

Baseline Study on the State of Transformation in the Tourism Sector

12 March 2018



tourism

Department:
Tourism
REPUBLIC OF SOUTH AFRICA



TABLE OF CONTENTS

SECTION 1: INTRODUCTION.....	1
1.1. AMENDED TOURISM B-BBEE SECTOR CODE OF 2015.....	1
1.2. STUDY OBJECTIVES	5
1.3. METHODOLOGY.....	6
1.4. STUDY LIMITATIONS	12
SECTION 2: SURVEY RESULTS.....	14
2.1. OWNERSHIP	14
2.2. MANAGEMENT CONTROL	24
2.3. SKILLS DEVELOPMENT	47
2.4. ENTERPRISE AND SUPPLIER DEVELOPMENT	57
2.5. SOCIO-ECONOMIC DEVELOPMENT	61
SECTION 3: COMPLIANCE STATUS AND ACCELERATION RECOMMENDATIONS. 64	64
3.1. AWARENESS OF THE BEE CODE AND BEE CERTIFICATION STATUS.....	64
3.2. TOURISM SECTOR B-BBEE SCORE PERFORMANCE	65
3.3. COMPLIANCY ACCELERATION	67
LIST OF REFERENCES.....	73
ANNEXURES	74
ANNEXURE 1: TOURISM B-BBEE SECTOR CODE SURVEY QUESTIONNAIRE 2017	74
ANNEXURE 2: INDUSTRY NOTIFICATION LETTER	79
ANNEXURE 3: SAMPLE RELIABILITY AND VALIDITY	80



LIST OF TABLES

Table 1: Enterprise Type Turnover Threshold	3
Table 2: Sample Size by Band.....	10
Table 3: Sample Size by Sub-Sector	10
Table 4: Sample Size by Province	11
Table 5: Ownership Element Scorecard	14
Table 6: Management Control Element Scorecard.....	24
Table 7: Skills Development Element Scorecard.....	48
Table 8: Number of Enterprises That Achieved the 3% Target	54
Table 9: Enterprise and Supplier Development Element Scorecard	57
Table 10: Enterprises in Each Band and Sub-sector That Achieved the Respective Targets	58
Table 11: Larger Enterprises in Each Sub-sector That Achieved Respective Targets	58
Table 12: Supplier Development Contribution	59
Table 13: Enterprise Development Contribution	60
Table 14: Socio-Economic Development.....	61
Table 15: Sector Code Issuing Authority	65
Table 16: Critical Issues to be Address for Transformation in the Sector	71



LIST OF FIGURES

Figure 1: Scope of Application	2
Figure 2: Research Methodology	6
Figure 3: National Tourism Database Categories	8
Figure 4: NTDB Establishments Distribution	8
Figure 5: Percentage Achievement of Exercisable Voting Rights for Black People, by Band	15
Figure 6: Percentage Achievement of Exercisable Voting Rights for Black People, by Province	16
Figure 7: Achievement of Exercisable Voting Rights for Black People, Percentage Distribution by Sub-sector and Band	16
Figure 8: Distribution of 15% BF Voting Rights Target Achievement	17
Figure 9: Total Target Achievers' Distribution by Sub-sector and Band	18
Figure 10: Percentage Economic Interest for Black People Achievement of 30% Target, by Band	18
Figure 11: Distribution of 30% BP Economic Interest Target Achievement	19
Figure 12: Economic Interest for Black People Target Achievement, by Province	19
Figure 13 Total Target Achieved for Economic Interest for Black People, Distribution by Sub-sector and Band	20
Figure 14 Distribution of 15% BF Economic Interest Target Achievement	20
Figure 15: Total Target Achievers' Distribution by Sub-sector and Band	21
Figure 16: Target Achieved for Economic Interest of Black Natural Persons, Distribution by Band	22
Figure 17: Band 3 Enterprises' Achievement of New Black Entrants Target	22
Figure 18: Ownership of Black People	23
Figure 19: Ownership of Black Female	23
Figure 20: Percentage Target Achievement of Exercisable Voting Rights for Black Board Members, by Band	25
Figure 21: Distribution of Target Achievement for Exercisable Voting Rights of Black Board Members	25
Figure 22: Percentage Target Achievement for Exercisable Voting Rights of Black Board Members, by Province	26
Figure 23: Total Target Achieved for Exercisable Voting Rights of Black Board Members, Distribution Sub-sector and Band	27
Figure 24: Distribution of Target Achievement for Exercisable Voting Rights of Black Female Board Members	27
Figure 25: Total Target Achieved Distribution for Exercisable Voting Rights of Black Females Board Members, by Sub-sector and Band	28
Figure 26: Distribution of Target Achievement for Black Executive Directors	29
Figure 27: Percentage Target Achievement for Black Executive Directors, by Province	29



Figure 28: Total Target Achieved for Black Executive Directors, distribution by Sub-sector and Band 30

Figure 29: Distribution of Target Achievement for Black Females Executive Directors 30

Figure 30: Total Target Achieved for Black Females Executive Directors, Distribution by Sub-sector and Brand 31

Figure 31: Percentage Achievement of Target for Black People in Executive Management, by Band 31

Figure 32: Distribution of Target Achievement for Black People in Executive Management 32

Figure 33: Percentage Target Achievement for Black People in Executive Management, by Province 32

Figure 34: Total Target Achieved for Black People in Executive Management, Distribution by Sub-sector and Band 33

Figure 35: Distribution of Target Achievement for Black Females in Executive Management 33

Figure 36: Total Target Achieved for Black Females in Executive Management, Distribution by Sub-sector and Band 34

Figure 37 Percentage Achievement of Target for Black People in Senior Management, by Band 34

Figure 38: Distribution of Target Achievement for Black People in Senior Management 35

Figure 39: Percentage Target Achievement Black People in Senior Management, by Province 36

Figure 40: Total Target Achieved for Black People in Senior Management, Distribution by Sub-sector and Band 36

Figure 41: Distribution of Target Achievement for Black Females in Senior Management 37

Figure 42: Total Target Achieved for Black Females in Senior Management, Distribution by Sub-sector and Band 37

Figure 43: Percentage Achievement of Target for Black People in Middle Management, by Band 38

Figure 44: Distribution of Target Achievement for Black People in Middle Management 39

Figure 45: Percentage Target Achievement for Black People in Middle Management, by Province ... 39

Figure 46: Total Target Achieved for Black People in Middle Management, by Sub-sector and Band 40

Figure 47: Distribution of Target Achievement for Black People in Middle Management 40

Figure 48: Total Target Achieved for Black People in Middle Management, Distribution by Sub-sector and Band 41

Figure 49: Percentage Achievement of Target for Black People in Junior Management, by Band 41

Figure 50: Distribution of Target Achievement for Black People in Junior Management 42

Figure 51: Percentage Target Achievement of Black People in Junior Management, by Province 42

Figure 52: Total Achieved Black People in Junior Management, Distribution by Sub-sector and Band 43

Figure 53: Distribution of Target Achievement for Black Females in Junior Management 43

Figure 54: Total Target Achieved for Black Females in Junior Management, Distribution by Sub-sector and Band 44

Figure 55: Percentage Achievement of Target for Black People with Disabilities, by Band 44

Figure 56: Distribution of Target Achievement for Black People with Disabilities 45

Figure 57: Percentage Target Achievement for Black People with Disabilities, by Province 45



Figure 58: Total Target Achieved for Black People with Disabilities, Distribution by Sub-sector and Band 46

Figure 59: Distribution of Target Achievement for Black Females with Disabilities 46

Figure 60: Management Control of Black People 47

Figure 61: Management Control of Black Females 47

Figure 62: Percentage of Each Band Total That Are SETA Registered 49

Figure 63: Achievers of Skills Development Expenditure Target, by Band 50

Figure 64: Distribution of Skills Development Expenditure Achievers per Band 50

Figure 65: Target Achieved for Skills Development Expenditure, Distribution by Sub-sector 51

Figure 66: Percentage Target Achievement for Skills Development Expenditure, by Province 51

Figure 67: Distribution of Benefactors of Black People, Black Females or Other People with Disabilities 52

Figure 68: Enterprises That Offer Apprenticeships 52

Figure 69: Distribution of Enterprises That Benefit Black People in Learnerships, Apprenticeships and Internships 53

Figure 70: Sub-sectors and Bands of the Enterprises That Achieved the 3.5% Target 53

Figure 71: Black Females in Learnerships, Apprenticeships and Internships 54

Figure 72: Unemployed Black People in Learnerships, Apprenticeships and Internships 55

Figure 73: Black People in Learnerships, Apprenticeships and Internships Absorbed into the Business 55

Figure 74: LE Skills Development Achievement by Sub-sector 56

Figure 75: QSE Skills Development Achievement by Sub-sector 56

Figure 76: Above 30% Spend on Empowering Suppliers (51%BP) 59

Figure 77: LE Procurement Achievement by Sub-sector 60

Figure 78: QSE Procurement Achievement by Sub-sector 61

Figure 79 Total Achievers' Annual Qualifying Expenditure for NPAT (1%) 62

Figure 80: TOMSA Levy Collectors 63

Figure 81: Socio-Economic Development per Sub-sector 63

Figure 82: Awareness of the B-BBEE Charter by Band 64

Figure 83: B-BBEE Code Awareness Level Comparative with Certification 65

Figure 84: B-BBEE Scores in Band 1 by Sub-sector 66

Figure 85: B-BBEE Score in Band 2 by Sub-sector 67

Figure 86: B-BBEE Scores in Band 3 by Sub-sector 67

Figure 87: Perceived Benefits of the BBEE Accreditation for Enterprises in Tourism 68

