people representative in business ownership (Wessels, 2005). Through equity, Black people obtain the right to have influence on decision making in tourism business. Equity is, therefore a step towards enabling Black people to become equal partners, gain experience to become independent entrepreneurs and be able to venture in other businesses outside their work places.

Furthermore, Wessels (2005) pronounce that Black people's economic evolution within their work places in tourism industry can be possible if the Government is efficiently monitoring equity implementation. The tourism industry should reflect demography of uMhlathuze Municipality diverse communities in the fair manner. According to the DTI (2004a), the BEE codes of good practice were created by the DTI to ensure that companies sell at least 25 percent of their equity to Black investors and source at least 50 percent of their goods and services from Black-owned companies (Wessels, 2005).

From the above descriptions one deduce that equity is the actual empowerment of those who were previously disadvantaged. Equity is still unattainable in the uMhlathuze Municipality tourism industry. The climate for entrepreneurial activity favours the minority groups in the municipality. Godsell (2002) believes the Government should accelerate create the environment in which Black people with skills can thrive. Further

government must invest on infrastructure such as roads and communication system. Access to Internet can facilitate marketing of tourism products found in the rural areas and Townships.

2.4.1 Promotion of Gender equity

Inequality in terms of gender still prevails in the work-place, the male dominates most senior positions. According to the Black Management Forum (BMF, 2003) in the top management, women hold about 12 percent of jobs. The BMF mentioned that there is a general low level of women participation in management. The current state is such that the choice about who should generate new ideas on management and development rest squarely on the male domain, not women. Gender equity Act emphasises the involvement of women in all spheres of life. In the uMhlathuze municipality, tourism business makes effort to introduce women and youth in senior management levels (The uMhlathuze Tourism Association, 2004).

The promotion of women involvement evolved from the notion that despite the achievement records in history, women are not given the rightful place in the development of our society. Odediran (2004) emphasises that for the healthy growth of a society, the participation of women is necessary in all fields. Women play a leading role in sustaining livelihood in societies. Odediran (2004) also highlights the important facts related to the role of women in all spheres of life. Women are more concerned about the environment, manage domestic work, and they generate income, which are mainly spent on basic family needs. The general family life often improves when women are involved in society decision-making process (Odediran 2004).

This current study considers the significance of women in the communities as valuable for ecotourism development. The nature-based tourism can bring

great benefits where women are involved, both in rural and urban areas. Women domestic skills come handy in running tourism business such as Bed and Breakfast, beadwork and managing curios shops. These kinds of businesses have a potential to generate income for Black people in the study area (The uMhlathuze Tourism Association, 2004)

The BMF (2003) in their report acknowledges that women for long depended from man. The women remained subordinate even by law, regardless of capability. The need to develop new tourism markets compel that women take a leading role in tourism business initiatives in the Townships and Rural areas, since it is where developments of new tourist attractions are focused, as prescribed in Tourism Kwa-Zulu Natal (TKZN) tourism development strategy. The uMhathuze municipality is taken as gateway to the Zululand and as the destination for both International and Domestic tourists. The position of the study area makes it a potential tourism hub and gives the local communities a better chance to benefit from tourism (Khuzwayo, 2002).

Gender equity in this study is viewed as a means to empower and promote women entrepreneurship. Gender equity promotes women to the decision-making positions. In the business where women are empowered, they get exposed to entrepreneurial activities. The Government incentives encourage business to enhance women status. More companies outsource their businesses to empowerment businesses of which women businesses get the first preference (BMF, 2003)

2.4.2 Employment Equity

The Employment Equity Act (EEA) 55 of 1998 (BMF, 2003) recognises that as a result of apartheid and other discriminatory laws and practices, there are disparities in employment, occupation and income within the national labour market. This Act also recognises that disparities put Black people at a

disadvantage. The Act also acknowledges that disadvantages can be corrected by the constitution. Disparities limit the exposure of Black people to skills essential in business management. Trends in 2001/02 were such that in the work place generally men held 88percent of all top management positions in South Africa, as compared to 12percent for women (BMF, 2003).

This study assumes that the upcoming entrepreneurs must gain management experience from the existing business. The knowledge and experience gained from interactions can be used to create a new business venture. Hence employers should infuse business skill to the employee. Imparting entrepreneurship aptitude to Black employees can mend socio-economic disparities caused by apartheid. The uMhlathuze Tourism Association committed itself in the development of Black tourism entrepreneurs in the study area. The number of Black people involved as tour guides especially in Bird watching has increased (The uMhlathuze News, 2004). There is a wide range of opportunities for which the Black people in rural areas are being equipped to explore. The association face a challenge to increase the number of Black people involved (The uMhlathuze News, 2004).

The developments in the study area must be inline with the prescriptions of the Department of Trade and Industry, which stipulates that all entities are required to comply with the provisions of the Employment Equity Act. Abiding with Employment Equity Act (1998) should bring about an equitable representation of Black peoples at all occupational and skill levels in organisations. The underlying principle behind employment equity is to foster skills transfer to achieve active involvement of Black people in the operational, professional and executive decision-making processes in their employing entities. The practice of involving Black people in management is expected to introduce racial diversity in business management. In addition

new business ideas are encouraged and then the tourism industry becomes diversified and more attractive to consumers (DTI, 2004b)

According to the DTI (2004b) in order for the employer to comply with the conditions of the Employment Equity Act (EEA), they must conform to the following points as stipulated in the EEA of 1998. To guarantee that ideal Employment Equity is achieved, the new legislation on Employment Equity Act of 1998 emphasizes the following points:

- Employers must take steps to promote equal opportunities in the tourism workplaces by eliminating unfair discrimination.
- Prohibition of any form of discrimination on the grounds of race, gender, disability, religion, HIV status and language.
- Affirmative Action should be designed to ensure that suitably qualified individuals from previously disadvantaged groups have equal employment opportunities and are equally represented in all occupations.
- An employer must prepare and implement an Employment Equity plan.

Employers should learn to complement various components of BEE to achieve equity. The above discussion considers the role of employers as the key factor towards achieving transformation. Employers have a duty to plan for implementation of Employment Equity when hiring new employees. The problem of lack of Black people with skills can be compensated through work based employee training program (Van der Merve, 2000)

Nzimande and Skhosana, 1996 suggests that companies must not focus on qualification as the sole criteria, but should also focus on developing company human resources department, through work based training to meet the needs to develop employees, rather than looking for a formal

qualification. Employers should look at the people's life experiences, and aptitude to implement skills development plans (Nzimande and Skhosana, 1996).

2.4.3 The Employment Equity and Skills Development

Current trends in Employment Equity (EE) highlight the alignment of skills development in achieving the objectives set out in the National Skills Strategy. From these trends, it is clear that the management profile of Black people and women in the top echelons of decision-making is still very small. To determine the situation of EE in the study area is still difficult. Williams and Shaw (1998) reveals that "employment in tourism is difficult to measure on the basis of official statistics. The direct employments such as in Hotels, Restaurants and Transport have no statistic records, it become more difficult to determine the employment in indirect tourism businesses". In the study area Employment Equity records are also difficult to establish because there is no instrument in place to measure EE in tourism. However Vivian and Hall (1994) have established that women occupy the majority of jobs in tourism, especially those of low skill and wage. There is a need to enable women to occupy jobs in higher positions (EEA, 1998).

In other sectors of the economy the lack of EE is evident. The common justification from companies for the lack of EE is that it is frequently difficult to find suitably skilled Black people. Hence the training and developing of people is fundamental to the success of Employment Equity through investing in skills development. Development of skills will result in South Africa attaining rising competency levels that enhance productivity and growth of the economy (BMF, 2003).

The BMF (2003) estimates that Black people participation in top and senior management, at six percent which is much lower than that of the White

peoples. The low percentage of Black people in management positions suggests that BEE is clearly moving slowly. There is also a perception that the private sector is not taking the issue of Employment Equity seriously. The Black Management Forum (BMF) perceives that the private sector has not taken the EEA seriously. To correct this situation, the BMF suggests that the following two key areas have to be achieved. These areas include,

- (i) Monitoring compliance with Employment Equity and
- (ii) Training and developing people.

The BMF points out that the current monitoring mechanism by government has failed to meet the BEE objectives. This study views that the private sector will succeed in implementation of the EE provided there is employee's skills development program in place. The training is included because there is a need to improve the employee's capacity, to enable them to fit in new positions at work. The efficient monitoring of the developments is crucial for the success of the EEA implementation (BMF, 2003).

As the National Skills Development Strategy [NSDS], stipulates, aligning Employment Equity with the development of skills is essential to the empowerment (NSDS, 2001). Hence the effective mechanism to monitor the actual empowerment of individuals within the Black people should be established and efficiently monitored. Preferably, an independent institution could serve such a purpose. The Department of Trade and Industry makes provision for a labour inspection to check adherence to conditions related to the labour laws and under which employees work (BMF, 2003).

In terms of Basic Conditions of Employment Act, the labour inspector has the authority to enter, question and inspect any company. The labour inspector may request and obtain a written undertaking from a designated

employer within a specified period. If the Inspector has reasonable grounds to believe that the employer has failed to comply with the Act or sections of the Act, a compliance order must be issued to a designated employer (BMF, 2003). This study believes that the similar actions can be taken to monitor implementation of the BEE and EE in tourism.

2.4.4 The Prohibition of Unfair Discrimination

The Employment Equity Act (1998), states that every employer must take steps to promote equal opportunities in the workplace, by eliminating unfair discrimination in any employment policy or practice. The Act prohibits any form of discrimination on the grounds of, amongst other race, gender, disability, religion, HIV status, political opinion, culture and language. Taking Affirmative Action measures to exclude any person based on an inherent requirement of a job is consistent with the purpose of the Act. The Act prohibits any form of medical testing of employees including the testing for HIV.

2.4.5 Equity Plans

Affirmative action was designed to ensure that suitably qualified individuals from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce. An employer must prepare and implement an Employment Equity plan, which will achieve reasonable progress in employment equity (BMF, 2003).

The plan must state among other issues, Affirmative Action measures to be implemented. The employer needs also to prepare a subsequent plan before the end of the term of its current Employment Equity plan. Employers need to submit reports to the Director-General at designated times that, the

Department of Trade and Industry has set for different employer groups (BMF, 2003).

2.5 TOURISM EDUCATION AND TRAINING

The City of uMhlathuze (2004) indicates that about 18percent of, the population in the study area has no formal school education. The low level of education and lack of skills that are in demand is the concern of the Department of labour. Smith-Chandler (2005) saw a positive link between entrepreneurship education in schools and an increase in entrepreneurial potential. The parallel has been drawn that more and better education at schools could help grow more entrepreneurs in South Africa. The National Skills Development Framework (NSDF) was created in order to salvage the situation but there is an assumption that the foundation can be laid through school education. The focus on changing the education system has not enabled the Department of education to include entrepreneurship education in schools (www.saqa.org.za, 2004)

According to Bowler (1995), the low level of business skills is caused by the failure of South African formal school education to provide for entrepreneurship education. Entrepreneurship would give Black pupils at the young age an opportunity to acknowledge practical business principles and prepare them for a career in the business world.

This study considers the skills development as the core of the Broad-Based BEE implementation. Sustainable Black economic empowerment requires black communities with business insight and necessary skills to run businesses. According to the Department of Trade and Industry's National Skills Development Strategy, the skills profile of South Africans need to be increased through accredited qualifications framework. The quality and

quantity of skills, therefore, needs to be improved. In relation to target groups (blacks, women and disabled), the National Skills Development Strategy aims to sustain income-generating micro-enterprises and support viable Small, Micro and Medium Enterprises (SMMEs) (www.saqa.org.za, 2004)

Tourism education and training is regarded by the White Paper on Tourism Development of the Department of Environmental Affairs and Tourism (DEAT, 1996) as one of the fundamental pillars of tourism development among the Black people. The Government commitment focuses on providing courses to facilitate entry into tourism industry and ensuring the introduction of tourism in school curriculum. The DEAT in the study area involves schools in matters related to tourism. Schools are involved in environmental education and tourism awareness. Local schools are involved in annual Environmental activities as per environmental awareness calendar such as celebrating world wetlands day on the second of February, Environmental awareness week in June, arbor day and coastal clean up during September and October.

The Government's commitment in facilitating implementation of BEE can succeed if emphasis begins with one of the pillars of Black Economic Empowerment, that is, capacity building through training. Hence training should be a starting point towards empowerment. The uMhlathuze Municipality tourism education therefore needs to focus on activities that would increase the number of Black entrepreneurs in tourism business ventures. The municipality is expected to assist community centers of learning to include entrepreneurship and tourism education in their curriculum. This study believes that effective entrepreneurship and tourism education should begin at school going age, so that entrepreneurship culture could be inculcated in young people at a tender age.

2.6 ENTREPRENEURSHIP CONTEXTUALISED

The term entrepreneur is derived from the French 'entreprendre' combining two words; '*entre*' which mean 'between', while '*prendre*' mean 'to take'. In economic terms an 'entrepreneur' is a person who undertakes to search for business opportunities, bringing together various factors of production such as people, capital, raw material and technology, managing them to achieve desired results and profits (Bowler, 1995).

In the context of this study entrepreneurship, refers to the people's ability to think creatively about the tourism business as well as to attempt to create new ideas in a tourism business or improve the existing types of tourism businesses.

Bowler (1995) lists three areas that indicate the importance of entrepreneurship in the economy as follows:

- Entrepreneurship can create job opportunities.
- Entrepreneurship initiates production process.
- Entrepreneurship generates wealth and better standard of living.

The study area has a huge unemployment rate. Small businesses have a potential to create more jobs as compared to large companies. Entrepreneurs are responsible for producing goods and services. They combine labour, capital, technology, and raw materials in the production process. Because of this capability of small businesses, BEE choice to focus on entrepreneur development stands to benefit the economy in the study area.

BEE challenge is to encourage the attitude of Black people towards tourism entrepreneurship. Black Africans are less likely to be entrepreneurs

compared to their white counterparts (Entrepreneur South Africa, 2005). The difference is due to that Black people were deprived entrepreneurship opportunities and the probability of being located in the rural areas. BEE has a potential to introduce Black people into the White dominated economic sectors such as tourism. BEE entrepreneurship success lies with the government's ability to encourage all stakeholders to support Black people participation.

The Department of Trade and Industry (DTI, 2004a) initiative encouraged the South African business sector to set targets for achievement of the BEE. Various business sectors including tourism have developed the BEE charters and scorecards. The tourism sector scorecards indicate the targeted BEE percentage to be achieved each year up to the year 2014 (see appendix D).

De Villiers (2005) acknowledges that current BEE scorecards have a potential ability to produce entrepreneurs, based on that, all scorecards make a provision for developing previously disadvantaged companies. This BEE business trend is likely to produce a number of Black people inventors of new tourism products. De Villiers (2005) believes that the current BEE needs to further develop innovative skills, which are the key to globally competitive and sustainable entrepreneurship activities.

This study acknowledges that there is a lack of entrepreneurial skills development among the Black population in South Africa and uMhlathuze Municipality in particular. The lack of skills is considered as a contributing factor towards the scanty BEE implementation, especially in uMhlathuze Municipality. The tourism industry is believed to possess the ability to provide for tourism business skills through their learner ships programmes in order to benefit those Black people no longer in school learning age. The DTI skills development strategy makes a provision for every industry to have

a skills development programme. The promotion of entrepreneurship and implementation of skills development will assist the Black people in the uMhlathuze Municipality to acquire skills and necessary experience to operate within the tourism sector.