Figure 88: Perceived Constraints in the Tourism Sector 69

Figure 89: Opportunities for BEE Acceleration in Tourism 70



LIST OF ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
EC	Eastern Cape
EME	Exempt Micro Enterprise
F2F	Face-to-Face
FS	Free State
GP	Gauteng
IPAP2	Industrial Policy Action Plan Two
KZN	KwaZulu-Natal
LE	Large Enterprise
LP	Limpopo
MP	Mpumalanga
N	Population size
n	Sample size
NC	Northern Cape
NDP	National Development Plan
NGPF	New Growth Path Framework
NPAT	Net Profit After Tax
NTDB	National Tourism Database
NWP	North West
QSE	Qualifying Small Enterprise
SAT	South African Tourism
SMME	Small, Micro and Medium Enterprise
TOMSA	Tourism Marketing South Africa
WC	Western Cape



LIST OF DEFINITIONS

Tourism B-BBEE code definitions	
Absorption	Refers to a measure of the measured entity's ability to successfully secure formal, permanent or long-term contract employment for the learner or to assist the learners with proceeding with further education and training.
Apprenticeship	Refers to an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
Black Designated Groups	Refers to: <ol style="list-style-type: none"> a) Unemployed Black people not attending and who do not require by law to attend an educational institution and not awaiting admission to an educational institution. b) Black people who are youth as defined by the National Youth Commission Act 1995 c) Black people who are persons with disabilities as defined in the Code of Good Practice, on employment of the people with disabilities, issued under the Employment Equity Act d) Black people living in rural and under development areas e) Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.
Black New Entrants	Refers to Black participants who hold rights of the ownership in a measured entity and who, before holding the equity instrument in the measured entity, have not held equity instruments in other entities which have a total value of more than R50 000000, measured using a standard valuation method.
Black People	Refers to a generic term which means African, Coloured and Indian: <ol style="list-style-type: none"> a) who are citizens of the Republic of South Africa by birth or descent or b) who became citizens of the Republic of South Africa by naturalization- <ol style="list-style-type: none"> i) before 27 April 1994 ii) on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalization prior to that date.
Economic Interest	Refers to a claim against an entity representing a return on ownership of the entity similar in nature to a dividend right, measured using the flow through and, where applicable, modified through principles.
Elements	Refers to the measurable quantitative or qualitative elements of B-BBEE compliance in the Generic Scorecard and the Codes.
Employed Learner	In terms of section 18 (1) of the Skills Development Act it means a learner who was in the employment of the employer party to the learnership agreement concerned when the agreement was concluded. The learner's contract of employment is therefore not affected by the agreement.
Employee with a Disability	Defined in the Code of Good Practice on Key Aspects of Disability in the Workplace issued under section 54 of the Employment Equity Act.
Enterprise Development Contributions	Refers to monetary or non-monetary contributions carried out for the following beneficiaries, with the objective of contributing to the development, sustainability, financial and operational independence of those beneficiaries: <ol style="list-style-type: none"> (a) Enterprise development contributions to exempted micro-enterprises or qualifying small enterprises which are at least 51% Black owned or at least 51% Black women owned.
Entity	Refers to a legal entity or a natural or a juristic person conducting a business, trade or profession in the Republic of South Africa.
Entrepreneur	Refers to a person who starts and/or operates a business which includes identifying opportunities in the market and taking risks with a view of being rewarded with profits.



Tourism B-BBEE code definitions

Exempted Enterprise	Micro	Refers to an entity with an annual turnover of R5 million or less.
Internship		Refers to an opportunity to integrate career-related experience into an undergraduate education by participating in planned, supervised work.
Junior Management		Refers to an employee of the measured entity who is a member of the occupational category of “junior management” as determined using the Employment Equity regulations.
Learnership		Refers to a work-based route to a qualification. It is a workplace education and training programme comprising both structured practical workplace (on-the-job) experience and structured theoretical training.
Leviable Amount		Defined in the Skills Development Levies Act of 1999 as determined using the Fourth Schedule to the Income Tax Act.
Middle Management		An employee of the measured entity who is a member of the occupational category of “middle management” as determined using the Employment Equity regulations.
Net Profit After Tax		Refers to the operating profit of a measured entity after tax. It incorporates both the equity/loss figures and abnormal items but excludes extraordinary items as determined by Generally Accepted Accounting Practices (GAAP).
New Enterprise		Refers to an early stage business which is similar to a start-up. However, an early stage business is typically three years old or less.
Qualifying Enterprise	Small	Refers to an entity that qualifies for measurement under the qualifying small enterprise scorecard with a turnover of R10 million or more but less than R50 million.
Qualifying Socio-Economic Contributions		Is a collective term for socio-economic project contributions and socio-economic contributions.
Rights of Ownership	of	Is a collective term for the right to economic interest and the right to exercisable voting rights.
Senior Management		Refers to an employee of the measured entity who is a member of the occupational category of “senior management” as determined using the Employment Equity regulations.
Skills Development Expenditure		Comprises the money that a measured entity spends on skills development. It excludes the skills development levy payable by the measured entity under the Skills Development Levies Act.
Socio-Economic Development Contributions		Means monetary or non-monetary contributions implemented for communities, natural persons or groups of natural persons where at least 75% of the beneficiaries are Black people. The objective of socio-economic development contributions is the promotion of sustainable access for the beneficiaries to the economy. Socio-economic development contributions commonly take the following forms: (a) development programmes for women, youth, people with disabilities, people living in rural areas (b) support of healthcare and HIV/AIDS programmes (c) support for education programmes, resources and materials at primary, secondary and tertiary education level as well as bursaries and scholarships (d) community training, skills development for unemployed people and adult basic education and training (e) support of arts, cultural or sporting development programmes.
Socio-Economic Project Contributions		Refers to monetary or non-monetary contributions carried out for the benefit of any projects approved for this purpose by any organ of state or sectors including without limitation: (a) projects focusing on environmental conservation, awareness, education and waste management (b) projects targeting infrastructural development or reconstruction in underdeveloped areas; rural communities or geographic areas identified in the government’s integrated sustainable rural development or urban renewal programmes (c) new projects promoting beneficiation.



Tourism B-BBEE code definitions

Supplier Development Contributions	<p>Refers to monetary or non-monetary contributions carried out for the benefit of value-adding suppliers to the measured entity, with the objective of contributing to the development, sustainability and financial and operational independence of those beneficiaries.</p> <p>a) Supplier development contributions to suppliers that are exempted micro-enterprises or qualifying small enterprises which are at least 51% Black-owned or at least 51% Black women owned.</p>
Unemployed Learner	<p>Refers to a learner who was not in the employment of the employer party to the learnership agreement concerned when the agreement was concluded. The employer and learner must therefore enter into a contract of employment. Refer to the Skills Development Act.</p>
Voting Right	<p>Refers to a voting right attaching to an equity instrument owned by or held for a participant measured using the flow through principle or the control principle.</p>



SECTION I: INTRODUCTION

The Constitution of the Republic of South Africa No. 108 of 1996 has the sole purpose of promoting transformation and equal opportunities to all South Africans. The Employment Equity Act No. 55 of 1998, as amended in 2013, aims to achieve equity in the workplace and to focus on eliminating unfair discrimination in employment, and to promote equal opportunities for all South Africans, as per the Constitution. Thus, the introduction of the Broad-Based Black Economic Empowerment (B-BBEE) Act No. 53 of 2013 has the objective to promote the successful entry of previously disadvantaged entrepreneurs into the mainstream of economic activity.

The tourism sector in South Africa is identified as one of the six core pillars of growth and transformation in the country, according to the New Growth Path Framework (NGPF) and the National Development Plan (NDP). The Industrial Policy Action Plan (IPAP2) identified this sector as one of the areas expected to contribute to the development of rural areas and cultural industries, among others. The Tourism White Paper of 1996 advocates tourism as a vehicle to improve the quality of life for every South African by:

- Creating sustainable employment opportunities for all South Africans
- Creating opportunities for emerging entrepreneurs and other SMMEs
- Generating economic growth
- Using tourism as a tool for the development of rural communities
- Encouraging participation of all South Africans in the tourism sector
- Providing the previously neglected groups with appropriate education and training in tourism

I.1. AMENDED TOURISM B-BBEE SECTOR CODE OF 2015

The development of the Tourism BEE Charter was guided by the Tourism White Paper of 1996, which highlighted the need for the tourism sector to transform and for South Africa to become a globally competitive tourist destination. The Tourism BEE Charter has been developed to champion the B-BBEE Act No. 53 of 2003, to formulate a framework and principles upon which Black Economic Empowerment (BEE) will be implemented in the sector, and to provide the basis for the tourism sector to engage with other stakeholders.



The Amended Tourism B-BBEE Sector Codes have been developed to advance the objectives of the Broad-Based Black Economic Empowerment Amendment Act of 2013 to create more opportunities for emerging black-owned enterprises, create more jobs and address the imbalanced ownership patterns.

The Tourism B-BBEE Sector Code expresses the commitment of the stakeholders in tourism to transform the sector and to ensure the beneficiation and exposure of opportunities to the previously disadvantaged. This Code constitutes a framework and establishes the principles upon which B-BBEE will be implemented in the tourism sector, facilitates a partnership programme as outlined in government’s strategy for B-BBEE, and provides the basis for the sector’s engagement with other stakeholders including government and the private sector, labour and civil society¹.

I.1.1. The New B-BBEE Code and Scorecard

The Amended Tourism B-BBEE Sector Code applies to all enterprises within the tourism sector and value-chain, as per the following categories:



Figure 1: Scope of Application
 Source: Department of Tourism, 2016

¹ Department of Tourism. 2016. *Easy Guide for the Amended Tourism B-BBEE Sector Code*.



The scorecard consists of the following key elements:

- Ownership
- Management Control
- Skills Development
- Enterprise and Supplier Development
- Socio-economic Development

Different compliance levels and criteria apply for different types of enterprises. The enterprise type is categorised, according to turnover thresholds:

Table 1: Enterprise Type Turnover Threshold

ENTERPRISE TYPE	TOURISM CODES
Band 1 - Exempt Micro Enterprise (EME)	R5 million p.a.
Band 2 - Qualifying Small Enterprise (QSE)	R45 million p.a.
Band 3 - Large Enterprise (LE)	> R45 million p.a.