Entrepreneurs in the study area are exposed to opportunities but never make any attempt. In the uMhlathuze, Municipality population there is a general ample of entrepreneurship opportunities and the enormous lack of active entrepreneurs. Bowler (1995) believes that the shortage of Black entrepreneurship activity is caused by the following factors:

- Lack of contacts between upcoming and experienced entrepreneurs and that
- Black people lack knowledge about gathering of finance

According to Bowler (1995:13), the entrepreneur's business success depends on the ability to make contacts with 'centres of influence'. An entrepreneur needs people to help him/her to contact potential additional business. David (1992) also mentioned that where indigenous entrepreneurs emerge, they often come from those with existing links to wider business community. White people in South African tourism enjoy a lot of business as compared to their Black counterparts. Contacts between Black people and White people are not easily available to encourage, Black entrepreneurs due to the history which racially divided South African society. There is a need to increase the contacts between the Black and White businesses. Increasing the contacts is essential in order to enhance the proliferation of Black business in tourism.

There is high cost involved in starting a tourism business. Moreover, the regulatory framework in South Africa limits chances of small business start-up and survival. The monopoly in tourism business sector makes the environment it difficult for a small business to survive. In addition, the

government bureaucracy increases the costs of starting and running an enterprise (Bowler, 1995).

The financial barriers to entry can be considerable even in less capital-intensive segments of the industry. Association of South African Travel Agents (ASATA) pointed out, that travel agents must put up substantial financial guarantees before the International Association of Travel Agents (IATA) can license them. For many small agents this means bonding their own houses, putting Black South Africans who were denied past opportunities to own property at a disadvantage. The problem is exacerbated by the fact that the retail travel industry operates on extremely small margins of one to two percent, making it unattractive to many Black entrepreneurs (Spykes, 2002)

There is a promise of funding from business and other government funding bodies. The Development Bank of South Africa (DBSA) is one of such organisations. The DBSA is backing Black Economic Empowerment by funding organisations that encourage Black people entrance to the mainstream of the economy. The bank provide for infrastructure and capital. The DBSA also acts as a catalyst for foreign investment in South Africa. The growth of tourism industry in KwaZulu-Natal and the availability of finance organisation are envisaged to play a vital role in providing essential assistance for Black people entrepreneurial activities (Lubbe 2003).

The White Paper on Tourism Development (DEAT, 1996) suggests the actions that can improve the rate of introduction of Black people into business. The Government could consider improving the access to finance by Black people through:

- Establishment of a dedicated tourism development fund.

- Ensure that the state funding is accessible to the business community, emerging entrepreneurs, micro enterprises, sole traders, and informal sector.
- Ensure that the state create a subsidised financing facility to accommodate the entry of the Black people in the industry.
- Ensure that technical assistance is provided to potential entrepreneurs.
- Encourage existing private enterprises to assist in guaranteeing loans of small enterprises to assist in guaranteeing loans of small entrepreneurs
- Encourage the reform of land holding and property rights to allow previously neglected groups to obtain collateral to facilitate loan acquisition.

Realisation of these factors can render business environment conducive to start a new small enterprises and BEE will find the fertile ground to broaden its base. Elimination of problems of capital finance in the study area would contribute to acceleration of Broad-Based BEE. Aspirant entrepreneurs will be able acquire and use as bond guarantee their land and set up enterprises based on business plans that are professionally developed (DEAT, 1996).

2.7 CHALLENGES IN TOURISM BUSINESS DEVELOPMENT

The White Paper on Tourism Development of DEAT (1996) mentions the following constrains towards tourism development:

- Limited integration of local communities and previously neglected groups into tourism
- Inadequate tourism education, training, and awareness.

- Lack of inclusive, effective national, provincial, and local structures for the development, management, and promotion of the tourism sector.
- Lack of information and awareness, lack of expertise and training, lack of interest on the part of existing establishments to build partnerships with local communities and suppliers.
- There is the concern from the Black people that tourism is white man's thing and not for them, tourism is perceived as catering to the predominantly white upper middle classes, not within reach of the previously neglected.
- The majority of South Africans have never been meaningfully exposed to tourism industry. Communities have reduced access to natural and cultural resources.
- Lack of knowledge and understanding of what tourism really is. There is a perception that tourism refers only to people travelling around and staying in hotels.
- Wider opportunities offered by tourism are not appreciated. Lack of training opportunities affectively limits participation in tourism industry.
- Lack of involvement, the majority has not been involved in planning, decision-making, investment, development or promotion of the industry. Inequalities and past abuse of power have led to the exploitation of local cultures and community groups
- Language barriers English language is predominant in tourism communication, effectively excluding the majority of population where there are eleven official languages.

From the above factors, tourism education and training can be considered as the core of the solution towards involvement of the Black people in tourism industry. The implementation of the eleven official language policies can

enhance access to information and better understanding of the reality of tourism by all races. IsiZulu is the home language spoken by 85percent, followed by English 10percent and Afrikaans 5percent of the population in the study area (City of uMhlathuze, 2003). Therefore, tourism education imparted in isiZulu will be the most effective in the study area.

2.8 THE ROLE OF STAKEHOLDERS

In tourism, stakeholders include the, public, tourism business associations, finance institution and the Government in facilitation of BEE implementation. These tourism stakeholders have a duty to implement BEE. The success of Black Economic Empowerment implementation depends on understanding that stakeholders complement each other.

2.8.1 The Role of Tourism Business

Aylward and Lutz (2003:15) observed that the private sector's share of the tourism industry is 88percent as compared to 11percent of the public sector's share. The private tourism businesses can use their share in the industry to influence BEE accomplishment. They are therefore expected to play major role in the BEE implementation. The tourism Business Council of South Africa (TBCSA) recognises various existing tourism associations at national and local municipal level. The majority of tourism associations support and play active role in Black Economic Empowerment. However, some of national tourism associations find it difficult to implement BEE, suggesting that the nature of their business is a limiting factor.

The smaller white owned tourism businesses may not afford to comply, as they still have to adapt with changing environment. The clear period of reference as stipulated on the tourism business charter (see appendix E) and scorecard, give sufficient time for planning as advised by the DTI.

The TBCSA should consider developing a strategy to assist those businesses finding BEE implementation difficult because of their nature. Such strategy will work if business themselves are the part of the solution. Tourism businesses that cannot implement BEE should consider sharing expertise with the upcoming Black people owned ventures.

The Tourism Business Council of South Africa together with the affiliated tourism business associations, encourage stakeholders to focus on the following matters:

- Formulation of the charter of empowerment and transformation in tourism industry.
- Participate in DEATs transformation forum, promoting BEE
- Promote enterprise support, encouraging the development of appropriate tourism product.
- Marketing of South Africa tourism.

These matters of business focus need to place the BEE as the priority. New enterprise development has to ensure compliance with the BEE. Initiation of Black people tourism enterprises should be supported by existing marketing structures developed to market tourism in KwaZulu-Natal. The tourism business commitment to the transformation process is essential for fair distribution of available opportunities in the sector (Aylward and Lutz, 2003).

According to Spykes (2002), tourism businesses associations in South Africa have shown commitment to transformation. There is a particular interest in introducing affirmative procurement. Nevertheless, there are indications that these companies have some difficulty complying with BEE. Some of the complications faced by the tourism businesses include the following:

- The lack in empowerment procurements measurement.
- Smaller companies do not have procurement departments.

- Affirmative procurement entails establishing new information systems, modifying existing ones, or reorganising the company's procurement function.

These challenges demand further financial resources from tourism businesses that may not be available. Nevertheless, complications can be eliminated overtime through interaction between the business and the Government. The Government should look at supporting those businesses committed to transformation and implementation of the BEE. The DTI should encourage all economic sectors to plan for BEE. The tourism sector planning for BEE should include a charter and the scorecard that is used to measure BEE progress overtime (Spykes, 2002).

(a) Charter of Empowerment

The Department of Trade and Industry (DTI, 2004a) defines charters as the documents of a particular economic sector, which include specific guiding mechanisms to achieve BEE objectives in a comprehensive and appropriate manner, as well as measurement indicators and targets to the sector.

The transformation charter of the tourism private sector is a means towards enhancing black entrepreneurship in tourism business. The final outcome of tourism transformation charter will be the proliferation of black tourism business as more business engages Black people in entrepreneurship training. The Government and the tourism private sector have a major role in ensuring that Black entrepreneurs are made and there is a transforming the tourism industry (DTI, 2004a).

The Department of Trade and Industry (DTI, 2004a) presented the following important background facts about the essential interaction between

Government and private sector, as well as the nature of private sector Transformation Charters:

- Government recognises that its BEE strategy will not be effective without the support of the private sector. Partnership for the formulation and implementation of BEE program consists of government, the private sector, including trade unions and community-based organizations. These organized groups represent a key ingredient at different levels and in different sectors of the economy.
- A partnership is the structured collaboration between government and the private sector for the sustainable achievement of BEE. Government will actively seek the establishment of innovative partnerships with the private sector, built around the specific circumstances of different sectors and enterprises. The complexity of the different sectors requires a flexible approach that will allow each sector to determine the form and manner in which it will contribute to BEE within the broad parameters outlined in the legislation.
- Sector charters are one of the forms that such partnerships could take. Charters would need to include specific mechanisms to achieve BEE objectives in that particular sector or enterprise in a comprehensive and appropriate manner, as well as advising on appropriate measurement indicators and targets to the sector. The Broad-based Black Economic Empowerment Act, no. 53 of 2003 provides for the formulation of transformation charters for particular sectors of the economy.

From the above facts, one learns that the government cannot unilaterally implement BEE; but has to form partnership with the private sector. Different sectors have different problems to be considered for BEE

implementation. Diversity of tourism business means there is a need for modified approaches towards BEE implement, because each type of business is unique in nature. As one the difficulties in implementing BEE, some tourism associations mentioned the nature of the tourism business. The role of the government is to make it imperative for sectors to ensure that a charter of empowerment is in place, as an indication of commitment towards BEE implementation.

(b) Enterprise empowerment plans

Empowerment plans entail formation of enterprise charters or economic empowerment plans. All tourism businesses are encouraged to develop their own enterprise charters or economic empowerment plans as part of their commitment to Black Economic Empowerment. The following are the expected contents of enterprise charter (BMF, 2003):

- An enterprise charter contains a detailed plan by the enterprise to achieve the objectives the BEE Act, the Strategy and the Codes of Good Practice.
- An Enterprise charter presents evidence of the voluntary commitment of an enterprise towards black economic empowerment.
- An enterprise charter contains the generic scorecard.

The Tourism Business of South Africa (TBCSA) has already created a tourism charter of empowerment and a scorecard. Tourism scorecard indicates the percentage share of the black ownership and the period for achieving this percentage. The Black Management Forum (BMF, 2003), assessment of the charters of BEE benefits is that they provide as little as 15percent or 30percent BEE without mentioning the future benefits.

The TBCSA on the 29th June 2001, communicated about the need for empowerment and transformation. The tourism industry made a commitment

to work individually and collectively to ensure that the opportunities and benefits of the industry are extended to previously disadvantaged South Africans (Spykes, 2002). This commitment is slowly put in place in the uMhlathuze Municipality. The uMhlathuze tourism Business Association together with Ticor South Africa empowerment initiatives support the building of historical sites such as Port Durnfort, where King Cetshwayo passed on route to England after his arrest by British army. The history, beauty of nature and beaches of the area can attract tourist enabling the local Port Durnfort community to benefit economically. The municipality should seek to use its areas with tourism potential to promote BEE.

Industry leaders and players made a pledge towards empowerment and transformation (Spykes, 2002). Commitment is based on a belief that BEE in the industry will greatly contribute to its growth and sustainability at company and at sector level. In signing the Charter, industry leaders committed themselves individually and collectively to develop and support initiatives in key areas identified and furthermore agree to participate in an industry wide reporting and information sharing process on progress made. The key areas of focus for empowerment plans are Business ownership, Business development, Management opportunities, and Community development.

The government and funding organisation encourages people to form cooperatives based on sound business plans. Loans are made available to cooperatives with a potential to sustain their business activities. Women owned cooperative at Dube-Village manufacture beads work and sells it internationally (www.futurenet.co.za, 2006). The uMhlathuze Tourism Business Association assists tourism cooperatives with marketing of beadwork (www.futurenet.co.za, 2006)

2.8.2 Role of the Government

The Government creates a suitable climate for empowerment to take place. Government is involved in four important areas, namely, legislation, training, marketing and also as the consumer. The government also acts as the legislator and regulator in tourism industry via legislation. The laws are laid to fast-track changes in ownership and procurement practice. The state is the large consumer of tourism services. The state can choose to spend on empowerment tourism products and make regulation towards that effect (Spykes, 2002).

The Government support training and skills development in tourism. South African government facilitates the function of the Tourism, Hospitality, Education and Sport Training Authority (THETA), which focus at development of National Qualification Framework (NQF). The NQF focuses on increasing tourism capacity in services, hospitality, gambling, conservation, sports, recreation and leisure (Spykes, 2002).

The government monitors and evaluates the proceeds of current empowerment programs. Identify progress and shortcomings and decide on alternatives. Loxton (2006) mentioned that the government acknowledges and utilise research findings and responded accordingly. The government from research findings identified that Black people lack to access to finance, too much red tape and persistence of unemployment among the woman and young people. The people who are affected form the part of the second economy.

The government introduced a new empowerment strategy known as, the Accelerated and Shared Growth Initiative for South Africa (ASGISA). The aim of Asgisa is to bridge the gap between the two economies existing in South Africa. These two economies comprised of the well off and privileged

in the first economy and the poor, unemployed and marginalized in the second economy. Another character of the second economy is that needed to access funding (Loxton, 2006).

The National chamber of commerce is optimistic about Asgisa and that 100 000 new businesses per year can be establish with availability of loan amounts between R10 000 and R250 000. The tourism industry is regarded as the priority and has potential to grow and contribute from 8 per cent to 12 percent and add up to 400 000 jobs by 2014. The current initiatives in tourism hope to benefit from implementation of ASGISA (Loxton, 2006).

In the study area, the government initiatives including the BEE are implemented. According to Heyneke (2003:7) "A new employment equity plan was adopted setting realistic targets for the next 10 years. There is a high level of labour relations ensuring no disruptions in service delivery. Training and Development of councillors and officials receive priority. Functions and powers were allocated to the Municipality, acknowledging its importance in service delivery and economic development." The Municipality implementation has, as one of their performance targets for the year 2004/5 was facilitation of the establishment of cultural activities in collaboration with Tourism KwaZulu-Natal (City of uMhlathuze, 2003).

Umhlathuze Tourism Association has been in operation since the year 2002 was established to serve the entire study area, has played active role in facilitating tourism opportunities. Consists of representatives from business, tribal authorities, South African Ports Authority, Council and other tourism role-players serve on association committee. The Umhlathuze Tourism Associations work on tourism front has been two fold. Advertising campaigns were commissioned to encourage tourist to visit the study area during holiday periods. Numerous events were hosted. Events include the

Bay-to-Bay Challenge, the Fish Eagle mile Swim, the Beach Festival, Hippo Rally and Sugar Carnival (City of uMhlathuze, 2003)

A crafters committee was established in rural areas, which resulted in crafters exhibition for the public where beadwork, woodwork, clay pots and other items were on display. The events planned in the study area generated spin-off for local business, as hotels and bed and breakfasts were fully booked. (City of uMhlathuze, 2003).

This study views the involvement of Black people in tourism business as minimal in the study area. The beneficiaries in tourism are hotels, Bed-and-Break fast's, an area where there is fewer Black people involvement. The conditions in the study area suggest that implementation of BEE have a potential to promote development of Black entrepreneurs, lower unemployment and reduce poverty.

2.9 CONCLUSION

The BEE policy clearly raises both hopes and concerns among South Africans. The debates are going on about effectiveness of BEE intentions. The economic transformation and BEE are relatively new, still undergoing implementation phase. In tourism, the policy implementation is regarded as a very slow process, and as such may not bear fruits as soon as expected. It is understood that stakeholders have to be patient about the process of BEE legislation and the implementation of those related policies.

In the mean time the Department of Trade and Industry has formulated processes and procedures for formation of Black Economic Empowerment charters committing sector stakeholders towards economic transformation within South Africa, and KwaZulu-Natal in particular. Tourism

transformation charter commits tourism business to transformation and the Broad-Based BEE. However there continues to be some concern over who benefits from the BEE.

There is the question whether BEE can really be broad-based in the capitalistic society (Qunta, 2004). There is the concern over the procurement consultants and advisors who are predominantly White who according to Lalu (2004) stand in the way of the introduction of Black in Economic Empowerment activities. Ending corruption is considered as a one of government's challenges

Apart from the problems of capacity among Black people as the hindrance to enter into BEE deals, the access to finance is another obstacle. Lack of entrepreneurial culture and stringent requirements to access funds, interfere with Black people's entrance to the main tourism economic activities. This study therefore seeks to investigate the meaning, understanding and the execution of the Black Economic Empowerment policies and procedures.

CHAPTER 3

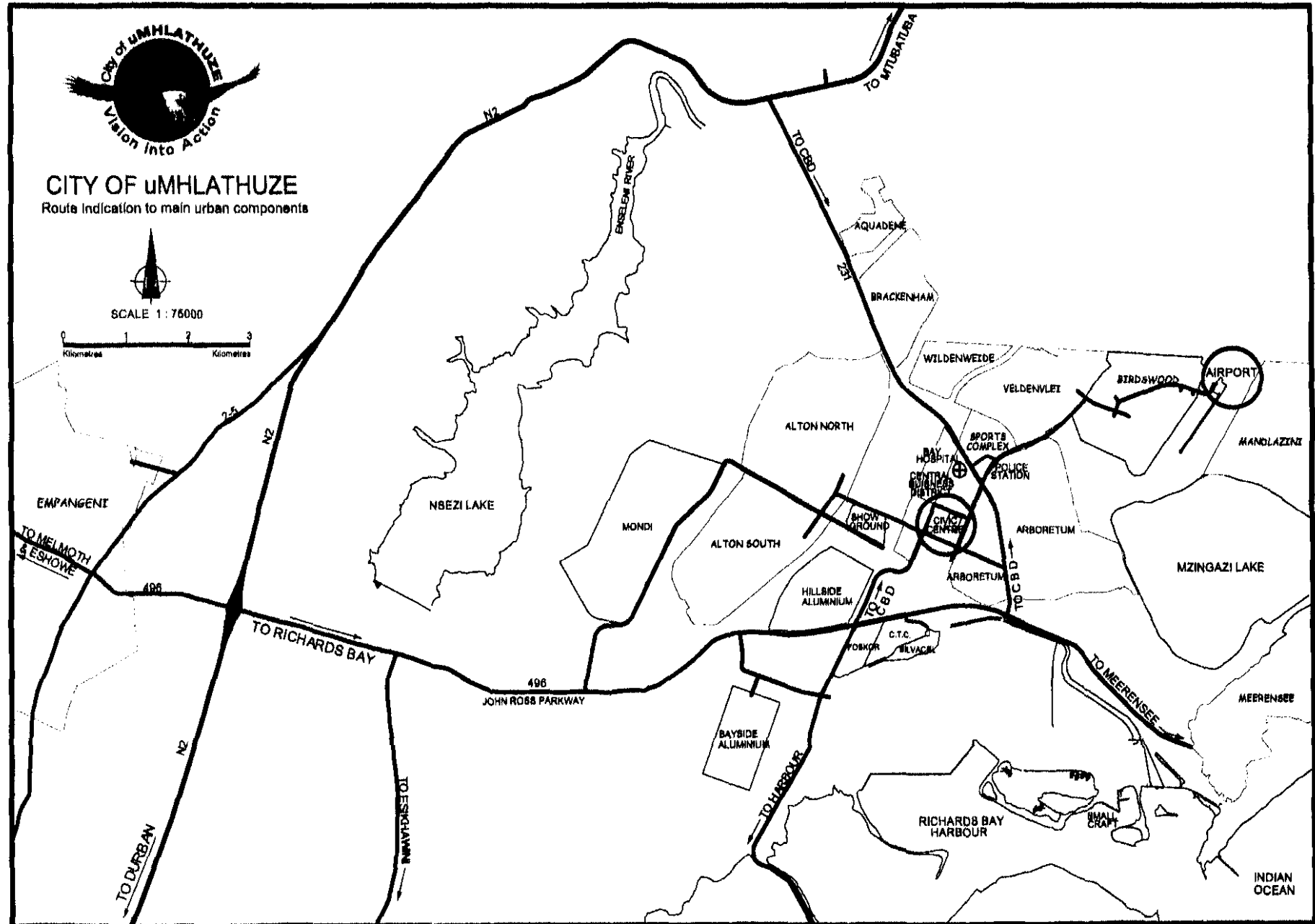
PHYSICAL SETTING OF THE STUDY

3.1 INTRODUCTION

This study focuses on uMhlathuze Municipality. This area rests on the eastern coast of the Republic of South Africa, within the province of KwaZulu-Natal, which is the second largest in terms of human population. The name of this municipality was derived from the name of the river “uMhlathuze” which runs along the greater part of the municipal area, uniting the city and the rural areas. The Municipality consists of the city and surrounding tribal areas (see map figure 3.1). The city of uMhlathuze consists of two towns namely; Richards Bay and Empangeni, four townships (Esikhawini, Ngwelezane, Nseleni and Vulindlela). The townships were created to supply labour for the growing mining and manufacturing industry (www.richemp.org.za, 2006).

The uMhlathuze Municipality relative to other municipality has a fast growing economy. This fast growth is due to factors such as, (a) the combination of the Richards Bay and Empangeni towns to acquire a city status and (b) the port of Richards Bay. The port encourages growth in economic activities in the area by facilitating export and import. The uMhlathuze Municipality's great economic potential is continuing to unfold as the leading economic sectors such as manufacturing industry, tourism, agriculture, and mining are gradually establishing themselves in this area (Impact: 2003).

FIGURE 3.1 THE MAP OF UMHLATHUZE MUNICIPALITY



Tourism sector is growing faster and has a potential to contribute substantially in the economy of the study area (Impact: 2002).

3.2 THE HISTORY OF UMHLATHUZE MUNICIPALITY

The current separate population settlements of uMhlathuze reflect the remains of the legacy of apartheid area. The segregation of population's settlement has an influence on the racial representation in tourism. The scenario can be observed in the non-proportional representation of different population groups in tourism businesses. Tourism businesses are concentrated in towns where White people are predominant. . The history of the study area has a link with that of British settlers. British influence is evident on the language used in the study area. English is the official language used in town of Empangeni, Richards Bay, as well as in schools as the medium of instruction (Impact: 2002).

3.2.1 Empangeni and Richards Bay

Richards Bay was named after the British army commander, who arrived during the Anglo-Zulu war of 1879 and used the uMhlathuze Lagoon as the prime spot for landing the army supplies. Since then the area was developed to a modern town (Impact: 2002).

Richards Bay began as a small fishing town. The flourishing of the town was encouraged by the development of the Port of Richards Bay, which is the country's deepest and largest, since 1976. The Government has earmarked Richards Bay for growth and development. This growth and development will add to the already established industries in Richards Bay, which include the production of heavy minerals and coal export.

The origin of the name Empangeni is not clear. Some claim its origin from the word "Embangweni", meaning the place of conflicts, while others claim its origin from the name of the popular trees in the area called "Mpange tree". The towns of Empangeni and Richards Bay have since been amalgamated to form the City of uMhlathuze (The uMhlathuze Tourism Association, 2004).

3.3. TOURISM POTENTIAL OF UMHLATHUZE MUNICIPALITY

The study area is also regarded as the tourism gateway and the tourist's destination in its own right (Khuzwayo, 2002). The contribution of tourism has a growing significance in the Municipality. The tourism potential of the uMhlathuze Municipality is regarded and marketed nationally and internationally as the "heart and pulse" of Zululand. This branding is associated with the area being the leading economic center of Zululand. The airport and the harbour make it easy to access Zululand through Richards Bay (Khuzwayo, 2002).

Tourism activities at uMhlathuze area are not limited to the city, but also townships and the rural areas have a potential to grow. These previously neglected tourists destinations are making major inroads into the Municipalities tourism sector, with the enormous potential contribution into the reduction of a high level of unemployment and poverty in rural areas and the townships. UMhlathuze Municipality tourism growth is due to its attractiveness, existence of essential infrastructure, abundant tourism resources, and the rich history of towns, rural areas and townships. This study believes there is great potential for successful empowerment through tourism in the area. (Impact: 2002)

In the uMhlathuze, Municipality there is a remarkable existence of potential tourism business ranging from travel agents, tour guides and operators, transport and accommodation. Tourism businesses are backed by a considerable wealth of tourism and recreation natural resources, which include the coast with beautiful beaches, the lakes, and the wetlands. All the natural resources are enriched with the diverse wildlife (Impact: 2002).

The uMhlathuze Municipality boast excellent facilities. In addition to facilities, there are natural resources. Municipality tourism resources are at the proximity to a wide range of tourist attractions. These attractions include the rich cultural diversity, valuable indigenous knowledge system with its cultural practices, which lay untapped by the tourism industry. The Richards Bay harbour and existing infrastructure are the major draw card in the development of tourism and industry in the Municipality. The harbour contributes to the increased number of the industries, which is accompanied by the development of the core infrastructure such as roads, telecommunication, electricity, and water supply. The tourism industry also benefits from the development of infrastructure (Impact: 2002).

The development of the infrastructure takes into account the environmental and physical factors in the area. There are measures taken to maintain a balance between development and a need to protect the sensitive environment. The uMhlathuze Municipality environmental conservation initiative includes the extension of Municipal open space system, coastal management plan, a strategic environmental management plan and a sound biodiversity policy. New development precedes a thorough Environmental Impact Analysis. All large industries, environmental institutions, community organisations such as the Richards Bay clean air association work together with the uMhlathuze Municipality, to ensure a pleasant working and living environment for the residents (www.futurenet.co.za, 2006).

3.3.1 Tourism Projects Underway

The uMhlathuze Municipality Spatial Development Initiative (SDI) has earmarked the development of the following tourism projects in line with the Tourism KwaZulu-Natal (TKZN) tourism development strategy (Impact, 2002).

- Richards Bay waterfront and yachting marina development, with tourism and retail components
- Harbour boat tours, with specialised craft
- Ferry system from Alkanstrand to Die Duine across the harbour mouth.
- Naval island development as top sporting, shopping and accommodation venue, with commercial, entertainment and recreational facilities, exclusive hotel and residential up market resort.
- Swimming pool complex on beachfront,
- Golf course residential estate.
- Development of lake Mzingazi, as a major asset with boating facility, sunset cruises, hotel and self-catering chalets.
- Hippo Island, with a giant statue-cum-lookout tower and restaurant facility.
- Development of shows grounds as an exhibition venue, catering for regular sport and entertainment activities.
- Development of uMhlathuze lagoon as an exclusive walking trail.
- Zululand Chamber of Business Community Park, with animal touch farm and top-class Conference venue.
- Cultural and craft village, with an investor-owned trading company and Cooperative owned by crafters, development of meander to the various Craft making locations, curio hypermarket.

- Provision of accommodation-cluster homes, Townhouses, timeshare amenities.
- Development of conference facilities.
- Esikhawini township tourism initiative.

There is a hope that tourism projects in the uMhlathuze Municipality will enhance Black Economic Empowerment and render tourism industry to fully comply with the BEE requirements.

3.3.2 Empangeni as a Tourist Destination

Empangeni is situated at about 150 meters above the sea level in the heart of the sugar cane fields. The climate of Empangeni is subtropical. This climate makes Empangeni warm through out the year, and thus a perfect holiday destination year round. Despite being a developing modern town, Empangeni has managed to maintain its original small town charm. The early history of the town is perfectly kept in the local museum (www.futurenet.co.za, 2006).

The local museum offers a look at the history of the sugar pioneers who forged the path of development in Empangeni. These pioneers opened the mill in 1911. Other exhibits include Zulu cultural and contemporary art displays, such as the Mthethwa clan collection. Neighbouring the museum is the craft center, a community upliftment project. In the craft center there is the firsthand experience of manufacturing of authentic Zulu crafts, Zulu souvenir and Zulu cuisine. Sports are accommodated with 18hole golf course, squash and tennis courts, and the Olympic size public swimming pool. Gambling is accommodated in a 300 slot machines at the Tusk uMfolozi Casino situated at Empangeni rail. Soccer is the most favoured sport, played mostly by the Black people in the study area (www.futurenet.co.za, 2006).

3.3.3 Richards Bay as a Tourist Destination

Richards Bay is a well-planned town under stringent nature conservation principle. The emphasis on nature conservation ensured that industry; tourism and nature coexist in harmony. The town and its surrounding have a vast area of untouched indigenous vegetation, and many natural marshes, making it one of the most charming tourist destinations in the country (Impact: 2002)..

The town boasts an abundance of wildlife including hippos, crocodiles and monkeys. About three hundred and fifty species of birds can be spotted in and around the town. There is a specially erected platform for viewing Humpback dolphins and whales that frequent Richards Bay waters at Alkanstrand Beach (Impact: 2002).

The protected beaches are ideal for swimming, surfing, and yachting, while Tuzi-Gazi waterfront serve, as a water sports playground. In addition to water sport, Richards Bay has golf a multipurpose sports field at VeldenVlei. On the banks of Lake Mzingazi there is a golf course estate that is still being developed with the anticipated date of completion 2006. The attractive scenery complements the golf course; there is a view of hippos, crocodiles, monkeys and fish eagles (Impact: 2002)..

There is a fully equipped modern health gym and numerous public swimming pools. Additionally, the towns appeal is being further boasted by the development of recreational and entertainment facilities on the vibrant and attractive waterfront, with a large variety of shops in the central business district. Entertainment facilities include cinemas, game rooms, pubs, restaurants and coffee shops (Impact: 2002).

One of Richards Bay greatest assets is its people. The community is made up of many different cultures, each of which plays an important role in enhancing the town's character. Tour guides offer cultural tours to Esikhawini, Nseleni, Ngwelezane and Vulindlela (The uMhlathuze Tourism Association, 2005).

The Nseleni Nature Reserve is a home to the wildebeest, zebra, reedbuck and small mammals has picnic and walking trails and conference center. Lake Mzingazi is a natural lake covering an area of 944ha. The Lake consists of a fresh water source for Richards Bay. Lake Mzingazi is the home to abundance of hippos and crocodiles, and is the favoured feeding place of fish eagles.

Richards Bay is one of the best providers of urban bird viewing experience in the country. About 350 bird species occur in the immediate Richards Bay area, 73 percent of south Africa's red data book species and 24 National Rarity have been recorded from the Richards Bay area. The Thulasihleka pan has a wide variety of water birds including lesser jacana, pelicans, spoonbills, Baillon's Crake, African Marsh Harrier and Brown-Throated weaver (The uMhlathuze Tourism Association, 2005). The municipality invested in bird viewing by constructing bird watching towers and wooden foot paths trails at Thulasihleka pan.

3.3.4 The Townships and Rural Areas

Esikhawini is the largest township in Zululand. According to the uMhlathuze Tourism Association (2005) visitors guide Esikhawini Township together with Ngwelezane and Nseleni were mainly built to supply the towns of Empangeni and Industrial Richards Bay with cheap labour. Townships and rural areas have survived the violence of the early 90's, they are striving to claim their stake in the uMhlathuze Municipality tourism sector.