Source: Department of Tourism, 2016

Priority is placed on Ownership with a sub-minimum requirement of 40% from net value; Skills Development with a sub-minimum of 40% of total weighted points; and Enterprise and Supplier Development at 40% of total weighted points of each of the categories, namely Preferential Procurement, Supplier Development and Enterprise Development. With Large Enterprises (LEs) required to comply with all the priority elements, while Qualifying Small Enterprises (QSEs) are required to comply with at least two priority elements with an emphasis on Ownership. However, Exempted Micro Enterprises (EMEs) automatically qualify for level four (4), with 100% Black ownership enterprises qualifying for a level one (1) B-BBEE Status, while 51% Black ownership enterprises receive a level two (2) status. Effectively, EMEs are exempted from compliance with the Code, due to their limited ownership structures and employment capacity.

The Tourism B-BBEE Scorecard was established to be a monitoring mechanism towards achieving the visible or obstructive shortcomings of the BEE policy. The progress of transformation in the tourism sector can be calculated through the application of this scorecard in the sector. It is on this basis that the Tourism BEE Charter Council has embarked on the establishment of a BEE baseline study within the tourism sector, using the Tourism BEE Scorecard as a measurable point of reference.



1.1.2. Context for the Study

According to the report on the State of Transformation in the Tourism Sector in 2010 (updated in 2013), tourism enterprises excelled in achieving the employment equity targets for Black employees and Black female employees. EMEs and QSEs achieved more progress in transforming their management structures than LEs. However, LEs are more committed to transforming their ownership structures, which is a positive sign for transformation in the future. Nonetheless, the representation of Black directors and Black female directors in LEs is slow. It is necessary to remember that the Exempt Micro Enterprises in many cases only have a single owner, who is likely to be White or a foreign national, and this makes transformation difficult. Further, enterprises struggle with attaining their targeted Black shareholding, specifically Black female shareholding.

The research found that there are three main drivers of transformation in the tourism sector that require the most support. These three drivers are: Skills Development, Preferential Procurement and Enterprise Development. Almost 60% of LEs recruit inexperienced Black recruits because they are struggling to find qualified and experienced Black directors and managers and Black female directors and managers. The learnership for both Black employees and Black female employees is slow, and suitable learning programmes should thus be developed for enterprises to educate the previously disadvantaged to become qualified candidates. Less than 10% of enterprises in the tourism sector achieved the 2012 target for a learning programme. This low level of achievement in the area of skills development could have a long-term impact on certain elements of the scorecard and transformation (Management Control, Employment Equity and Ownership, for example). With regards to enterprise development, only a few QSEs have achieved their 2012 targets on spending on enterprise development, while larger enterprises were more successful. Furthermore, according to the study conducted in 2010 and updated in 2013, approximately one-fifth of all enterprises achieved their 2012 targets for spend on B-BBEE accredited suppliers, with only 10% of large enterprises achieving the 2012 target.

The study reiterates the areas that the sector struggled to attain their targets, namely Ownership, Skills Development, and Enterprise and Supplier Development. It is due to this reason that these elements have been prioritised in the new Tourism BEE Code (2013).

In light of the new Code coming into play and the role of the Tourism B-BBEE Charter Council, the establishment of a new baseline study on the state of transformation in the tourism sector is critical to enable key role-players in the radical transformation movement to benchmark



transformation levels in the sector. Furthermore, it provides critical insight into the limitations, constraints and interventions needed to promote high levels of transformation in the tourism sector.

I.2. STUDY OBJECTIVES

The Tourism B-BBEE Charter Council has a mandate to monitor and evaluate transformation in the tourism sector; furthermore, it should provide guidance and share information on the matters affecting, impairing and even promoting transformation in the sector. One of the actions in the Council's plan for the 2016-2019 period involves the establishment of a new baseline study, with the following objectives:

- A new baseline study will be conducted to establish the current state of transformation in the sector.
- The research will set a baseline for the amended Code.
- The research will provide recommendations and benchmark the Council's Strategy to rapidly advance the course of transformation in the tourism sector.
- The results of the study will be shared once the research is complete.
- The results of the baseline study will inform the development of the Transformation Strategy for the tourism sector.

The National Department of Tourism appointed a service provider to conduct the new baseline study on the transformation of the tourism sector, on behalf of the Tourism B-BBEE Charter Council. The service provider was appointed in their capacity to execute the baseline study within the set requirements and outcomes established by the council and the Amended Tourism B-BBEE Sector Code. The baseline study report contains qualitative and quantitative information about the performance of the sector, including details about all the elements of the amended Tourism B-BBEE Sector Code's Balanced Scorecard.

The lead service provider (Urban-Econ Development Economists) embarked on the baseline study with a combined effort from the National Department of Tourism, the Tourism B-BBEE Charter Council members, and tourism and travel-related associations. The success of the study relied on how the sector players received, perceived and reacted to the nature and sensitivity of the study.



I.3. METHODOLOGY

The study aimed to investigate the state of transformation of South Africa’s tourism sector. The execution of the study included high levels of integrity, reliability, transparency and advocacy.

The following research methodology was applied to ensure the academic accuracy and sector representation:



Figure 2: Research Methodology

The empirical investigation will be discussed according to the research approach and design, the sample frame, the research instrument, the pilot study and pre-testing of the questionnaire and data and statistical analysis.

I.3.1. Empirical Study

The section highlights the methods used to design an appropriate measuring instrument and to conduct the empirical analysis.



Research approach and design

Quantitative research data was collected by means of a self-administered online questionnaire; in addition to this, telephonic phone calls were conducted as well as face-to-face interviews.

1.3.2. Sample Frame

The research design and execution of this study is highly reliant on the availability, accuracy and validity of a database representative of the tourism sector. As a first step to the study, the National Department of Tourism provided the service provider with the National Tourism Database (NTDB), which consisted of 56 980 businesses in the tourism sector.

The database was developed through the following process:

- It was initially formulated for the 2010 Soccer World Cup on request from South African Tourism (SAT).
- Klynveld Peat Marwick Goerdeler (KPMG) was commissioned to quality assure (QA) the database.
- A dashboard supplied on SAT's website provides business owners with the opportunity to register voluntarily.
- All information is verified before it gets published on SAT's website (e.g. grading, TOMSA membership).
- The same database is used by the Tourism Grading Council of South Africa (TGCSA).
- The database undergoes a quarterly quality assurance process ((n)382) which is conducted by NDT's database unit. Reports are published from the findings.



The database represented the following tourism business types by category:

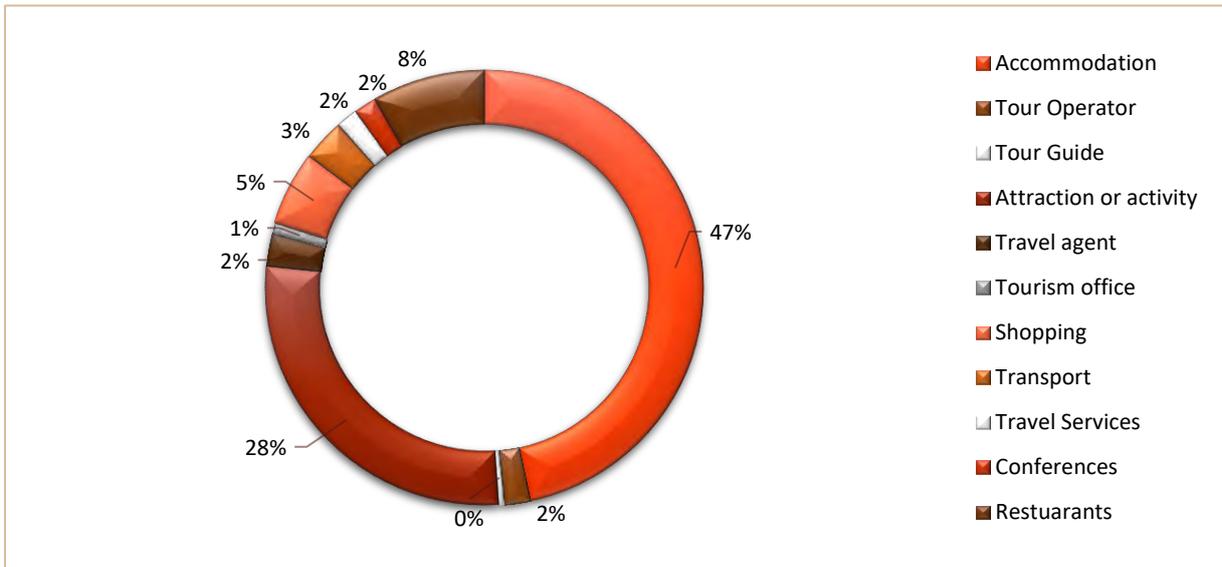


Figure 3: National Tourism Database Categories
 Source: Department of Tourism, October 2016

Figure 4 indicates the distribution of the database per province within the Tourism B-BBEE Code’s scope of application relating to the following three core categories: accommodation, hospitality and related services, and travel-related services.