In the rural areas and townships of uMhlathuze the Zulu people live and work in modern surroundings, while at the same time are embracing and practicing culture, traditions and social customs of their proud ancestors. The traditional area is largely underdeveloped. Tourism sector has a potential for economic growth in traditional areas (The uMhlathuze Tourism Association, 2005).

Esikhawini means the estuary, a place where the river meets, enjoy a sea frontage and several popular beaches. The place of Esikhawini was named by King Cetshwayo in 1882 while on his journey to meet Queen Victoria in London. There is a monument in the beach marking the place where the king boarded his boat. The lake Cubhu and Enseleni nature reserve offer prolific bird life and a range of African game (Mwandla, 1998).

The townships have taverns, where locals gather to exchange news and views and storytellers recall past events in the history of the area. The traditional court presided over by the Inkosi of the tribal authority and the consultation of the Inyanga. In Vulindlela and the Campus of University of Zululand, there is Professor Gabela's museum house that contains Zulu craft and artifacts, recounting the history of the Zulu Nation (www.futurenet.co.za, 2006).

3.4 TRANSPORT

The uMhlathuze Municipality has various transport links with the country and the rest of the world. The available transport modes for tourism include roads, the airport and the harbour. The port is established as Africa's busiest and one of world's leading deepwater ports in terms of cargo volume. The world's famous passenger liners often berth at Richards Bay harbour. There

are various transportation modes in the uMhlathuze municipality. These modes include the rail, the road and the air transports (Impact, 2002).

3.4.1 The Rail Transport

The railway consists of the highly developed network. Transnet is a partly Government owned Transport Company specialising in rail and the harbour transport. The rail transport is mainly used to transport goods. Spoornet consist of the highly developed rail network and has a substantial spare rail capacity that can be developed and used for passenger trains.

An electrified heavy haul line forms an important link with Gauteng and the KZN hinterland, with network handling approximately 74 million tons per annum. There is also diesel-hauled lines connecting Nkwalini in the west and extending northwards to the boarder with Swaziland. The industrial areas are serviced by rail sidings linked to this main rail network, providing access to the rest of the country. The existence of this rail network has the potential for the future passenger trains that could ferry tourist through the Zululand and the rest of the country (Impact, 2002).

3.4.2 The Roads and Road Transport

The Municipality road system is currently over loaded. This overloading is due to industry and an increased number of private and public vehicles, which add to industrial haulage. The high volume of heavy vehicles using the roads creates an extreme pressure on roads. There is a good internal road link network, which includes the John Ross Highway between Richards Bay and Empangeni. The John Ross Highway has links with other roads to the townships, the rural areas, and the national road (N2). Many important roads links make the John Ross Highway, the most overloaded road in the municipality.

An intense movement of people, goods and services taking place maintain the pressure on Municipal roads. It is estimated that approximately 250 000 people commute each day within the municipal area, either for work and education reasons or to benefit from comprehensive social and commercial services. Approximately 40 000 of these of daily commuters hail from outside the Municipal boundary, indicating strong linkages between the city and the greater district municipality and beyond. The city of uMhlathuze is also linked to other areas of northern KwaZulu-Natal as well as Gauteng via the national road network, which is used to transport industrial and manufactured goods inputs. The N2 toll road, a high order, dual carriage way, runs from Richards Bay and Empangeni to Durban in the south and Gauteng in the north-west (Impact 2005).

A network of district roads, provide access to most of the rural settlements. The sophisticated transport network sees the important N2 toll road a business corridor and industrial heartland effectively linking the provinces two major ports of Durban and Richards Bay. It also connects KZN to Maputo in Mozambique and ultimately to east Africa. The rural roads are being upgraded and there is a provision for pedestrian bridges over the wetlands. The upgrading of the John Ross Highway will further promote tourism development by providing easy access to tourism attraction areas beyond the uMhlathuze Municipality (Impact 2005).

3.4.3 Air Transport

The airport facilities link with the country's airport network. Richards Bay airport is situated closer to the central business district. The airport is small well designed and modern. Richards Bay airport remains an important access point serving the whole of Zululand and northern KwaZulu-Natal. A private sector develops and upgrades the airport to meet the growing demand as the regional airport.

Several scheduled flights cross Zululand daily between Johannesburg and Richards Bay. There is a smaller airfield located north of Empangeni, which caters for light aircraft. According to the visitors guide to the city of uMhlathuze (2005) the Municipality has two airports. Empangeni has a private airport while Richards Bay has a commercial airport. The South African Airways (SAA) express conducts daily flights between Richards Bay and Johannesburg International airport.

3.4.4 The Port of Richards Bay

The port is Africa's busiest and one of the world's leading deepwater ports in terms of cargo volume. It is also the largest in South Africa in terms of land area. The Port has a capacity to handle substantial bulk, excellent rail connection to port, transshipment facilities and container handling capabilities. The city of uMhlathuze sees capital-intensive industries and related service industries predominantly at present, with tourism and secondary industries increasing. In economic terms, this area has grown faster than the National growth rate over the past ten years.

The Impact (2005) highlights the following factors that have contributed to the phenomenal growth Include:

- The strategic position to domestic marketing Gauteng as well as the international markets in Europe, Americas and the East. Making it a natural location for export oriented industries.
- Vital service providers such as uMhlathuze water, Eskom, Telkom, Sasol gas, Spoornet and National ports authority are the among the vitally important private concerns have developed a strong track record for collaborating with clients in improving the quality of services.

- The larger port area enables the port to handle a substantial amount of bulk including container-handling capacity (Impact 2005).

These factors can promote tourism development as more business tourists visit the area. The demand for tourism and recreation products is then promoted. Enhanced tourism business development will reduce unemployment.

3.5 ACCOMMODATION FACILITIES

The accommodation facilities match international national standards. Accommodation facilities are mostly star rated. These facilities include the Protea Hotel, several lodges, and Bed and Breakfasts. These facilities mainly provide accommodation for business people and tourists. Richards Bay and Empangeni have the most accommodation facilities. Townships and rural areas are behind when it come to providing accommodation for visitors. The tourist preference for quieter cultural sites gives the rural areas a potential for the creation of tourism resources. The creation of tourist attraction can limit the current fast rate of urbanisation in the study area (Mwandla, 1998).

3.6 CLIMATE

The climate is sub-tropical. There is an all the year round summer and warm Indian Ocean. The study area is suitable for a range of recreation activities. The climate makes uMhlathuze Municipality an ideal training and sporting environment (www.futurenet.co.za , 2006).

3.6.1 Average Rainfall

The subtropical climate and vegetation make the surrounding countryside attractive to tourists. The climate enabled development of wildlife game

parks, ecotourism areas and coastal destinations. A bioclimatic profile and average annual rainfall of about 500mm, renders this area lucrative agricultural production.

People from inland destinations often visit the uMhlathuze Municipality for enjoying summer climate all year round. This area bioclimatic profile renders it suitable for assorted and lucrative agricultural production. Sugarcane plantations along the coastal belt form the mainstay of agricultural sector, with this fertile belt also a large producer of horticultural crops that include citrus, subtropical fruits and vegetables (Impact, 2005).

3.6.2 Average Daily Temperature

The days are very hot summer and warm in winter. The average daily temperature in summer is 28⁰C and 23⁰C in winter at Empangeni and Richards Bay. The *El Nino* weather condition has made the study area dryer. This weather condition is expected to change and more rainfalls and warmth is expected (City of uMhlathuze, 2003).

3.6.3 Water Supply

In rural areas, a vast percentage of population is not being served with portable water that is to the required standard. Although there is a high backlog in water provision, surface water is adequate to meet demands of rural supply. The security of water supply is the responsibility of uMhlathuze water, the bulk water supplier to the vast industrial area, UMhlathuze catchments, is being expanded to meet the projected demand for the next twenty years (City of uMhlathuze, 2003).

Rural communities obtain their water in a purified or unpurified form from smaller rivers streams and springs feeding these rivers. A vast majority of population depends on such natural sources for water supply. Thousands of

communities have gained portable water for the first time in their lives. Communities themselves take ownership of completed water schemes to operate, maintain and administer on sustainable basis (City of uMhlathuze, 2003).

3.7 DEMOGRAPHIC DETAILS

The uMhlathuze municipal land covers about 795,9707km². The towns of Richards Bay and Empangeni covers 40.6 percent of municipal area, while the townships and the rural areas covers 59,4 percent of the area. The population of uMhlathuze Municipality consists of approximately 300 000 persons. The density of the population is 372 persons per km². The rural areas and Richards Bay have the potential for tourism development. The current focus on tourism is mainly marketing tourist attraction to the area (City of uMhlathuze, 2003)

The municipality is composed of four racial groups Africans, Coloureds, Indians and Whites. The Africans constitute 86,4 percent Whites 9,3 percent, Indians make 3,4 percent and Coloureds 0,9 percent of the population. The dominant home language is IsiZulu which is used by 85 percent of uMhlathuze Municipality residents, followed by English at 8,4 percent and Afrikaans at 5,4 percent.

In Richards Bay 83,4 percent of the economically active population, which is between ages 15 and 65 years, are employed. At Esikhawini Township, there is 61,6 percent of economically active people. Only 11 percent of rural people are employed. The uMhlathuze Municipality has 70 031 households. Formal dwellings have 53 542 households, traditional homesteads has 10 751 households and the 5738 of informal dwellings. There are 166 indigent households (City of uMhlathuze, 2005)

The 86, 6 percent of economic activity is in Richards Bay, Empangeni and Felixton. The area is the third most important in the province of KZN in terms of economic production. The uMhlathuze industries contribute 7,6 percent of the total Gross Geographic Production (GGP) and account for 5,5 percent formal employment in KwaZulu-Natal province. The tourism industry contribution is on the increase, and surpasses the mining industry (City of uMhlathuze, 2005). The advantage of the tourism industry is that it's grow is not limited in urban areas, but the rural areas and the townships benefits.

3.8. PROVISION OF BASIC SERVICES TO THE COMMUNITY

The provision of the services and essential infrastructure form the basis for development. Most people are unemployed in the rural areas. Profit-making service providers view rural areas and informal settlements as uneconomical. As the consequence, in South Africa, the areas inhabited by the previously neglected communities often lack in basic services. The high unemployment makes it difficult for service providers to supply the rural areas (City of uMhlathuze, 2003).

3.8.1 Energy and Telecommunication

Vital services providers are uMhlathuze water, Eskom, Telkom, Sasol gas, Spoornet and National ports authority. These companies have developed a strong track record for collaborating with clients in improving the quality of services.

According to the City of uMhlathuze (2003) annual report, there are about ninety households who have access to free electricity services. The 70,3 percent of all households uses electricity as energy source for cooking and

18.9 percent of households use gas for cooking. Eighty six percent of household use electricity for lighting. The 31903 498 kilowatts of electricity is used per day within the municipality area. Due to poor basic services and limited access to social services and employment opportunities, poverty and HIV/Aids is widespread in rural areas. Based on the severe impact of HIV/Aids pandemic, a steady decline in average annual compound population growth rate is expected over the next 20 years.

The City of uMhlathuze (2003) annual report explain that in order to meet the tourism development objective, the municipality is planning to pursue the following tasks:

- Preparing a tourism development strategy in consultation with local stakeholders.
- Developing specific products for water sport, culture and ecotourism (especially avitourism) around Richards Bay and Lake Cubhu.
- Developing services and infrastructure to position uMhlathuze as a tourism focal point for cruise liners, deep-sea yachts and high income, land based visitors.
- Developing a reputation as a tourist-friendly community.

The jobs creation potential for local and neighbouring tourism assets will be maximised by these approaches. The application however will be a process that needs a dedicated tourism development management. The Municipality can use these projects to launch a massive BEE implementation that can influence strong participation of the Black people in the economy (City of uMhlathuze, 2003).

3.9 CONCLUSION

The natural attractions of the province have contributed to KwaZulu-Natal to be the one of the densely inhabited provinces in the country. The

uMhlathuze Municipality is regarded as an important tourism gateway to Zululand and the KwaZulu-Natal Province. The plans to develop tourism to its deserved level are underway.

Tourism development in the Municipality is envisaged to bring about leveling of the economic playground through the implementation of BEE. The tribal areas and the townships are the mostly likely beneficiaries of the tourism development. These previously neglected tourists' destinations are likely to make major inroads into the Municipality's tourism sector and form the significant sites for new tourism products development. There is hope that BEE implementation in tourism will contribute enormously to the reduction of a high level of unemployment and poverty in rural areas and the townships.

CHAPTER 4

ANALYSIS AND INTERPRETATION OF DATA

4.1 INTRODUCTION

Data analysis is the process whereby variables are refined theoretically and practically (De Vaus, 1987). In this study the Statistical Package for the Social Sciences (SPSS) computer programme was used to create statistical measures such as frequency tables, cross-tabulations, as well as bar graphs. Data analysis is the process of simplifying data into smaller units to reveal their characteristic elements and structure (Gray, 2004). Simplification of data can be achieved through the process of giving descriptions, explanation and predictions from graphs and tables (Magi, 2005). In this study tabled data was used to connect concepts so as to form a base for new descriptions.

The creation of frequency tables, cross-tabulations, as well as bar graphs was based on the responses in questionnaires. Based on these statistical measures the interpretations and descriptions were made. Gray, (2004:327) suggests that "descriptions can lay the bases for analysis, but we need to go beyond description, we want to interpret, to understand and explain". Understanding of the statistical values assists in either accepting or rejecting the research hypothesis. Therefore through the analysis of data the new insight was gained and the objectives of the study were achieved. In this study, the research hypotheses are analysed and concluded upon, rather than using the statistical hypothesis, which needs to be statistically tested.

4.2 RESTATEMENT OF OBJECTIVES AND HYPOTHESES

This study was guided by a set of specific objectives. Each objective has a matching hypothesis. Both the objectives and the related hypotheses gave guidance towards a coherent data interpretation and analysis procedure. The objectives and hypotheses are restated in this chapter in order to refresh the reader and provide a guided data analysis. The objectives and hypotheses of this study are restated as follows.

Objective 1: To determine Black people understands of the meaning and intentions of Black Economic Empowerment.

Hypothesis 1: That the majority of Black people in the study area do not understand the meaning and intentions of Black Economic Empowerment.

Objective 2: To establish the levels of Black people's awareness of tourism business opportunities associated with the BEE initiative.

Hypothesis 2: That Black people are not aware of the tourism business opportunities associated with the BEE initiative.

Objective 3: To reveal how access to the BEE finances is being managed or implemented in the study area.

Hypothesis 3: That access to the BEE finances is being poorly managed or implemented in the study area.

Objective 4: To investigate whether the BEE contributes towards tourism entrepreneurship within uMhlathuze Municipality.

Hypothesis 4: That Black Economic Empowerment in tourism does not contribute to tourism entrepreneurship within uMhlathuze Municipality.

Objective 5: To determine the role of stakeholders in tourism, such as the business Community, Municipality, tourism associations and the Government in facilitation of the BEE policy implementation.

Hypothesis 5: That the stakeholders in tourism do not facilitate the BEE policy implementation within the study area.

The objectives and hypotheses in this chapter were examined and confirmed. The detailed analysis was given for each hypothesis and when examined in relation to the argument, the hypothesis was either accepted or rejected. In this way, the study was able to get more clarity about the research problem. The insight obtained from this study analysis formed the basis for making conclusions and recommendations.

4.3 ANALYSIS OF DEMOGRAPHIC CHARACTERISTICS

This study consists of a diverse type of respondents from the uMhlathuze municipality. The respondents varied in terms of, gender, age, employment, areas of residence, as well as the race group in which they belong. Seven tourism businesses owners and three tourist information officers responded to the questionnaire. The questionnaires for the tourism businesses owners and those of tourist information officers were different.

TABLE 4.1: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS. [N=120]

VARIABLE	SUB-VARIABLE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Age	18-35	82	68%
	36-59	36	30%
	60 Above	02	02%
	TOTAL	120	100%
Gender	Male	37	31%
	Female	83	69%
	TOTAL	120	100%
Education	No Formal Educ.	10	08%
	Grade 8	67	56%
	Grade 12	30	25%
	Degree/Diploma	13	11%
	TOTAL	120	100%
Race	Africans	101	84%
	Whites	07	06%
	Indians	10	08%
	Coloureds	02	02%
	TOTAL	120	100%
Employment	Public	22	18.33%
	NGO	10	08.33%
	Private sector	16	13.33%
	Self-employed	16	13.33%
	Unemployed	56	46.67%
	TOTAL	120	100%

Information from different stakeholders in tourism was gathered in order to obtain a representative point of views about BEE implementation within the study area.

The demographic characteristics of respondents were used in creating frequency tables and cross tabulations, which facilitated better understanding of each variable. A detailed analysis was made with regard to the age, gender, education, race, and employment of the respondents [see Table 4.1, above]. In the next section, the above-mentioned demographic variables are analysed. It was anticipated that the emerging attributes of the demographic variables could make the findings of the study be better understood, when considering the research problem or research objectives.

4.3.1 Distribution of respondents by age

In this study, the respondent's age was grouped into three categories. The age group categories are; 18 to 35 years old, 36 to 59 years old and 60 years old and above [see table 4.1 above]. The youth constituted 68 percent of the respondents. The manner in which questionnaires were distributed contributes to youth dominance in this study. Questionnaires were mainly distributed in public centres that were mostly inhabited by youth. These centres included Ngwelezane public library, Ngwelezane shopping centre, Richtech campus of Umfolozi College, Richards Bay tourism information centre, Esikhawini tourism information centre, Esikhawini YMCA, and the Working World College at Empangeni. The adult respondents came mainly from Dube-Village arts and craft project, tourism information offices, as well as various residences, and work places that were visited.

The people who were accessible and who successfully completed and return the questionnaires are found mainly in the fore mentioned places. This study

assumed that the chosen group of respondents could understand the questions and give reliable thoughts about the BEE policy implementation in the study area.

4.3.2 Distribution of respondents by gender

More females than males responded to the questionnaire. In this study, female respondents were in majority [69%] as compared to males [31%]. The reason for high number of female respondent is that, women were easy to access because they were working in groups more often than males. The places where women were visited in Community based projects were at the work-wear factory at Dube-Village and beadwork group at Esikhawini tourism information centre. In terms of the BEE principles the youth and woman are encouraged to take part in economic activities, hence if there are opportunities they should receive first priority in employment and businesses procurement. Based on this BEE principle, and as evident in this study, the community facilitators tend to focus more on youth and women empowerment.

4.3.3 Distribution of respondents by education

The low levels of education, and lack of essential skills, are some of the demographic features in the study area. Most of people [56%] in the study area have grade eight and below levels of education [see table 4.1, above]. Some of the members of population [8%] are without formal school education. About 25% of people have grade 12 as the highest level of education. There are few people [11%] with higher or tertiary education. The least educated population group of respondents are Africans living in the townships and rural areas while the most educated population groups are Whites, Coloureds, and Indians who lives in towns (City of uMhlathuze, 2005).

The low level of education is the result of the apartheid Education system. The Bantu Education System discouraged participation of Black people in education. Economic sectors such as Agriculture required little or no formal schooling. Where Black people learned, education was of inferior quality as compared to that of Whites. The status of women in Black society discouraged education, some parents sent only boys to school because of the man role was thought to be a head of the family. The new Outcomes Based Education (OBE) system is slowly finding ground. The OBE is expected to improve the participation and progress of Black people to higher levels of education (NSDS, 2001).

4.3.4 Distribution of respondents by race

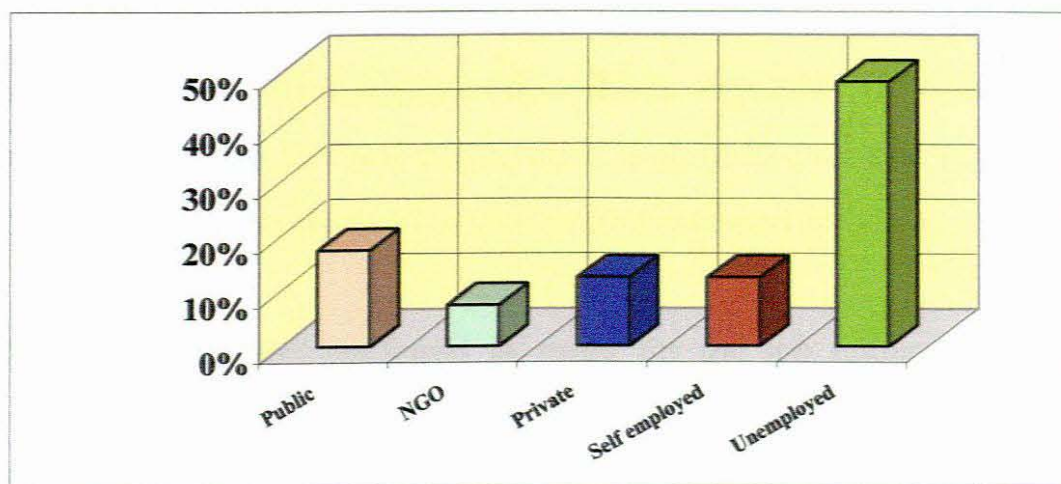
The race groups found in South Africa are represented in this study. The Africans as compared to Indians, Coloured, and Whites constituted greater proportion of respondents [see table 4.1, above]. The Population composition ratio in this study can be compared to that of the national census of 2001 that shown that Africans form a significant portion of the racial composition in the uMhlathuze Municipality (City of uMhlathuze, 2003).

In this study, African respondents are a majority [84%], other racial groups form the minority [16%] of population in the study area. The predominance of Africans is due to the reason that they are indigenous while other populations settled later in the study area. Many people arrived to seek for business and employment opportunities. Africans form a considerable number of employees in the manufacturing Industries. The previous policy of racial segregation was evident in the respondents' responses; perceptions about the BEE policy often differ according to race groups.

4.3.5 Distribution of Respondents by employment

This study reveals a high level of unemployment in uMhlathuze Municipality [see Figure 4.1,below]. According to the City of uMhlathuze (2004), the unemployed portion of population in the study area included those who have completed matriculation and tertiary education, the disabled, homemakers, and those who are too ill to work. A documented known unemployment level relates to the formal economic sector. There is a belief that the informal sector sustains many Black peoples households (City of uMhlathuze 2004).

FIGURE 4.1: RESPONDENTS EMPLOYMENT DETAILS



The statistics about the unemployment level in rural areas is not available. The people in rural areas are believed to be able to make a living by doing informal activities. In rural areas, people do production for own use, there are informal markets where arts and crafts, are sold. Therefore, many Black people in the study area prefer quality of life experienced in rural areas as long as there is a provision for water, electricity, schools, and clinics (City of uMhlathuze, 2003).

Most of the employed respondents are in the public sector. The high number of people employed in public sectors suggests that, the government is capable

to provide employment opportunities. Privatisation and outsourcing of the government services are the threats to a stable employment. The government economic policy of privatisation and the improvements in technology contributed to the loss of employment. Where the process of privatisation has taken place, advance in technology enables industries to replace human labour by the machinery. Private businesses prefer to invest in technology and employ contract labour (Loxton, 2004).

The youth contributed a great proportion to the figure of the unemployed. The experienced work force can be preferred to the young people who still need training and orientation. Self-employment among the youth can be a solution to lack of job opportunities. There were few [13 %] self-employed respondent. This low self-employment is an indication that very few people of uMhlathuze are involved in their private business activities.

Most young people preferred to study for the job rather than to acquire entrepreneurial skills. Failure of business skills development also contributes to unemployment. According to Wadula, (2006) the youth in South Africans do not believe they have skill to start a business. The youth [30%] in South Africa as compared to 60 percent in India and 70 percent in Brazil need to be encouraged. There is a need to motivate entrepreneurship amongst young South Africans. This study hopes that the BEE policy can alter the trend of low self-employment in the study area.

The above demographic details of the study area provide the context under which this study was conducted. This study believes that the context can influence BEE policy implementation process. The potential of the BEE policy in influencing development of Black entrepreneurs can be determined by the current socio-economic conditions in the study area. This study

searched for clarity about the BEE policy potential by gathering information from individuals in the study area that formed the bases for conclusions. The study objectives and the hypothesis guided the analysis and interpretation of obtained data.

4.4 THE UNDERSTANDING OF BLACK ECONOMIC EMPOWERMENT.

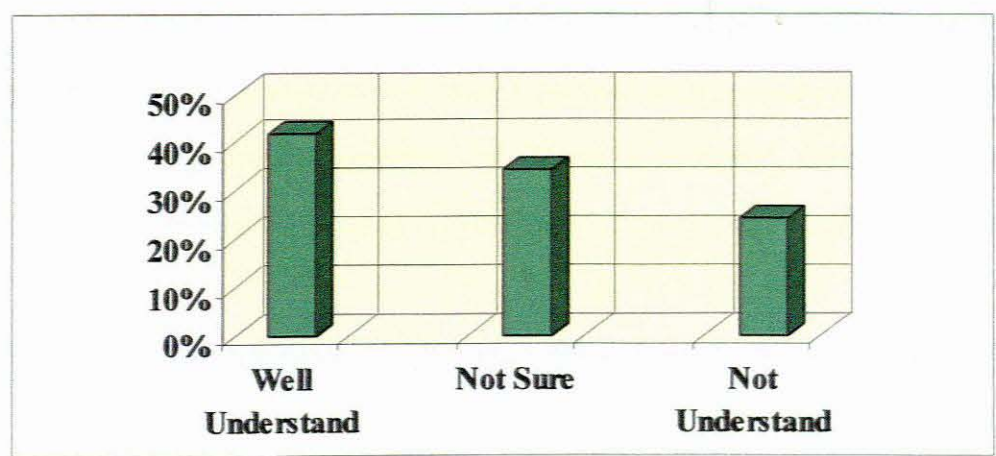
In order that the BEE policy should be successful and eventually beneficial to the people of South Africa, it has to be understood, not only by the government or the business sector, but by the local community, which is in any case expected to benefit from policy (Loxton, 2004). As such, one of the main objectives of the study was to reveal the level of understanding of the BEE policy within the study area.

Respondents were therefore asked to indicate their understanding of the BEE policy. The results, as shown in Figure 4.2, suggest that 42 percent of the respondents understood the meaning of the BEE policy. A significant number of respondents [58%] either indicated that they were not sure [34%] and did not understand [24%] the meaning and aim of the BEE policy. The possible justification for this finding is that the government department or business sector involved, have not taken sufficient trouble to explain the concept to the stakeholders or communities.

The understanding of the BEE policy meaning by the Black people in particular was also investigated. The results have shown that there was more male respondents understood well the meaning of the BEE policy, as compared to the females. This situation can be associated with entrenched gender inequality in South Africa as a whole. Gender inequality often

favoured male in an advantaged position ahead of the females. The enhanced male status in many instances exposed him the most to information about the BEE as compared to the women.

FIGURE 4.2: UNDERSTANDING OF THE MEANING OF BLACK ECONOMIC EMPOWERMENT(BEE)



Among the different racial groups, the Indians [70%] and Whites [57%] people believes there is a better understanding of the meaning of the BEE while less than half of the Africans [38%] and Coloureds [2%] believe the BEE was understood. The majority amongst coloureds [96%] were not sure. The statistics show that except for the Indians and Whites, there is a low understanding of the BEE policy among the Black people. The situation can be associated with poor communication of information between stakeholders. In addition, the low level of education, the mode, and language the government use to communicate new policies. The government mostly uses the English language that many Black people do not understand.

The majority of respondents [68%] show that Black people lack essential information about the BEE policy. The reason that can be associated with

this result is that the Government and Industries tend to use new Information Technology methods to disseminate latest information. The information on Internet can be access by very few Black people because of a limited access to computers. According to Spykes (2002), Black entrepreneurs lose tourism business opportunities due to lack of access to information about tourism related tenders, events, products, or initiatives.

From this analysis and interpretation it is evident that Hypothesis 1, which states: *“That the majority of Black people in the study area do not understand the meaning and intentions of Black Economic Empowerment”*. In this regard, it would be reasonable to support or accept this hypothesis.

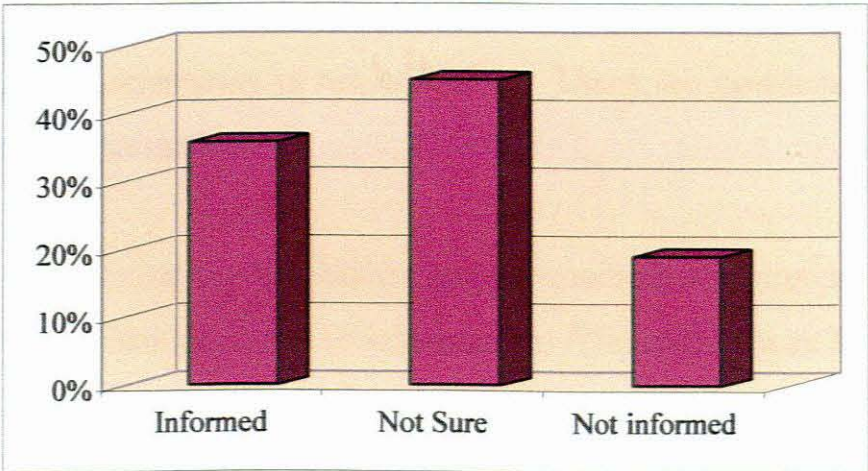
4.5 AWARENESS OF TOURISM BUSINESS OPPORTUNITIES

One of the objectives of this study was to determine whether the Black people are aware of tourism business opportunities. This study believed that awareness of opportunities in the tourism sector could make the Black people consider participation in tourism businesses. Awareness may not ensure involvement, but can expose Black people tourism to business opportunities.

The awareness can be determined by the exposure to the information about the subject. In this study, the 45 percent of respondent was not sure and 19 percent disagree that Black people are informed about tourism opportunities [see figure 4.3]. Therefore, almost the majority [64%] of the respondents could not confirm that Black people are informed about tourism opportunities. The problem of accessibility of information about opportunities in tourism was evident in the public's perceptions

The Africans [42%], the Whites [57%], Coloureds [100%], and Indians [60%] are not sure if the Black people are informed about tourism opportunities. These figures indicate that Black people lack information about various kinds of tourism businesses that they could pursue. Lack of information from the Municipality towards the public can hamper awareness of the BEE opportunities that tourism can offer to Black entrepreneurs.

**FIGURE 4.3: BLACK PEOPLE’S INFORMATION ABOUT
TOURISM OPPORTUNITIES**



The respondents were also asked if Black people are interested on information about tourism BEE. Most respondents believed that Black people are interested. However, an information centre officers in the study area, revealed that Black people do not visit to ask about the BEE opportunities.

The tourism officer's, duty is to supply information about different destinations, keep and provide information about the events around the uMhlathuze and conducting tours. The assumption can be made that although Black people have access to information centre but do not visit

these information centres. Therefore, most Black entrepreneurs are not attracted to tourism opportunities. The lack of interest can be attributed to lack of access to information about the tourism sector and its opportunities. This finding confirms the DEAT, (1996) view that the Black peoples the lack of interest in tourism.