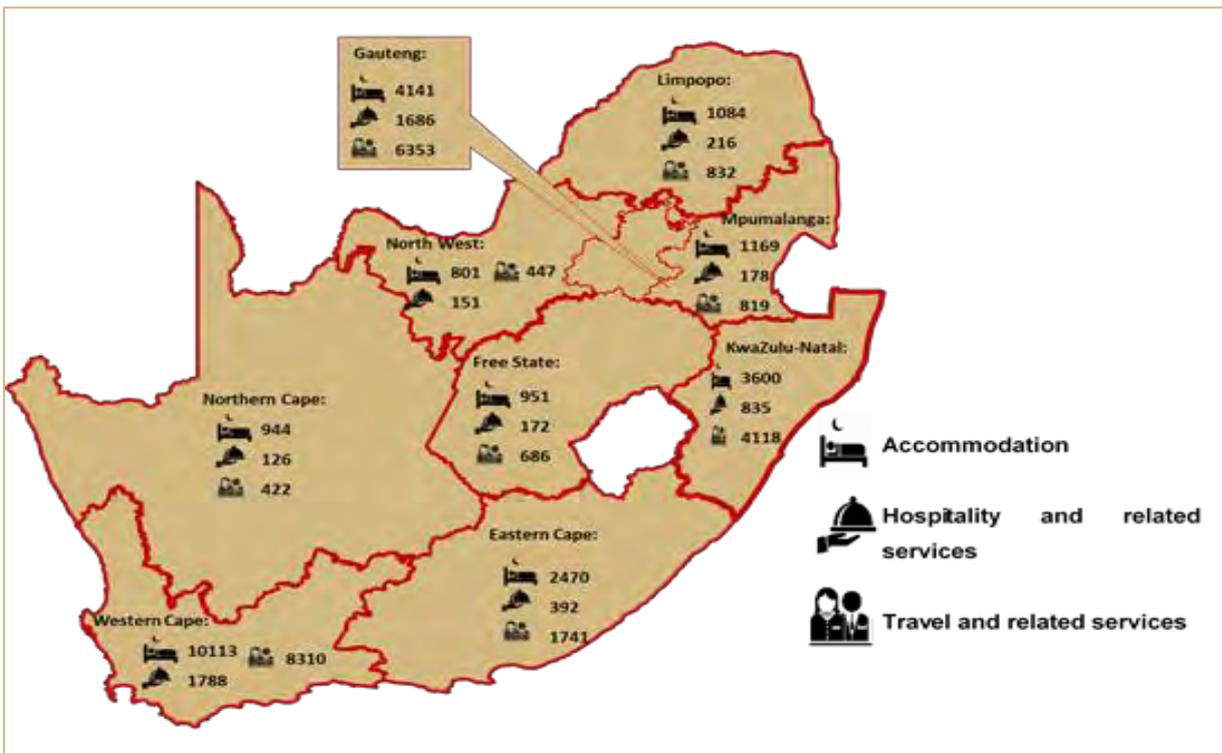


Figure 4: NTDB Establishments Distribution
 Source: Department of Tourism, October 2016



Cleaning the sample frame

Once the service provider had a comprehensive database, the data needed to be cleaned and sorted. The process of cleaning the data involved the following:

- Removal of non-tourism enterprises
- The removal of duplicate entries
- Removal of enterprises that were either branches or franchises of large enterprises or entities that were not legally independent

The desktop research was conducted over a period of seven months to verify the contact and demographic details of enterprises within the database and to determine the band sizes of each unit since the database did not provide this information. Once the cleaning and verification process was complete, the dataset contained 49 433(N) units which were used as the sample population.

Sample plan

The first part analyses the sampling method employed for the pilot study and the second part reveals the sampling method employed for the survey.

A. Sampling method employed for the pilot study

Non-probability sampling was employed to conduct the pilot study since it was decided that judgement sampling (which is a technique of non-probability sampling) be best suited for the pilot study. Application of judgement sampling was made by targeting candidates who obtained knowledge in tourism, and more specifically transformation tourism, in practical and academic settings.

B. Sampling method employed for the survey

Probability sampling (simple random sampling) was selected to conduct the survey since it allows for generalisation of the results, namely the state of transformation in the tourism sector.

This study employed probability sampling as every member of the defined target population (49 433 (N)) had an equal opportunity of being included in the sample to participate in this research. The sampling study was based on guidelines by Krejcie and Morgan (1970:607) who recommend that where a population (N) of 1 000 000 is concerned, a sample size of 384 is considered acceptable. However, this was only applicable to Band 1 (EMEs) and Band 2 (QSEs). A separate dataset of 120(N) units were made available for Band 3 (LEs), it was decided that the entire identified dataset would represent the sample within this band.



Completed sample responses received were 1 039, which is representative of the tourism population and can be generalised to the total population at a confidence level of 95% with a margin of error of 2.96. The level of confidence is good due to the sample sizes. The three main variables, Band, Type and Province were completed by 97% of respondents. A total of 3% of respondents had incomplete information on *at most one* of the three main categories – 1.4% of the total for Band, 0.8% of the total for the Type and a 2.4% over-representation for Province.

The following table provides an overview of the sample size, the actual number of surveys collated and the percentage breakdown of each of the band sizes.

Table 2: Sample Size by Band

Band	Company Size	Sample Size	Number of surveys collated	Percentage
Band 1	Exempt Micro Enterprises	384 (n)	433 (n)	42%
Band 2	Qualifying Small Enterprises	384 (n)	389 (n)	38%
Band 3	Large Enterprises	120 (n)	204 (n)	20%
Total Sample		888 (n)	1039* (n)	100%

**13 respondents (1.4%) did not indicate their income threshold*

As can be seen from the above stated, the researchers were able to collate more surveys than was initially planned during the sampling exercise. The following table indicates the percentage representation of each sub-sector according to the sample size, number of surveys collated and the percentage breakdown of each.

Table 3: Sample Size by Sub-Sector

Sub-Sector	Sample Size	Number of surveys collated	Percentage
Accommodation	408 (n)	466 (n)	45%
Hospitality and Related Services	240 (n)	269 (n)	26%
Travel and Related Services	240 (n)	293 (n)	28%
Total Sample	888 (n)	1028* (n)	100%

**11 respondents (1%) did not indicate the industry in which they operate*

The following table provides an overview of the sample size, the actual number of surveys collated and the percentage breakdown by province.



Table 4: Sample Size by Province

Province	Sample Size	Number of surveys collated	Percentage
Eastern Cape	89 (n)	107 (n)	9%
Free State	53 (n)	100 (n)	8%
Gauteng	178 (n)	227 (n)	19%
KwaZulu-Natal	136 (n)	180(n)	15%
Limpopo	59 (n)	97 (n)	8%
Mpumalanga	89 (n)	128 (n)	11%
North West	47(n)	84 (n)	7%
Northern Cape	59 (n)	70 (n)	6%
Western Cape	178 (n)	208 (n)	17%
Total Sample	888 (n)	1210* (n)	100%

**9 respondents (0.8%) did not indicate the province in which they are situated.*

**25 respondents (2.4%) indicated that they were involved in more than one province.*

The above-stated percentages were taken directly from the database since it is the most accurate representation of the tourism sector. The following section explores elements about the development of an appropriate research instrument for the purpose of this study.

1.3.3. The Pilot Study and Pre-testing the questionnaire

Twenty (20) experts from the tourism sector were approached to form part of the pilot study. These experts included candidates from the National Department of Tourism and academics since they did not form part of the sample frame and therefore had no chance of being selected to be a respondent in the actual study. Personal interviews took place during the pilot study conducted for the Tourism B-BBEE Sector Code Questionnaire.

Firstly, the researcher read through the questions as if speaking over the telephone to a respondent, and the expert was asked to answer the questions based on their understanding of how the tourism sector would receive the questions. Secondly, on completion, a personal interview was held with each expert to receive their inputs and feedback. The amount of time it took to complete the questionnaires, readability of the questions and user-friendliness of the questionnaire was examined. Lastly, gaps were discussed with the expert, and unnecessary questions were eliminated.



1.3.4. Data and Statistical Analysis

This step aimed to report, interpret and draw conclusions about the current state of transformation in the tourism sector. Adobe Forms Central® and Microsoft® Excel® were used to capture the data and for basic data analysis. The Statistical Package for the Social Sciences (SPSS™ version 21) was used to process the information, and Urban-Econ's in-house statistics specialist assisted with the analysis of the data.

1.4. STUDY LIMITATIONS

The empirical study was very complex, and several challenges and limitations were faced during the questionnaire design, sampling, data collection and analysis phase. The following are a few of the critical limitations experienced with the execution of the study:

- The enterprise threshold (LEs, QSEs, EMEs) is not indicated in the database. Furthermore, the comprehensive database is representative of the entire tourism sector, which is biased towards EMEs as per the sector spread, thus influencing the sample size which requires a larger representation of QSEs and LEs for the baseline study.
- Due to the complexity of the questionnaire and the in-depth knowledge of the business that was required to answer the questionnaire, only two out of three questions were prerequisites to be included in the study – either Threshold, Type or Province. All 1 039 respondents completed at least two of the three main categories, with only 3% of respondents not completing any of the three categories. In all other instances, all valid responses were included and reported, highlighting the differences in the sample size, rather than to exclude all responses where some information was missing.

The following need to be taken into account for future studies:

- Establishments are unwilling to complete the survey; however, they do provide feedback and their opinion of the current constraints with transformation and opportunities in the tourism sector.
- Some respondents are registered under other BEE codes e.g. property or transport; therefore, their codes are not aligned to the Tourism BEE Codes.
- Some respondents prefer to send their BEE scorecard directly for the researcher to complete the survey, which is less administrative admin for the respondent as completing the questionnaire is too time-consuming.



As a baseline study on a new sector code, the state of transformation in the tourism sector is the first of its kind in South Africa. With a study of this nature, many unexpected challenges can arise, thus provoking the need to revise and monitor the progress of the study before, during and after the data collection phase. Effectively, the study was successfully executed and yielded reliable results.



SECTION 2: SURVEY RESULTS

In order to provide insight into the level of transformation within South Africa’s tourism sector, the B-BBEE Scorecard needs to be used as a measurement instrument. This section will analyse the performance of the sector within the five elements of the Tourism B-BBEE Codes, with a particular focus on the performance of each band (enterprise threshold).

2.1. OWNERSHIP

The Ownership element relates directly to the ownership of the equity stake in the measured entity. The following compliance targets are set within the Tourism B-BBEE Sector Code, which LEs (Band 3) and QSEs (Band 2) need to comply to:

Table 5: Ownership Element Scorecard

INDICATOR	MEASUREMENT CATEGORY AND CRITERIA	LE COMPLIANCE TARGETS		QSE
		Black People	Black Female	
Voting Rights	Exercisable voting rights in the entity in the hands of Black people	30%	15%	✓
Economic Interest	Economic interest in the entity to which Black people are entitled	30%	15%	✓
	Economic interest of any of the following Black natural persons in the measured entity: <ul style="list-style-type: none"> • Black designated groups; • Black participants in employee share ownership programmes; • Black people in broad-based ownership schemes; • Black participants in co-operatives. 	3%		✓
	Black new entrants	10%		

Source: Department of Tourism, 2016

EMEs (Band 1) are only evaluated on their ownership level. EMEs B-BBEE recognition levels are as follows²:

- All EMEs automatically qualify for Level 4 B-BBEE Status, having a B-BBEE recognition level of 100%.
- An EME which has 100% Black ownership qualifies for an elevation to Level 1 B-BBEE Status with a B-BBEE recognition level of 135%.