Lack of information to Black people was also evident in the urban areas where the majority of respondents at Esikhawini [63%], Ngwelezane [68%], Richards Bay [63%] indicated that they were not sure that the Municipality inform Black people about tourism opportunities. The justification to this finding is that the communication between the Municipality and the Black entrepreneurial community is not effective. There are problems concerned with access to information.

The mode of information distribution and the medium of communication can contribute to the lack of access to information. The uMhlathuze Municipality utilize the various means to communicate with the community. Through the public meetings, and locally printed media to communicate with the public. English is used in most of the publications in uMhlathuze communication. The DEAT White paper of 1996 sought that language can be a barrier against the Black people participation in tourism. English language as the established language of communication in tourism can effectively exclude the majority of the Black population. The poor understanding of English language by the Black people can obscure information about tourism opportunities (DEAT, 1996).

The publications available in the Municipality are; the newspapers issued twice a week (Umlozi wezindaba and Zululand Observer), monthly (UMhlathuze News and Izindaba ezimtoti), annually (Impact, City of

uMhlathuze Annual reports and UThungulu District Municipality annual reports). The publications are mostly in the English medium except the weekly issue of Umlozi wezindaba that is written in Isizulu. The Municipality free publications are available in community centres such as libraries, and municipal offices. There are annual reports, monthly newsletters, and weekly newspapers through which the public can be informed. These publications can make a marked improvement if they can be used to inform people about the BEE and its opportunities.

The majority of respondents could not confirm that Black people are aware of the BEE entrepreneurship opportunities. However, respondents felt that there is a lack of information about tourism businesses opportunities in particular in the study area. The respondents believe that Black people lack information critical to participate in tourism business and as the result; their involvement in tourism sector activities was hampered. Based on the findings from the analysis and interpretation, the Hypothesis 2, which states: *That Black people are not aware of the tourism entrepreneurship opportunities within uMhlathuze Municipality* is accepted.

4.6 ACCESS TO BEE RELATED FINANCES

Engagement in to a tourism business depends on the availability of capital. There are problems associated with access to finance, if these problems are cleared, the evidence can be seen when the number of the Black people in tourism businesses. Access to the BEE related finance could be seen by the increasing number of new Black people owned tourism enterprises, and a marked increase of employment in tourism industry. The common means of raising funds is through saving or Credit. The challenge of employment, low salaries makes saving and credit difficult for Black people. The government

announced funds to support small and emerging enterprises. Access to funding is controlled by the certain organisations that are working in association with the government (Loxton, 2006).

This study investigated the access to funding by the Black entrepreneurs in the study area. The respondents were asked about the access to the funds for empowerment in tourism business. The respondents [40%] perceived that there is poor access to funding. Respondent's view that financing organisations are not easily accessible to Black people owned tourism businesses [see Table 4.2, below], while the significant number [32%] of respondents was not sure. The problem of accessing funding emanates from lack of information on the part of Black people. Where the Black people informed they face the bureaucratic problems that delay or hinder access to finance. Terms and conditions that must be met before getting funds exclude many prospective Black entrepreneurs.

TABLE 4.2: RESPONSES TO ACCESS TO FUNDING

RESPONSE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Easy access	34	28%
Not sure	38	32%
Not easy access	28	40%
TOTAL	120	100%

Most of the respondents [43%] agreed that the Black people are not informed about financial support. In addition, there were respondents [33%] who have shown a strong attitude towards the fact that Black people lack knowledge for obtaining finance. Collectively most respondents [75%] perceived that there is a lack of information about financial support for the Black people.

Financing organisations tend to follow a rigorous process before approving funds. There is a high demand for finance, consequently processing is slow (Loxton, 2006). This situation can limit the need to market the available finance products to the public. Perhaps the funding organisations have not adjusted to the needs of the previously disadvantaged Black people.

This study also checked the attitudes of the youth in this regard. The majority of youth [83%] support the view that there is a lack of knowledge about getting finance for starting a business. This deficiency situation indicates that information about funding is not efficiently communicated to all stakeholders. Therefore, the Black people lack information that they need to initiate business. Financial support organisations have not targeted their activities to the people at low position in economic ladder. There is a need to make an effort to reach the BEE targets. The lack of information hinders access where finance is available.

Amongst the prominent BEE funding organisations in South Africa, there is Umsobonvu Youth Fund (UYF). The UYF support the people aged between eighteen and thirty-five years. The Umsobonvu Youth Fund encourages the generation of small enterprises owned by youth. However when the youth respondents were asked whether funding is available or not, close to half of the youth [47%] was not sure. The youth in the study area revealed that the assistance from the financing organisations have not reached them in a satisfactory manner. Youth is struggling to access funding for creation of businesses.

Respondents in the study view that financing organisations are not easily accessible to Black people tourism businesses. The Black people are uninformed concerning obtaining financial support. These findings are in

line with Loxton (2006) view that there is a lack of access to finance, due to too much bureaucracy and red tape in government and funding institutions, Therefore Hypothesis 3, which states *that access to BEE finances are being poorly managed or implemented in the study area*, is accepted

4.7. THE BEE CONTRIBUTION TOWARDS TOURISM ENTREPRENEURSHIP.

The contribution of the BEE towards tourism entrepreneurship can be measured by the improved participation of Black people in business De (Villiers 2005). This study believe that the meaningful participation by the previously disadvantaged Black people will be achieved if there can be sharing of knowledge between the experience and emerging entrepreneurs. Further, there is a need to facilitate communication between the two parties and alert the potential Black entrepreneurs about the availability of financial support.

In this study, the respondents were asked if the BEE implementation contribute to improvement of ownership of tourism businesses by the Black people. Less than half of the respondents [43%] agreed [see table 4.4, below]. The combined number [56%] of respondents who disagree and those who were not sure outnumbered those who agreed. One of the reasons behind the perceived deficiency of the BEE is the lack of business skills among the Black people. This lack of business skills can be addressed by the improved contacts between the potential Black and the experienced White entrepreneurs.

Since this study believes that contacts are essential in order to promote BEE, further question was asked to find out how the respondent viewed the

influence of contacts between the emerging Black and experienced White entrepreneurs in tourism. The majority [53%] of respondents thought there is lack of contacts between the experienced and upcoming entrepreneurs. This study believes that contact can bring about exchange of business skills and knowledge that is essential to start and maintain tourism businesses.

**TABLE 4.3: CONTRIBUTIONS OF BEE TO THE IMPROVEMENT
OF TOURISM BUSINESS**

ATTITUDE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Contribute	52	43%
Not Sure	38	32%
Do not contribute	30	25%
TOTAL	120	100%

Skills development should be the core of the BEE policy implementation. Sustainable Black Economic Empowerment requires individuals or groups in Black communities with business insight and necessary skills to run a business. According to the Department of Trade and Industry (DTI, 2004) National Skills Development Strategy [NSDS] the skills profile of South Africans need to be increased urgently (NSDS, 2001).

The skills and knowledge to acquire and utilise efficiently finance by the Black people businesses is crucial, the processes and requirements before acquiring financial support eludes the majority of Black entrepreneurs because they lack skills such as creating a sound business plan. The respondents were asked if Black people have entrepreneurship skills. The majority [63%] of respondents believed that there is a lack of business skills

among the Black people (see table 4.4 below). The lack of entrepreneurship skills is the general problem in South Africa. The government's skills development strategy is expected to turn around the situation of lacking entrepreneurship in South Africa.

TABLE 4.4: BLACK PEOPLE'S LACK OF ENTREPRENEURIAL SKILLS

RESPONSE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Agree	75	63%
Not Sure	22	18%
Disagree	23	19%
Total	120	100%

The DTI skills development strategy makes a provision for every industry to have a skills development programme. The tourism industry can provide for tourism business skills by creating learnership programmes inline with the DTI, National Skills development Strategy. The majority of the Black people stand to benefit if skills essential tourism entrepreneurship are encouraged. Some of the skills in short supply include financial management, marketing, information technology, human resource management, project management and other skills required to sustain a viable tourism a business (DTI, 2004).

In this study, it transpired that the availability of supportive resources at the start of each business is essential to improve the Black people participation in tourism. Business management skills and contacts between the experienced, and new entrepreneurs can further enhance Black people participation (DEAT, 1996).

The history that racially divided the South African society contributed to poor contacts. The Black people assume that contact with the experienced White businesses can improve their entrepreneurship skills. The Africans share the opinion that there is lack of contact to exchange entrepreneurial experiences especially with White people who own tourism businesses. The finding is inline with Bowlers (1995) statement that the entrepreneur's business success depends on the ability to make contacts with 'centres' of influence

This study view that there is a need to increase the contacts between the Black and white businesses because increasing the contacts is essential in order to enhance the proliferation of Black business in tourism. The lack of contact between the experienced and the upcoming business owners in uMhlathuze Municipality hamper the development of Black business in tourism. The Africans are the most affected by lack of contact to exchange entrepreneurial experiences. As they are new in the field, Black entrepreneurs need mentoring from experience people to realise their potentials in tourism businesses.

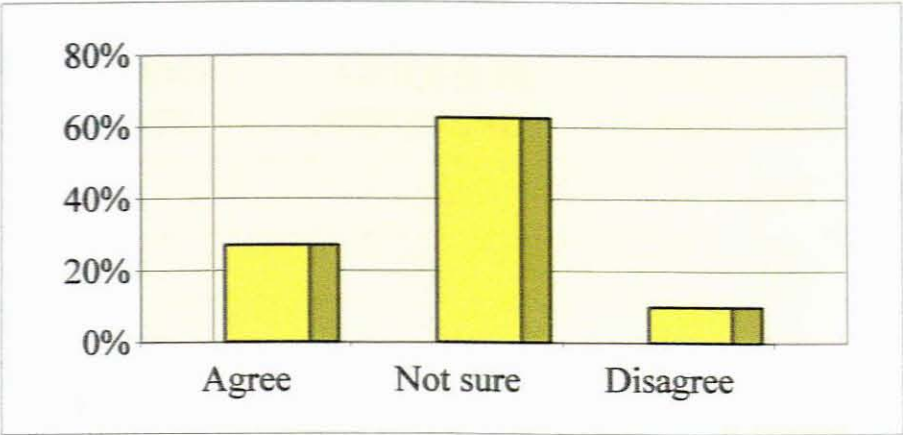
The respondents believe that the BEE policy was not supporting Black people entrepreneurship, because Black people lack business skills and contacts with influential people in tourism businesses. These challenges are considered as the setbacks towards tourism entrepreneurship within the study area. Based on the respondents expressed perceptions, the Hypothesis 4, which states; *Black Economic Empowerment in tourism does not contribute to tourism entrepreneurship within uMhlathuze Municipality*, can be accepted.

4.8 FUNCTIONS OF STAKEHOLDERS IN TOURISM BEE

The development and subsequent implementation of any policy needs collaboration between various stakeholders. One of the functions of Local Government Municipality and businesses community is to advance Black Economic Empowerment. The business community in particular is expected to assist in introduction and promotion of Black entrepreneurs in a number of ways, including facilitating access to finance and in capacity building. The government is further expected to monitor the implementation of the Black Economic Empowerment.

In this study, the respondents were asked if they see any BEE policy implementation in tourism businesses. The majority of respondents [63%] were not sure if the tourism businesses implement BEE. Only 27 percent of respondents believe that uMhlathuze Municipality business implement BEE [see figure 4.4, below]. Respondents indicated that the large section of the population have not experience the BEE implementation. However, it can be understood that most of the respondents may be lacking information in this regard.

FIGURE 4.4: THE BEE IMPLEMENTATION RESPONSE



Most of the stakeholders in BEE often attribute slow pace of empowerment to the lack of skills among the Black people. The skills development has as its purpose to develop Black people business handling capabilities. Respondents were further asked whether tourism businesses are engaged in empowering Black people with skills. Among the respondents, there was a predominant [46%] lack of assurance as compared to those respondents [41%] who view that tourism businesses do impart skills to the Black people. The respondents give the impression that skills development was slowly taking place. The predominant perceived lack of assurance can be associated with limited exposure of most of Black people to tourism sector and its activities (DEAT, 1996)

The number of people who are not sure was also noted in various categories of data studied. There was more uncertainty about the success of implementation of BEE. Almost half [49%] of respondents were not sure whether the implementation of BEE was successful or not [see table 4.5]. Fewer respondents [32%] detect the successes of BEE implementation within uMhlathuze Municipality by tourism businesses.

TABLE 4.5: SUCCESSFUL IMPLEMENTATION OF BEE

STATEMENT RESPONSE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Agree	38	32%
Not sure	59	49%
Disagree	23	19%
TOTAL	120	100%

When the gender attitude towards the state of BEE implementation was checked, most female respondents perceived the BEE implementation as successful. The women positive perception was higher than that of their male counterparts. The strategy to push women empowerment in tourism might be beginning to bear fruits. Most tourism projects that involve handwork such as beadwork and sewing, mostly involve women. Areas where mostly women work are at Empangeni Arts and Craft Centre and Esikhawini.

The fewer number of people in each racial group perceive the success of BEE implementation. This study also found that the lack of assurance was prevalent within each racial group. Where the residential areas were compared, most were less than 30 percent certain. Almost half of the respondent who lives at Dube-Village [50%] and the Esikhawini [49%] believed BEE implementation was successful. The study assumes that there were tourism BEE activities evidently taking place in Dube-Village and Esikhawini Township. Therefore, one can assume that stakeholders have embarked on implementing the BEE in other areas of the study area.

All the BEE policy initiatives within uMhlathuze tourism business need to be monitored to ensure the achievement of the specified BEE objectives. Respondents were asked if the municipality have the sufficient BEE monitoring capacity. More than half of the sample population [59%] could not decide whether uMhlathuze Municipality has enough capacity to monitor implementation of the BEE [see table 4.7 below]. While, the rest of respondents agree [36%] and disagree [12%] that uMhlathuze Municipality has the ability to monitor implementation of BEE in tourism. These responses can be attributed to that the majority of respondents were the Black people who have a limited exposure to tourism affairs. Since there were little observable tourism activities in Black people inhabited areas, it may happen

that it was not easy for them to comment. Tourism officers in the study area focus mainly on marketing of the local tourism products. The focus on marketing can overshadow the need to monitor whether Black people are empowered.

TABLE 4.6: THE MUNICIPALITY’S MONITORING OF BEE IMPLEMENTATION

STATEMENT RESPONSE	ABSOLUTE FREQUENCY	FREQUENCY PERCENTAGE
Agree	43	36%
Not sure	62	52%
Disagree	15	12%
TOTAL	120	100%

There are businesses in tourism sector that retard the process of BEE implementation. The descent is caused by the confusion about the correct procedures that need to be followed; hence, there was a lack of evident BEE actions. There is common perception that if the Black entrepreneur wants to benefit from the BEE must be politically connected. This kind of perception was created by the fact that the most of the beneficiaries of the BEE among the Black people were the politicians. Corruption and nepotism also pose a threat to defeat the aims of the BEE and make the fight against poverty difficult (Sapa, 2004).

There are previously advantaged businesses that resist conforming to the BEE policy functioning; wrongly seek legal compliance with the BEE by resorting to the dishonest practices such as fronting and window dressing. These practices entail promotion of BEE on paper but not practically. A

token Black person is hired to procure lucrative deals. Fronting will remain difficult to solve, because there is a shortage of suitable entrepreneurs Black people (Dawes, 2004). Monitoring the progress of BEE implementation is also vital in determining the problems encountered by BEE compliant enterprises.

The majority of respondents selected a neutral attitude. Most of the people were not sure whether the uMhlathuze Municipality stakeholders in tourism do provide support to the emerging Black tourism entrepreneurs. However, among those respondents who have shown some perception, they tend to be more positive than negative. Hence, Hypothesis 5, which states that, the *uMhlathuze Municipality stakeholders in tourism do not facilitate the BEE policy implementation in the study area*, can be accepted.