² Department of Tourism. 2016. *Easy Guide for the Amended Tourism B-BBEE Sector Code*.



- An EME which has at least 51% Black ownership qualifies for elevation to Level 2 B-BBEE Status with a B-BBEE recognition level of 125%.

Between 81% and 85% of respondents answered the questions on voting rights and economic interest of Black people, with only 37% answering on new Black entrants.

2.1.1. Voting Rights

Exercisable Voting Rights for Black People (BP)

The Code calls for 30% of exercised voting rights to be reserved by Black people. Eighty-five percent (85%) of the sample answered the question (888 enterprises), of which 171 were LEs, 317 QSEs, and 400 EMEs. According to the survey results, represented in Figure 5, Band 3 (48%) is doing well in striving towards majority Black people voting rights in the assessed enterprises. Band 1 (34%) enterprises are also progressing toward a higher number of small business owned and operated by Black people. Smaller enterprises are polarised tending towards a single owner, either Black South Africans or non-Black South Africans/foreigners (other people).

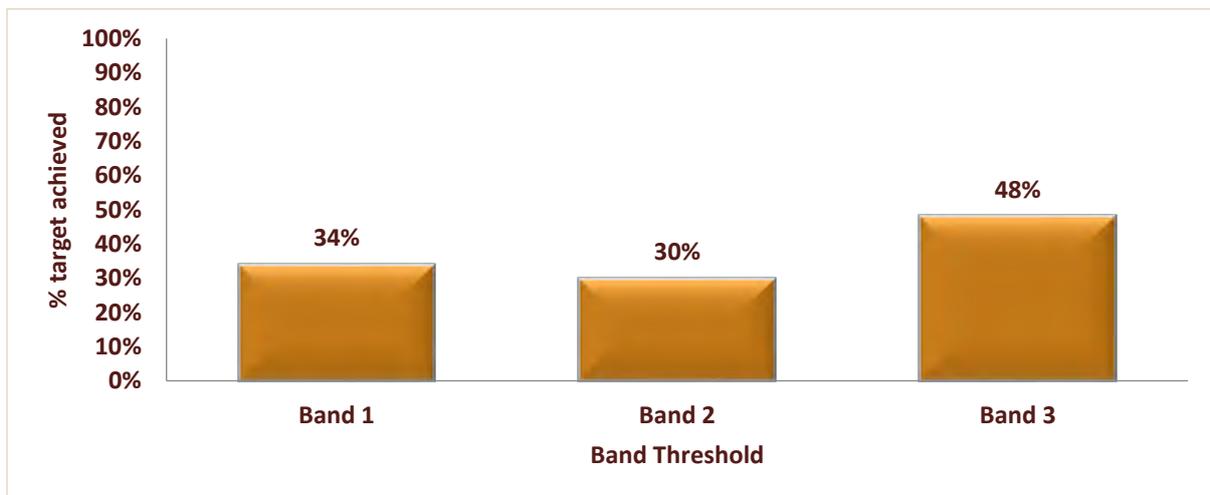


Figure 5: Percentage Achievement of Exercisable Voting Rights for Black People, by Band

Figure 6 indicates the percentage of targets achieved by enterprises in each province. The provinces with the highest target achievement rate include Limpopo (56%) and Mpumalanga (51%), both exceeding 50%. Two critical economic hubs of South Africa, namely Gauteng (43%) and KwaZulu-Natal (46%), are progressing in achieving 30% of exercisable voting rights for Black people. In the Western Cape, the percentage target achieved is the lowest at twenty-five percent. The respondents emphasised that it is difficult to reach the set targets as per the BEE Code, due to the Western Cape’s overall demographic profile which is vastly different to the rest of the country. The Western Cape has a majority Coloured population, and it became



evident during the fieldwork that this population group view themselves as non-Black South Africans.

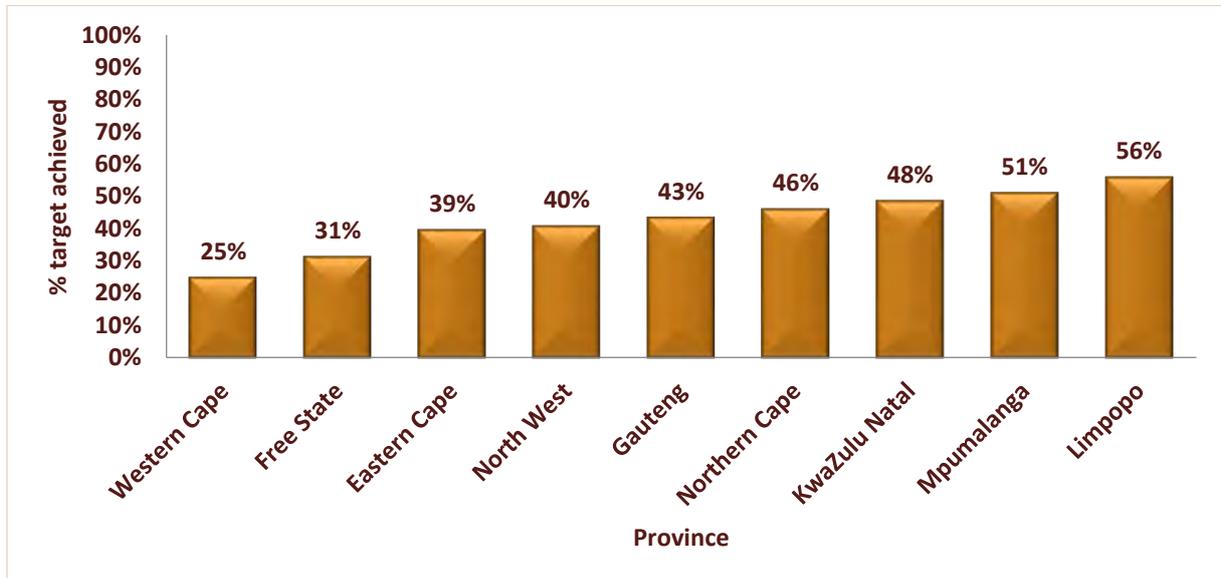


Figure 6: Percentage Achievement of Exercisable Voting Rights for Black People, by Province

When considering the *total number of enterprises who achieved the 30% target*, the accommodation sub-sector represents 42% of these establishments, with all three bands representing the majority share. EMEs (Band 1) were the largest contributor to the target achievement when considering the hospitality and travel-related services sub-sector, thus promoting the growth of Black-owned small enterprises. However, QSEs (Band 2) and LEs (Band 3) have a greater impact within this sub-sector since each enterprise provides a larger pool for exercisable voting rights.

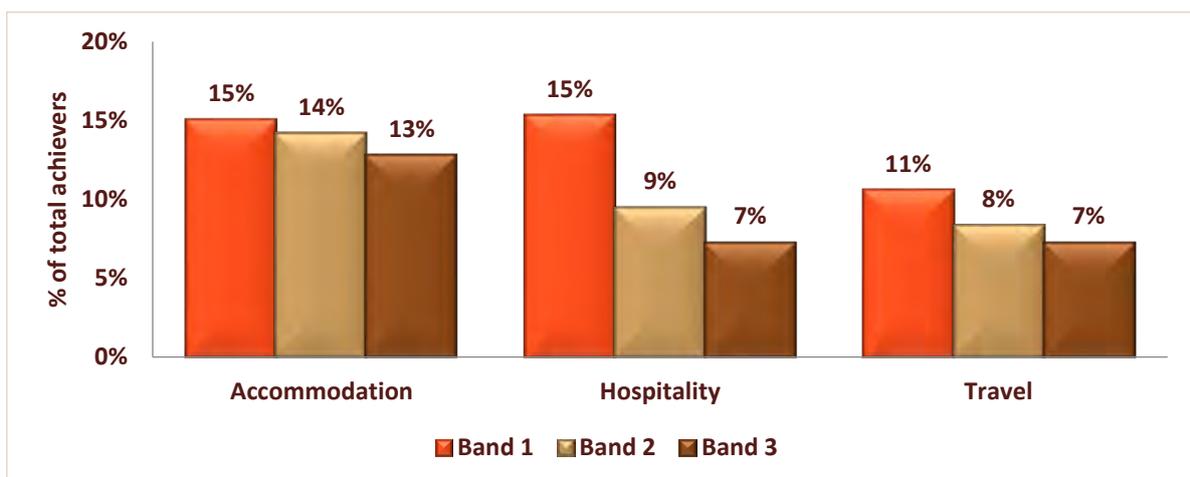


Figure 7: Achievement of Exercisable Voting Rights for Black People, Percentage Distribution by Sub-sector and Band



Exercisable Voting Rights for Black Females (BF)

The target for voting rights for Black females is 15% in both LEs and QSEs. It is clear that, in the vast majority of instances, Black females have very limited voting rights. Band 1 enterprises are unlikely to have Black females with voting rights if they are not the owner of the establishment. According to the survey, only 14% of the sector within Band 1 had exceeded the set target of 15%. A similar trend is followed by Band 2, where 76% of enterprises indicated that they have zero voting rights allocated to Black females. It is encouraging to see that at least 51% of large enterprises have Black females with some voting rights; although, it does not necessarily exceed the target of 15%. More than 13% of establishments, in each band, have achieved the 15% target.

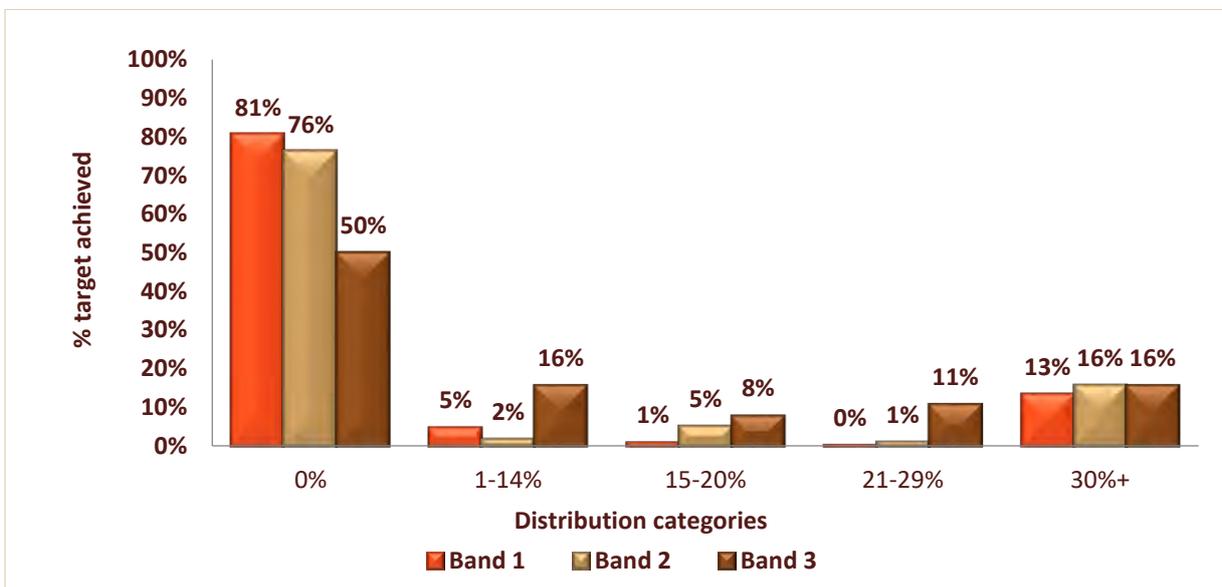


Figure 8: Distribution of 15% BF Voting Rights Target Achievement

The total number of enterprises who achieved the 15% target is illustrated in Figure 9. The accommodation sub-sector in Band 1 (18%) has the highest representation of Black females with voting rights, closely followed by Band 2 (accommodation), illustrating the importance of SMMEs for women empowerment. The sub-sector that promotes women empowerment within the big-players economy is the travel-related services sub-sector, with Band 2 (16%) and Band 3 (15%) achieving the set target of 15% Black female voting rights.



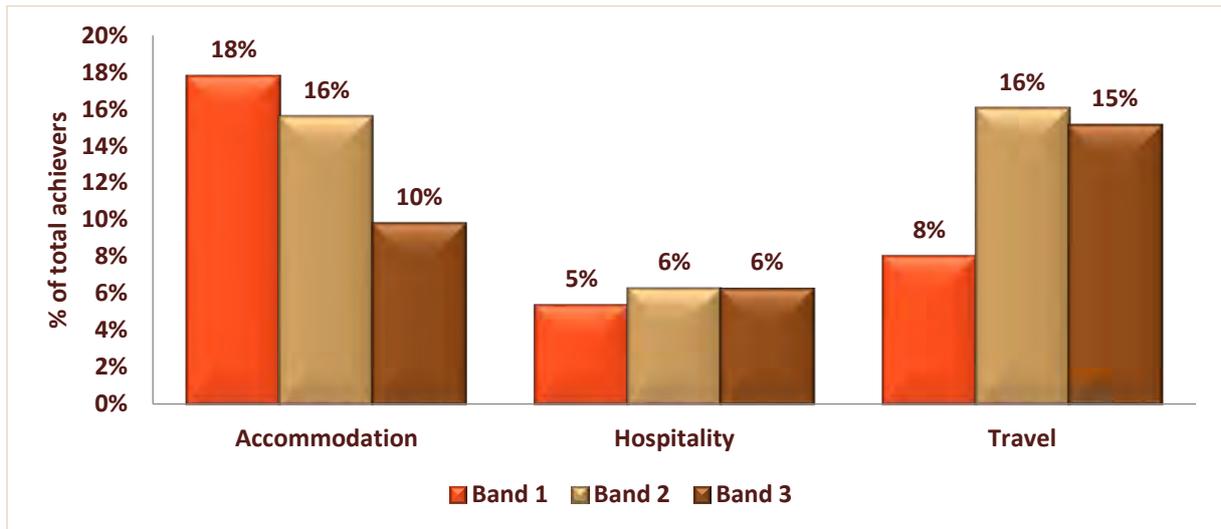


Figure 9: Total Target Achievers’ Distribution by Sub-sector and Band

2.1.2. Economic Interest

Economic Interest for Black People (BP)

The rights that Black people have to receive dividends, capital gains and other economic benefits of shareholders, has a 30% compliance target set for economic interests of Black people. Eighty-one percent (81%) of the sample answered the question (837); of them, 155 were LEs, 304 QSEs, and 378 were EMEs. Figure 10 indicates the percentage of enterprises that achieved the set target. Band 3 enterprises (41%) have achieved the target of 30% economic interest for Black people in their enterprise, while this stands at 30% in Band 1 and 26% in Band 2 enterprises.

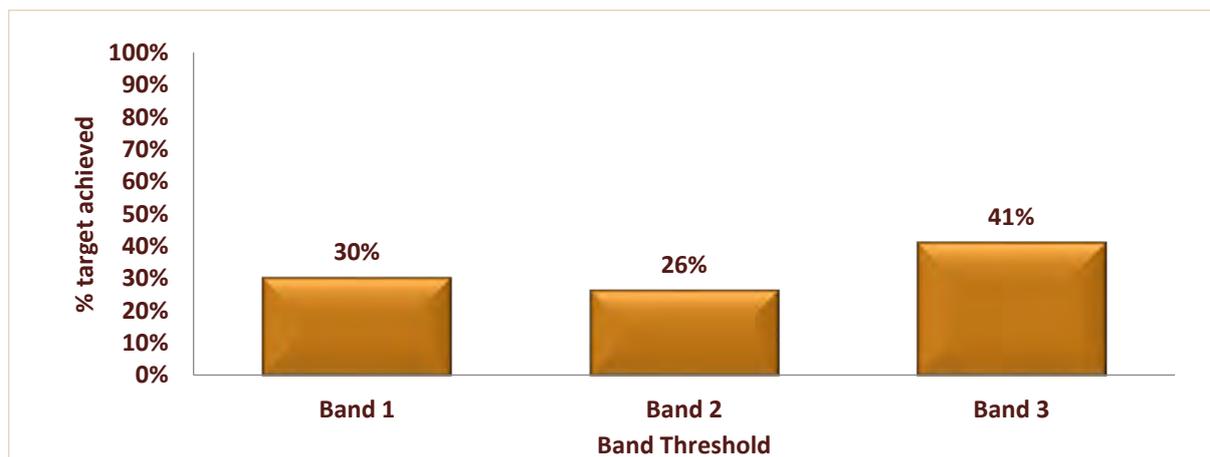


Figure 10: Percentage Economic Interest for Black People Achievement of 30% Target, by Band



The majority of enterprises, regardless of band and sub-sector, have not achieved the 30% economic interest target. As with voting rights, the target achievement in establishing the economic interest of Black people is highly polarised, as seen in Figure 11.

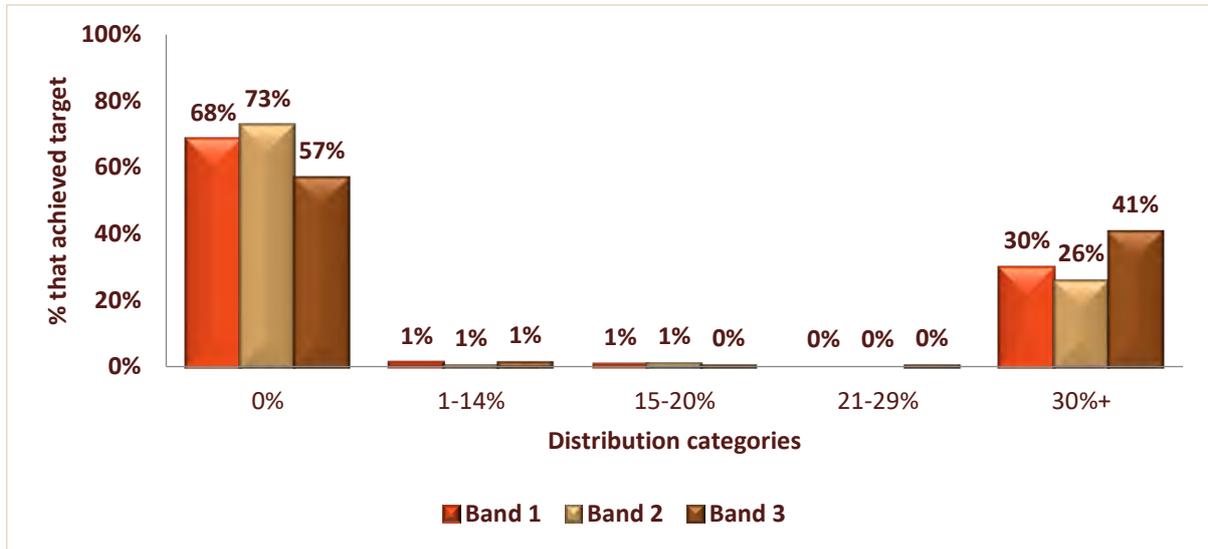


Figure 11: Distribution of 30% BP Economic Interest Target Achievement

The percentage of enterprises assessed in this study that achieved the target of 30% economic interest is highest in Mpumalanga (44%), Limpopo (39%) and KwaZulu-Natal (39%) – against the lowest which is the Western Cape (25%).