The data in tables discussed above as well as the literature reviewed in previous chapters have enabled this research study to make some judgements about the hypotheses postulated earlier. These tables and figures have also contributed to the refinement of the discussion and interpretation of all the data analysed. The latter has lead to the findings of the study to be translated into recommendations, which are expected to be considered by the tourism stakeholders, especially the uMhlathuze Municipality.

4.9 CONCLUSION

The theoretical position of this study was measured against the perceptions of the majority of respondents. Based on the perceptions, the hypotheses were then either accepted or rejected. There are five hypotheses in this study, each hypothesis relate to the potential of BEE policy implementation in

uMhlathuze Municipality and its ability to encourage entrepreneurship amongst Black people.

The respondents have made a positive contribution in this study. They express positive attitude about the BEE promotion of Black people entrepreneurship. The findings suggest that the BEE policy in tourism has not lived up to expectation, although some inroads were made in areas such as Esikhawini and Dube-Village, very few Black people owned tourism businesses in the study area. There is apparent lack monitoring of the BEE implementation. If the BEE was well monitored the potential to promote Black entrepreneurship would have been exposed. The study area has sufficient resources to support the development of Black tourism entrepreneurship.

The following factors can be key towards realising the potential tourism entrepreneurship in the study area:

- Informing Black people about business planning and how to acquire capital.
- Informing Black people about the BEE policy and its intentions]
- Improving the government BEE policy monitoring function in tourism.

These factors need high consideration when BEE is put into effect, as they were considered by the Broad-Based BEE Act of 2003 as the cornerstone of effective BEE implementation.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This study constitutes two variables, the Black Economic Empowerment as an independent variable and entrepreneurship as the dependent variable. The relationship between the variables was examined. The objective of the study was to find out whether the Black Economic Empowerment policy in tourism could contribute to Black people's upliftment through tourism entrepreneurship.

The study also looked at the roles that each stakeholder in tourism play and suggest the best way in which the BEE policy can be implemented by the tourism industry. The BEE policy was developed with the aim to decrease unemployment and poverty eradication among the Black people. The success of this policy rests on the commitment of those who are in power.

5.2 SUMMARY OF THE STUDY

In this chapter, (chapter 5) a summary of the preceding chapters was discussed, to show how the study arrived to its findings. This chapter then provided some recommendations and conclusions that suggest actions that can be taken to address the discovered shortcomings in the tourism BEE policy implementation.

5.2.1. The orientation of the study

The first chapter gave direction in which the study followed. The aims and objective were used to guide the study. The aims and objectives of the study were as follows:

- Determine the extent to which implementation of the BEE can assist in general upliftment of Black people through tourism related economic activities within the municipality.
- Investigate the extent in which the BEE can contribute in creating employment opportunities and poverty relief through tourism entrepreneurship development.

These aims were refined into narrower and specific objectives, which can be restated as follows areas: determining Black people's understanding of the meaning of Black Economic Empowerment; establishing the levels of Black people's awareness of tourism business opportunities associated with BEE initiative; revealing how access to BEE finances is being managed or implemented in the area; investigating whether BEE contributes towards tourism entrepreneurship within uMhlathuze Municipality; and determining the role of stakeholders in tourism and the facilitation of BEE implementation.

In the first chapter, the problem, objectives, and hypotheses were stated in details. The first chapter further defined the concepts employed in the study and the structure.

5.2.2. Literature review

The second chapter looked at previous studies that were carried out. This chapter established the extent of the problem that was being studied. In chapter two, various authors gave insight about the pros and cons of the

implementation of the BEE throughout South Africa. This knowledge was related to the situation in the study area. This knowledge further gave insight on the issues that need investigation in order to make conclusion about whether BEE implementation will assist the development of the Black entrepreneurs in the study area.

Among the topics discussed in the second chapter of this study were Equity, Entrepreneurship skills, Business procurement, Ownership, as well as the Roles of various stakeholders in tourism business development and transformation. Problems related to BEE seem unique to a particular sector, hence the Department of Trade and Industry (DTI) encouraged formulation of sector charters and scorecards for the BEE implementation. The tourism BEE Scorecard has a significant role in implementation of the policy and measuring the success thereof.

5.2.3 The setting of the study area

The third chapter looked at the geographical location, the history, natural environment, and infrastructure of the study area. The important features of the uMhlathuze Municipality were described to validate the existence of the potential of the tourism sectors towards supporting the BEE implementation. The natural environment, demography, and the provision of infrastructure essential to tourism development were discussed in details.

5.2.4 Analysis and interpretation of data

In the fourth chapter, numerical data in the form of tables and figures were processed to derive the clear meaning to address the objectives of the study. These statistical measures were used to explain and interpret the data, so as to derive meaningful conclusions. In other words, data analysis and interpretation formed the basis upon which the findings, recommendations and conclusions in chapter five were made.

5.3 THE GENERAL FINDINGS OF THE STUDY

During the course of analysis in chapter four new form of information emerged. The most important findings of the study and recommendations are discussed below:

5.3.1 Understanding of the BEE policy

- A significant number of respondents indicated that they were not sure and others did not understand the meaning and aim of the BEE policy.
- The results have shown that there was more male respondents understood well the meaning of the BEE policy, as compared to the females.
- The statistics show that except for the Indians and Whites, there is a low understanding of the BEE policy among the African Black people

5.3.2 Awareness of tourism business opportunities

- The majority of respondents show that Black people lack essential information about the BEE policy.
- Therefore, almost the majority of the respondents could not confirm that Black people are informed about tourism opportunities.
- Black people lack information about various kinds of tourism businesses that they could pursue.
- Black people are interested on information about tourism BEE. Most respondents believed that Black people are interested. However, an information centre officers in the study area, revealed that Black people do not visit to ask about the BEE opportunities.
- The majority of respondents at Esikhawini, Ngwelezane, Richards Bay indicated that they were not sure that the Municipality inform Black people about tourism opportunities.

5.3.3 Access to BEE finance

- The respondents perceived that there is poor access to funding. Respondent's view that financing organisations are not easily accessible to Black people owned tourism businesses. The problem of accessing funding emanates from lack of information on the part of Black people.
- Where the Black people are informed, they faced the bureaucratic problems that delay or hinder access to finance.
- Black people lack knowledge for obtaining finance. Collectively most respondents perceived that the Black people lack of information about sources of financial support.
- The youth is mostly affected by lack of information about source of finance for starting a business. The youth in the study area revealed that the assistance from the financing organisations have not reached them in a satisfactory manner. Youth is struggling to access funding for creation of businesses.

5.3.4 The BEE contribution to tourism entrepreneurship

- One of the reasons behind the perceived deficiency of the BEE was the lack of business skills among the Black people. This lack of business skills can be addressed by the improved contacts between the potential Black and the experienced White entrepreneurs.
- The majority of respondents thought there was a lack of contacts between the experienced and upcoming entrepreneurs. This study believes that contact can bring about exchange of business skills and knowledge essential to start and maintain a tourism business.
- The majority of respondents believed that there is a lack of business skills among the Black people.
- In this study, it transpired that the availability of supportive resources

at the start of each business was essential to improve the Black people participation in tourism. Business management skills and contacts between the experienced and new entrepreneurs can further enhance Black people participation.

5.3.5 The role of stakeholders

- In uMhlathuze municipality, the people are not sure whether tourism businesses are engaged in empowering Black people with entrepreneurial skills. The majority of respondents were not sure if the tourism businesses implement BEE.
- The respondents gave the impression that skills development was slowly taking place.
- More than half of the sample population could not decide whether the uMhlathuze Municipality has enough capacity to monitor implementation of the BEE. The focus on marketing can overshadow the need to monitor whether Black people are empowered by the Municipality concerned.

In short the general findings, indicates that that the BEE policy implementation was to a lesser extent contributed to the economic development of the Black people, because the Black people lack information, entrepreneurship skills, and access to capital. These findings led to a set of recommendations aimed to assist the BEE strategy so that it can achieve its aims, such as to be Broad-Based, promotion of entrepreneurship, employment and reduction of poverty.

5.4 RECOMMENDATIONS

According to the findings in this study, the BEE policy was not seen actively involving the target group. In order to assist the BEE policy achieve what it

was intended for, this study made some recommendations. The following activities have been identified and recommend for the study area. This study believes their implementation can promote BEE by encouraging development of entrepreneurship among the Black people.

5.4.1 Community based tourism business projects

There are very few existing tourism businesses in Black settled areas. Lack of information about tourism businesses in Black people communities contribute to poor tourism business development. The tourism market is among the few business sectors that are not yet saturated. The informed Black entrepreneurs of uMhlathuze Municipality can manage tourism related business. The study recommends that the municipality must create community based tourism business projects, to educate the community about the variety and range of tourism business. The aim of this exercise will be to provide all information about the pros and cons in tourism businesses and to influence informed decision-making. All stakeholders must be coordinated to support sustainable community based tourism initiatives.

5.4.2 Tourism education in residential areas

The study assumes that tourism information offices at uMhlathuze Municipality do not promote Black entrepreneurs in tourism. The municipality does not educate its people about the new government programmes including the BEE policy.

Tourism education in residential areas mostly inhabitant by the Black people was still at early stages of development in the municipality. UMhlathuze Municipality tourism information offices must provide means of informing Black people about the essence of tourism business. The local authorities should also provide skills related workshops so that the community should benefit directly from the municipality.

5.4.3. Tourists visit to rural areas and townships

Municipality tourism section must focus on Black Entrepreneurial skills development utilising tourism associations in uMhlathuze municipality. Tourists spend their money mostly in well-established tourism products, such as star rated hotels. Projects to encourage tourist visit to rural and townships may be put in place.

5.4.4. Basic entrepreneurship education

Among the Black people, there is low level of business skills. Youth involvement in tourism entrepreneurship is essential for sustained business. Youth must be educated about basic entrepreneurship, business management, and sources capital. Basic entrepreneurship education must be Implementation of in Black inhabited residential areas of the municipality. Entrepreneurial education will promote engagement of Black people in tourism businesses.

The experienced business people must be encouraged to share their experiences and expertise with the upcoming entrepreneurs. Where there is a need, act as guarantors for accessing capital finance. The lack of contact between the experienced and the upcoming business owners in uMhlathuze Municipality hamper the development of Black business in tourism. The Africans are the most affected by lack of contact to exchange entrepreneurial experiences

5.4.5 Financing Community outreach programmes

Government supported financing organisations must create community outreach programmes essential for the broad based BEE. These projects will act as model for individual's tourism business initiatives. Financing organisations enable Black people to know how to reach their financial

assistance. By actively marketing their credit products to Black, people in the study area, especially the unemployed youth.

5.5 CONCLUSION

The findings of the study have shed ideas about the relationship between the variables BEE as independent variable and entrepreneurship a dependent variable. The independent variable has less influence on the dependent variable. The desired outcome BEE implementation as stated by this study is to promotion of Black people tourism entrepreneurship is elusive to the majority of Black people. The direction that must be followed by stakeholders in tourism industry in the study area when implementing BEE is given as recommendation of the study.

The findings have formed a base from which recommendation were made. Recommendations further hope to achieve the aims and objectives of the Broad-Based BEE. The study recommendations bring in a missing link between BEE policy and practical implementation process. Further attempt to bring tourism at grasp of the previously disadvantaged Black people in rural areas and townships, have not been sufficiently successful.

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Appendix A

THE QUESTIONNAIRE TO THE PUBLIC

Section A

Personal Particulars:

Please provide information about your particulars by making a cross (X) in the appropriate space.

1. Gender: Male ☐ 01
 Female ☐ 02

2. Age group:
18-35 ☐ 01 36-59 ☐ 02
60-above ☐ 05

3. Race group:
African ☐ 01 Coloured ☐ 02
Indian ☐ 03 White ☐ 04

4. Area of residence:
Empangeni ☐ 01 Richards Bay ☐ 02
Esikhawini ☐ 03 Ngwelezane ☐ 04 Dube Village ☐ 05

5. Education
No Formal Education ☐ 01
Grade 8 ☐ 02
Grade 12 ☐ 03
Degree/Diploma ☐ 04

6. Employment details (employed in):

Public sector ☐ 01 Non-Governmental Organisation ☐ 0
Private Sector ☐ 03 (Specify)
Self Employed ☐ 04 (Specify).....
Unemployed ☐ 05

SECTION B

(Black Economic Empowerment (BEE) contributions towards black entrepreneurship.)

Please mark with a cross (X) in the appropriate box

	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
7.It is easy for black people to own tourism businesses in the uMhlathuze Municipality.					
8.Among the black people, low level of business skills is one of the setbacks towards tourism entrepreneurship.					
9.The BEE is promoting black entrepreneurship within the uMhlathuze Municipality tourism sector.					
10.Lack of contact between the experienced and the upcoming business owners in uMhlathuze Municipality hamper the development of BEE tourism.					
11.Black people's lack of knowledge about obtaining financial support is the setback towards BEE.					

Awareness of Black Economic Empowerment Opportunities

	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
12.Black people are aware of BEE opportunities.					
13.The black people have access to the uMhlathuze Municipality tourism information centre to ask about the BEE opportunities.					
14.The black people discuss issues related to the BEE among them.					
15.Blacks are aware of the existing tourism BEE opportunities in the uMhlathuze Municipality.					
16. uMhlathuze Municipality inform the black people about new tourism opportunities.					

Understanding of Black Economic Empowerment.					
	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
17. Black people in uMhlathuze Municipality understand the meaning of the BEE.					
18. Black people lack essential information about the BEE.					
19. Black people understand the aims of the BEE.					
20. Black people do not know how to link their tourism businesses with the BEE.					
21. Black people are not aware that they can enquire about the BEE in uMhlathuze Municipal. tourism information centre.					
SECTION C (The role of stakeholders in implementation of Black Economic Empowerment.)					
	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
22. The uMhlathuze Municipality. tourism businesses are implementing BEE policy for the general economic empowerment of blacks.					
23. The uMhlathuze Municipal. tourism businesses are engaged in empowering blacks with Skills that are necessary to become tourism entrepreneurs.					
24. The implementation of the BEE by the tourism business is successful.					
25. The uMhlathuze Municipal. tourism information office has the capacity to enough work to monitor the implementation of the BEE.					
26. Financing organisations are easily accessible to black tourism businesses.					

APPENDIX B

THE QUESTIONNAIRE FOR UMHLATHUZE MUNICIPALITY TOURISM

BUSINESSES OWNERS

Section A

Personal Particulars:

Please provide information about your particulars by making a cross (X) in the appropriate space.

1. Gender
Male [] 01
Female [] 02

2. Age group:
18-35 [] 01
36-59 [] 02
60-above [] 03

3. Race group:
African [] 01
Coloured [] 02
Indian [] 03
White [] 04

4. Area of residence:
Empangeni [] 01
Richards Bay [] 02
Esikhawini [] 03
Ngwelezane [] 04
Dube Village [] 05

5. Education
No Formal Education [] 01
Grade 8 [] 02
Grade 12 [] 03
Degree/Diploma [] 04

6. Employment details (employed in):

Public sector []01
 Non-Governmental Organisation[]02
 Private Sector []03 (Specify)...
 Self employed []04 (Specify).....

Organisation details:

7. Type of business

8. What is your position in this business?

9. In which area(s) of uMhlathuze Municipality is your business based?

10. What is the main function(s) of your business?

SECTION B

(Black Economic Empowerment contributions towards black entrepreneurship.)

Please mark with a cross (X) in the appropriate box

	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
11.It is easy for black people to own tourism businesses in the uMhlathuze Municipality.					
12.Among the black people, low level of business skills is one of the setbacks towards tourism entrepreneurship.					
13.The Black Economic Empowerment is promoting black entrepreneurship within the uMhlathuze Municipality tourism sector.					
14.Lack of contact between the experienced and the upcoming business owners in uMhlathuze Municipality hamper the development of black businesses.					
15.Blacks people's lack of knowledge about obtaining financial support is the setback towards Black Economic Empowerment.					

Awareness of Black Economic Empowerment (BEE).					
	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
16.Black people are aware of Black Economic Empowerment.					
17. The black people discuss issues related to the BEE among themselves					
18.The black people have access to the uMhlathuze Municipality tourism information office to ask about the BEE.					
19.Black people are aware of the existing tourism businesses in the uMhlathuze Municipality.					
20.The uMhlathuze Municipality informs black people about new tourism opportunities.					
Understanding of Black Economic Empowerment.					
	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
21.Black people in uMhlathuze Municipality understand the meaning of the Black Economic Empowerment.					
22. Black people lack information about the Black Economic Empowerment.					
23.Black people understand the aims of the Black Economic Empowerment.					
24.Black people do not know how to link their business with the Black Economic Empowerment.					
25.Black people are not aware that they can enquire about the Black Economic Empowerment in the uMhlathuze tourism office.					

SECTION C**(The role of stakeholders in implementation of Black Economic Empowerment (BEE))**

	Strongly Agree [01]	Agree [02]	Not Sure [03]	Disagree [04]	Strongly Disagree [05]
26.The uMhlathuze Municipality tourism businesses are implementing BEE policy for the general economic empowerment of black people.					
27.The uMhlathuze Municipality tourism businesses are engaged in empowering black people with Skills that are necessary to become tourism entrepreneurs.					
28.The uMhlathuze Municipality tourism businesses are engaged in empowering black people with experience that is necessary to become tourism entrepreneurs.					
29.The uMhlathuze Municipality tourism information office has the capacity to monitor the implementation of the BEE.					
30. Financing organisations are easily accessible to black tourism businesses.					

APPENDIX C

THE UMHLATHUZE MUNICIPALITY INFORMATION CENTRE QUESTIONNAIRE

Section A

Personal Particulars:

Please provide information about your particulars by making a cross (X) in the appropriate space.

1. Gender :
Male [] 01
Female [] 02
2. Age group: 18-35 [] 01
36-59 [] 02
60-above [] 03
3. Race group: African [] 01
Coloured [] 02
Indian [] 03
White [] 04
4. Area of residence: Empangeni [] 01
Richards Bay [] 02
Esikhawini [] 03
Ngwelezane [] 04
Dube Village [] 05
5. Education: No Formal Education [] 01
Grade 8 [] 02
Grade 12 [] 03
Degree/Diploma [] 04
6. Employment details (employed in)
Public sector [] 01
Non-Governmental Organisation [] 02
Private Sector [] 03
(Specify)..... [] 04

Organisation details

7. Name of the organisation:

.....

8. Position held in the organisation

.....

9. In which area(s) of uMhlathuze Municipality is your organisation based?

.....
.....

10. What is the main function(s) of the organisation?

.....
.....

SECTION B					
(Black Economic Empowerment contributions towards black entrepreneurship.)					
Please mark with a cross (X) in the appropriate box					
Statements	Strongly Agree [01]	Agree [02]	Not Sure [03]	Dis-agree [04]	Strongly Disagree [05]
11. It is easy for black people to own tourism businesses in the uMhlathuze Municipality.					
12. Among the black people, low level of business skills is one of the setbacks towards tourism entrepreneurship.					
13. The Black Economic Empowerment is promoting black Entrepreneurship in the uMhlathuze Municipality tourism sector.					
14. Lack of contact between the experienced and upcoming business owners, hamper development of black businesses.					
15. Black people's lack of knowledge about obtaining financial support is the setback towards Black Economic Empowerment.					

Awareness of Black Economic Empowerment.					
Statements	Strongly Agree [01]	Agree [02]	Not Sure [03]	Dis-agree [04]	Strongly Disagree [05]
16. Black people are aware of Black Economic Empowerment (BEE).					
17. The black people discuss issues related to the BEE among themselves.					
18. The black people visit the uMhlathuze Municipality tourism information office to ask about the Black Economic Empowerment.					
19. Black people are aware of the existing tourism businesses in the uMhlathuze Municipality.					
20. UMhlathuze Municipality informs the black people about new tourism opportunities.					
Understanding of Black Economic Empowerment.					
Statements	Strongly Agree [01]	Agree [02]	Not Sure [03]	Dis-agree [04]	Strongly Disagree [05]
21. Black people in uMhlathuze Municipality understand the meaning of the Black Economic Empowerment.					
22. Black people lack information about the Black Economic Empowerment.					
23. Black people understand the aims of the Black Economic Empowerment.					
24. Black people do not know how to link their businesses with the Black Economic Empowerment.					
25. Black people are not aware that they can enquire about the Black Economic Empowerment in the uMhlathuze Tourism office.					

SECTION C

(The role of stakeholders in implementation of Black Economic Empowerment.)

Statements	Strongly Agree [01]	Agree [02]	Not Sure [03]	Dis-agree [04]	Strongly Disagree [05]
26. The uMhlathuze Municipality tourism businesses are implementing BEE policy for the general economic empowerment of black people.					
27. The uMhlathuze Municipality tourism businesses are engaged in empowering black people with Skills that are necessary to become tourism entrepreneurs.					
28. The uMhlathuze Municipality tourism businesses are engaged in empowering black people with experience that is necessary to become tourism entrepreneurs					
29. The uMhlathuze Municipality tourism information office has the capacity to monitor the implementation of the BEE.					
30. Financing organisations are easily accessible to black tourism businesses					

APPENDIX D

TOURISM CHARTER AND BEE SCORE CARD

1. CHARTER OF EMPOWERMENT AND TRANSFORMATION IN THE TOURISM INDUSTRY



(A Commitment to Furthering Black Economic Empowerment in the Tourism Industry)

CHARTER OBJECTIVES

In this historic document, signed at the Annual General Meeting of the Tourism Business Council of South Africa on the 29th June 2001, tourism industry leaders took a bold step to communicate their awareness of the need for empowerment and transformation of the industry and commit to working individually and collectively to ensure that the opportunities and benefits of the industry are extended to previously disadvantaged South Africans. Industry leaders and players make this commitment fully aware of the fact that empowerment and transformation of the industry will greatly contribute to its growth and sustainability at company and at sector level. In signing the Charter, industry leaders commit themselves individually and collectively to developing and supporting initiatives in key areas identified and furthermore agree to participate in an industry wide reporting and information sharing process on progress made. The key areas identified and agreed to are **Ownership, Business Development, Management Opportunities** and **Community Development** as set out in The Industry Position Statement attached.

PREAMBLE

We the undersigned, representatives of South Africa's leading tourism companies, institutions and organisations take this opportunity to state our awareness of the need to develop and advance industry initiatives to empower formerly disadvantaged South Africans and in so doing make the industry more accessible, more relevant and more beneficial to all South Africans.

OUR COMMITMENT

We acknowledge that two main challenges face the tourism industry; 1) the Need to become more globally competitive; and, 2) The need to include the formerly disadvantaged into the industry mainstream. We believe that these two challenges are fundamentally linked. For our industry to thrive and grow we commit to do both. Our

commitment to Empowerment and Transformation is therefore based not only on social responsibility, but also on our fiduciary obligations to our shareholders and employees, and to the growth of the South African economy.

THE LEGACY

We recognize the fact that despite the significant changes and advances in our industry, and despite progress that has been made at individual enterprise level, our industry, just as our broader society, remains characterized by huge disparities in access to opportunities and benefits. We recognize too that our businesses are largely white owned and controlled and as such have benefited historically from such inequality. We are further aware of the residual impact of this legacy of inequality and the negative impact it has on efforts to ensure that a tourism and tourist-friendly culture takes root in our country.

BLACK ECONOMIC EMPOWERMENT

We embrace a broad definition of what is meant by furthering black economic empowerment. We understand that it entails initiatives that will further **Ownership, Business Development, Opportunities for Management, and Community Development** towards a more equitable distribution of jobs, skills, income and ownership of capital in the industry.

CALL TO ACTION

We declare our commitment to developing these initiatives at every level and agree to participate honestly and openly in an industry-wide reporting and information sharing process to all stakeholders concerning the progress of these initiatives in achieving our goals.

SUSTAINABILITY

We acknowledge that, for these initiatives to be sustainable and to be meaningfully empowering, they must be based on the identification of strategic opportunities for our enterprises and for our industry. These initiatives must be underpinned by sound commercial logic, be well designed and be focused with deliverable growth objectives.

CURRENT INITIATIVES

We are mindful of the fact that while much remains to be done to advance empowerment and transformation in the industry, much has been done already. The companies and organizations we represent have developed a multitude of initiatives such as Empowerment consortia, representation on senior management bodies, affirmative procurement, outsourcing, small business linkages and staff training and development programmes. Our industry as a whole has made great progress as evidenced in the establishment and active involvement in and compliance to a number of initiatives, institutions and legislation (including The Tourism Learnership Project, the Tourism Enterprise Project, THETA, The Grading Council, The Skills Development Act, The Equity Act etc). Progress made should be recognized. The instigation of an Annual Status Report on Empowerment and Transformation, will inform all stakeholders of the

existence and impact of our activities in the tourism industry. With the commitment to be open, honest and transparent about progress, we clearly intend to redouble our efforts, to expand our initiatives, to co-ordinate, to work together, and to communicate more effectively with all our stakeholders.

CALL TO GOVERNMENT

While we pledge to deliver on the promises contained in this document, we cannot be solely responsible for such delivery. Government is uniquely positioned as tourism regulator, as the owner of tourism assets and as tourism customer, to encourage our companies and the industry as a whole to fulfill their obligations. We acknowledge government's increased commitment to tourism evidenced by increased funding to market South Africa internationally. We seek acknowledgment of our commitment as evidenced in this document and seek a corresponding commitment by government to assist us in deepening empowerment in our industry by developing and implementing initiatives in partnership with industry. We furthermore challenge government to increase its efforts and achieve tangible improvements in regards to safety and health that remain impediments to tourism growth in our country and to continue to increase

CONCLUSION

The tourism industry led by the Tourism Business Council of South Africa remains committed to working together to build a tourism industry and sector that grows, thrives and is sustainable for the benefit of all South Africans now and in the future.

SIGNATORIES

Board Members 2000-2001	Leading Members	Partners
Abrahamse, Tanya (TBCSA) Baloyi, Danisa (NBBC) Botha, Kobus (Blue Mountain Lodge) Brebnor, Keith (SAFCC) Dibate, Boni (Esselenpark) Du Toit, Chris (ASATA) Enderle, Hans (City Lodge) Fick, Willem (FEDHASA) Gwala, Cyril (FABCOS) McCann, Gail (SATSA) Mohale, Bonang (SAA) Ntisani, Mandla (Coca Cola) O'Sullivan, Paul (Randburg Waterfront) Shongwe, Keith (Kifaru Tourism) Van Heerden, Glenn (Avis) Wigley, David (Co-opted)	African Collection Orient-Express Airports Company Avis Budget Rent A Car City Lodge Hotels Conservation Corporation Africa Global Resorts Imperial Car Rental Legacy Hotels and Resorts Protea Hotels Rennies Travel South African National Parks Southern Sun Group Sun International The Don Group Tourvest	Business Trust. Chair of Grading Council. Chair of SA Tourism. Chair of THETA.

2. TOURISM SCORECARD

	DTI WEIGHT- ING	2009 Weightin gs	2014 Weightings	TOURISM TARGETS for 2014			Raw Score	Weighted Score
				Indicators to measure achievement	2009 Target	2014 Target		
Ownership	20%	15%	20%	% share of economic benefits as reflected by direct shareholding by black people (Listed company including indirect ownership)	26%	40%		
				Minimum Direct Ownership	16%	26%		
Strategic Representat ion	10%	14%	14%	Board Representation				
				Black people as a % of Board of Directors	26%	50%		
				Black women as a % of Board of Directors**	13%	25%		
				Executive Representation				
				Black people as a % of executive management**	26%	50%		
				Black women as a % of executive management**	13%	25%		
Employment Equity	10%	14%	14%	Black people as a % of management	33%	50%		
				Black women as a % of management	16%	25%		
				Black people as a % of supervisors, junior & skilled employees**	60%	70%		

				Black women as a % of supervisors, junior & skilled employees**	40%	40%		
				Black people as a % of Total Staff	70%	70%		
				Black Women as a % of Total Staff**	45%	45%		
Skills Development	20%	20%	15%	% of payroll spend on skills development (including skills development levy) on all accredited training	3%	5%		
				% of skills development spend on black employees	70%	70%		
				Number of Learnerships as percentage of total employees	3%	2%		
				Number of black learners as a percentage of total learners	80%	80%		
Preferential Procurement	20%	14%	18%	Is there a Preferential Procurement plan?	Yes	Yes		
				Spend on black companies as a % of total procurement spend	30%	40%		
				Local Contents	40%	40%		
Enterprise Development	10%	14%	10%	The sum of % spend of post-tax profits on enterprise development and % management time contributed to enterprise development over total management time	0.5%	1.0%		

Social Development	10%	4%	5%	% CSI spend of post-tax profits on education, community programmes, job creation, training, health (or % management time over total management time)**	0.5%	1.0%		
Industry Specific	0%	5%	4%	% spend of post-tax profits on community tourism, heritage and conservation projects (or % management time contributed to community and conservation project over total management time)**	0.5%	1.0%		
				Spend on black companies as a % of facilitated procurement spend (for travel distribution companies) - Offsets for other sector	50%	50%		
TOTAL	100%	100%	100%	TOTAL ESTIMATED SCORE AS PER PROPOSED SCORECARD				

[Spykes P. (2002): South African Tourism Industry Empowerment and Transformation Review]

APPENDIX - E

TRANSMITTAL LETTER

**University of
Zululand:**

**CENTRE FOR RECREATION
& TOURISM**



**Private Bag X1001
KwaDlangezwa 3886
South Africa
Tel: 035 902 6000
Fax: 035-902 6073
Ref:lm.hard/aug-05**

1 August 2005

To whom it may concern

Dear Sir /Madam

RE: REQUEST TO CONDUCT RESEARCH

Mr CS Biyela is full-time student of the Centre for Recreation and Tourism at the University of Zululand. He is doing the Masters in Recreation and Tourism [MRT]. The attached questionnaire is part of his research project seeking to establish how Black people understand the BEE policy, as well as how the same policy contributes towards tourism entrepreneurship within uMhlathuze Municipality, KwaZulu-Natal. The title of the research project is:

*The Potential of Black Economic Empowerment Policy in Promoting
Tourism Entrepreneurship in the uMhlathuze Municipality.*

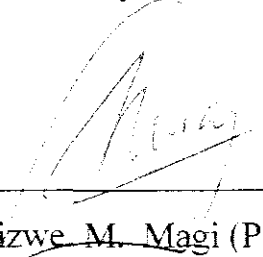
This research inquiry is undertaken mainly for academic purposes among the uMhlathuze communities located in areas such as Empangeni, Richards Bay,

Esikhawini, Ngwelezane, Nseleni, Vulindlela, Felixton, as well as neighbouring rural areas. It is hoped that the findings of the study will make a meaningful contribution to the fields of tourism, as well as the understanding the BEE policy as perceived by the local people and KwaZulu-Natal as a whole.

All information collected from you through this questionnaire will be kept in strict confidence.

Your assistance in this regard will be highly appreciated.

Yours faithfully



Lindisizwe M. Magi (Prof.)

Co-ordinator MRT-PDRT Programme
Centre for Recreation and Tourism
University of Zululand

cc. Mr CS. Biyela (Researcher)