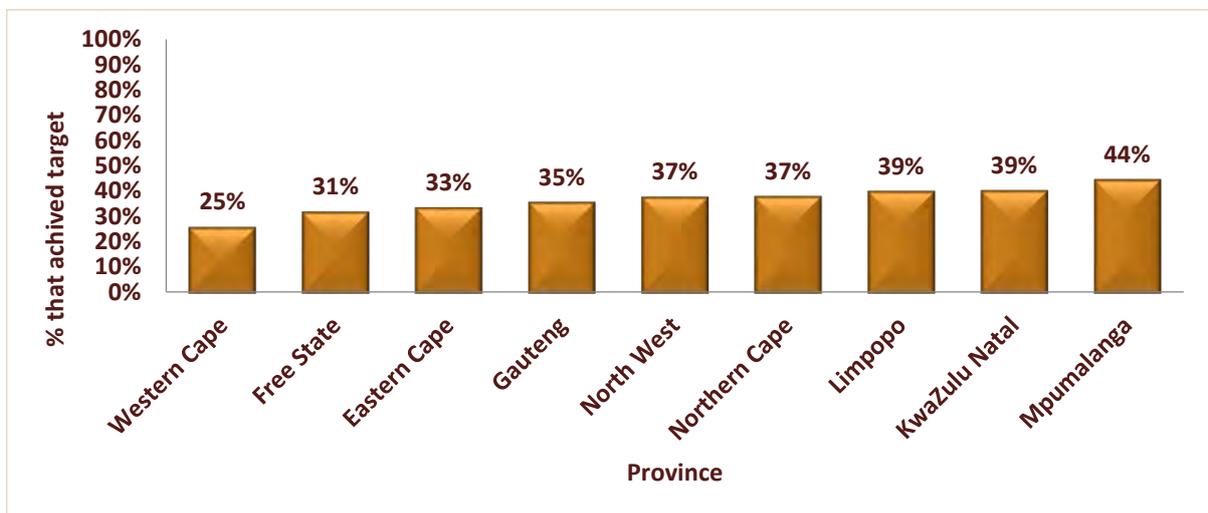


Figure 12: Economic Interest for Black People Target Achievement, by Province

When considering *only those enterprises who achieved the 30% economic interest target*, it is evident that Band 1 of the hospitality enterprises (16%) was the highest achiever, whereas Band 3 of the accommodation sub-sector represents 15%. Therefore, the LEs in the accommodation sub-sector have greater potential to promote Black participation in their



ownership structure, compared to the other classified sub-sectors. However, QSEs (33%) and EMEs (39%) do play a major role in all sub-sectors in promoting the economic interest of Black people in enterprises.

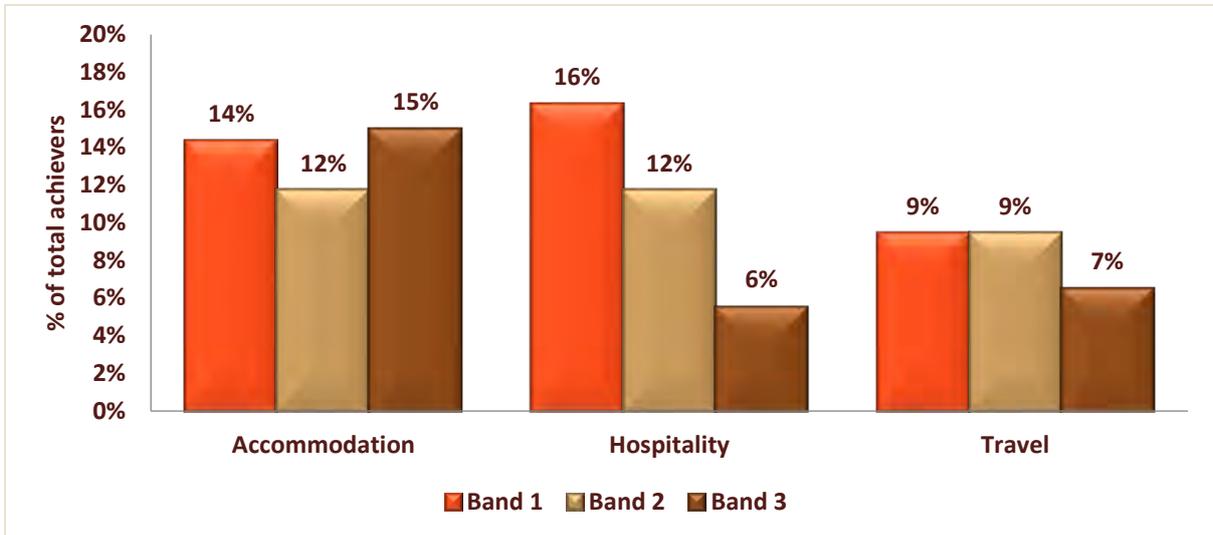


Figure 13 Total Target Achieved for Economic Interest for Black People, Distribution by Sub-sector and Band

Economic Interest for Black Females (BF)

The Code requires a 15% representation of economic interest for Black females. As with voting rights, there is some progression towards increasing the economic interest of Black females in LEs, with 35% of Band 3 enterprises having at least some Black females with economic interest. Still 65% of enterprises in Band 3 have no Black females with economic interests.

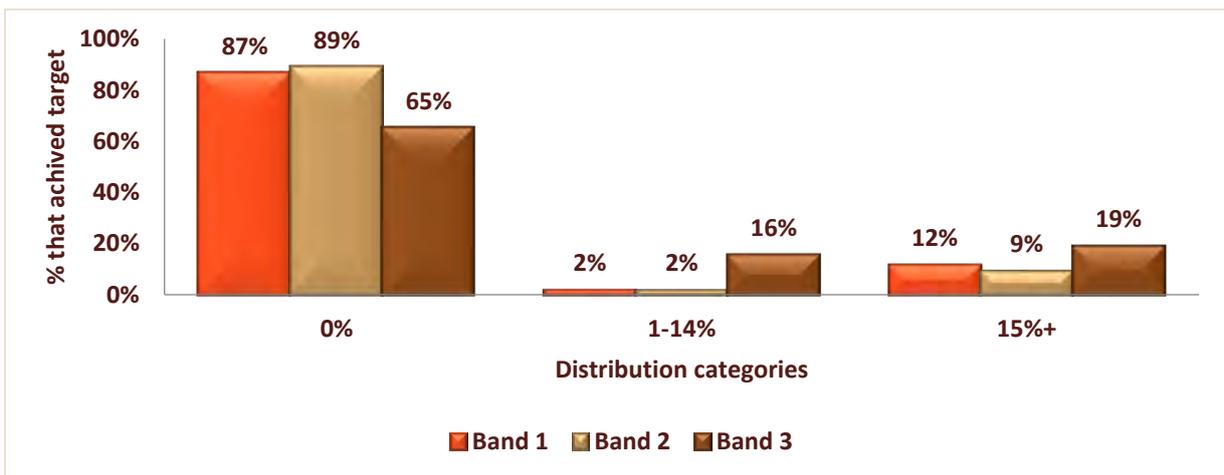


Figure 14 Distribution of 15% BF Economic Interest Target Achievement

According to the survey results, 24% of the Band 1 accommodation sub-sector represents the total number of enterprises that have achieved the 15% economic interest target. Band 3 of



the travel sub-sector hosts 12% of the enterprises that achieved the target. As per the distribution, it is evident that the accommodation and travel sub-sectors have a higher rate of women absorption within their ownership structures, compared to the hospitality-related services.

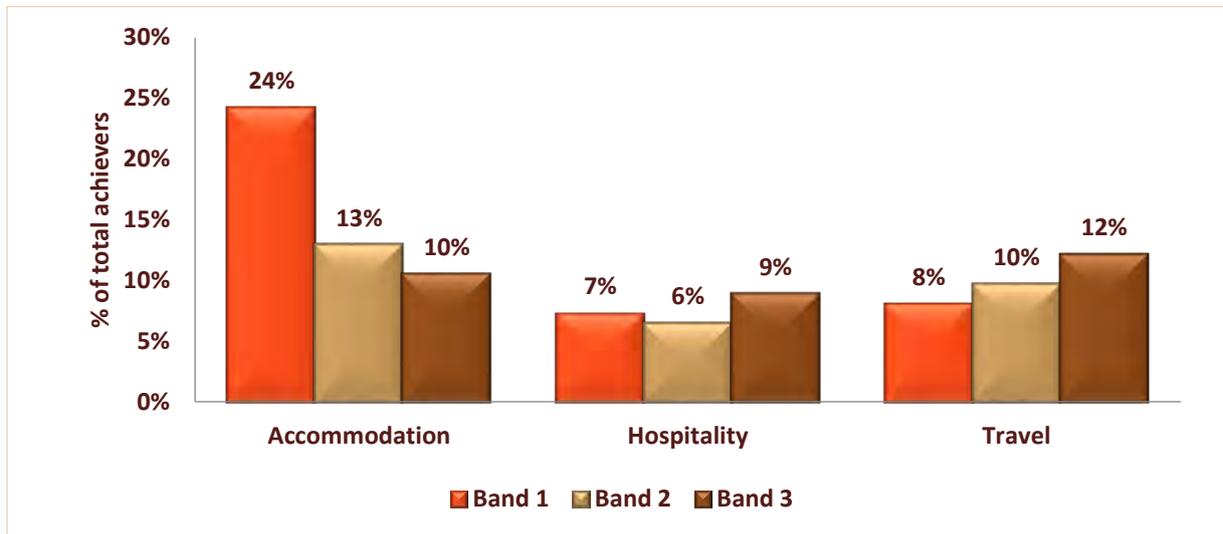


Figure 15: Total Target Achievers' Distribution by Sub-sector and Band

Economic Interest of Black Natural Persons

The economic interest of Black natural persons in the measured enterprises is very low. The response rate in this question was extremely low, with only 7% of responding enterprises reporting on the status of economic interest, which refers to the following:

- Black designated groups (DG)
- Black participants in employee share ownership programmes (ESO)
- Black people in broad-based ownership schemes (BBOS)
- Black participants in co-operatives (PC-op)

Figure 16 indicates the distribution of the responding entities that have achieved the set target of 3%, by bands and designated groups:



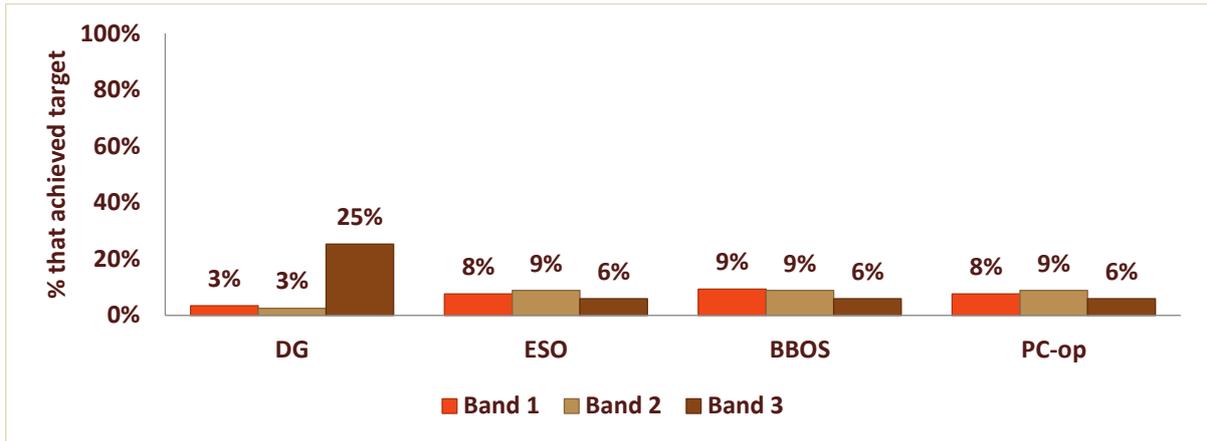


Figure 16: Target Achieved for Economic Interest of Black Natural Persons, Distribution by Band

According to the survey, 25% of enterprises achieved the target for shareholding owned by Black people through Black designated groups within Band 3, whereas Band 1 and Band 2 used ESO, BBOS and PC-op structures to promote an increased shareholding for Black people in the enterprise.

New Black Entrants in Large Enterprises

New Black entrants into the ownership mix of enterprises have a target of 10%, which is only applicable to Large Enterprises (Band 3). Thirty-seven percent (37%) of the total sample answered this question (389 enterprises). The overall achievement in all enterprises indicates a very slow achievement rate of new Black entrants. In Band 3, only 9% of enterprises achieved the 10% target.

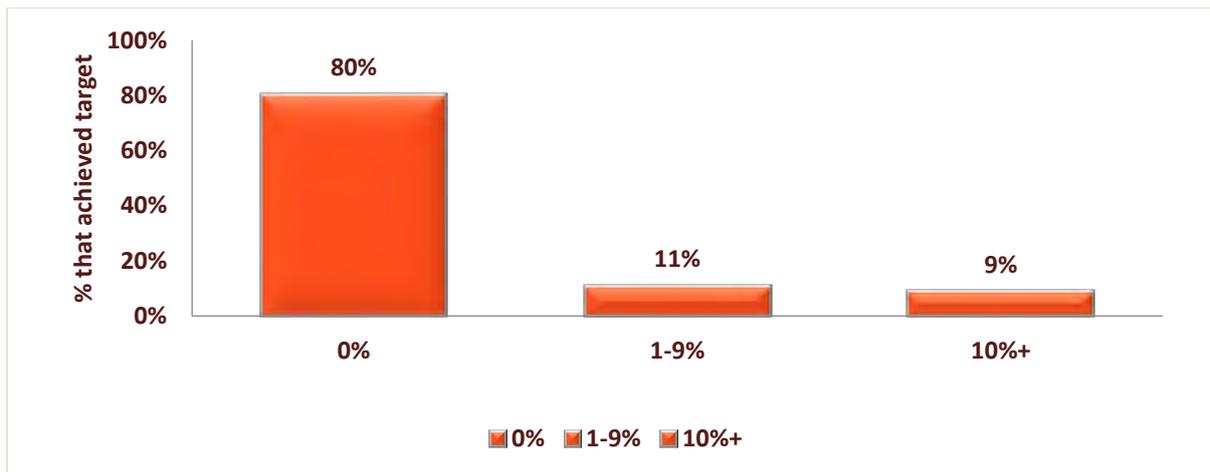


Figure 17: Band 3 Enterprises' Achievement of New Black Entrants Target



2.1.3. Summary of Ownership Element Results

Promoting Black ownership of enterprises is a priority element within the Amended Tourism B-BBEE Sector Code. As can be seen by the summary in Figure 18, the majority of the tourism sector does not comply with the set ownership targets for Black people within their enterprises. So far, the accommodation and travel-related sub-sectors have been performing equally, while the hospitality sub-sector is not far from obtaining 50% representation within the voting rights and economic interest indicators.

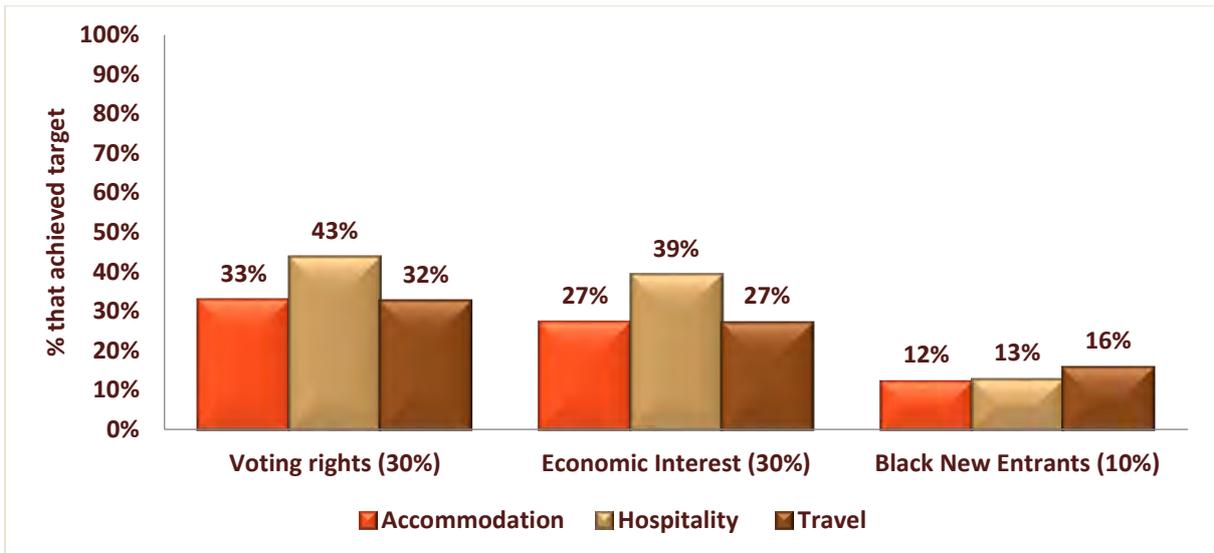


Figure 18: Ownership of Black People

The empowerment of Black women within the ownership structures of tourism-related entities paints an entirely different picture. It is evident that the travel-related sub-sector promotes more Black women in their ownership structures, followed by the accommodation sector.

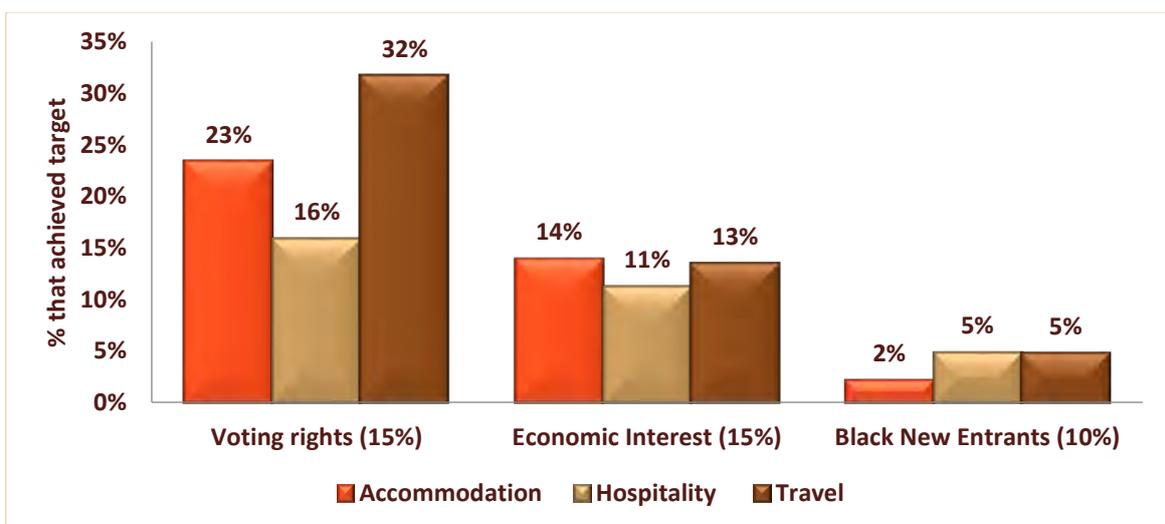


Figure 19: Ownership of Black Female



2.2. MANAGEMENT CONTROL

Management Control is measured by seven indicators that measure the transformative environment around the management structure of enterprises. According to the Code, LEs (Band 3) need to comply with all set criteria, while QSEs (Band 2) only need to comply with the executive and senior management indicators. Table 6 indicates the targets set by the Tourism B-BBEE Sector Code.

Table 6: Management Control Element Scorecard

INDICATOR	MEASUREMENT CATEGORY AND CRITERIA	LE COMPLIANCE TARGETS		QSE
		Black People	Black Female	
Board Participation	Exercisable voting rights of Black Board members as a percentage of all board members	50%	30%	
	Black executive directors as a percentage of all executive director	50%	30%	
Other Executive Management	Black executive management as a percentage of all other executive management	60%	30%	✓
Senior Management	Black employees in senior management as a percentage of all senior management	60%	30%	✓
Middle Management	Black employees in middle management as a percentage of all middle management	75%	38%	✓
Junior Management	Black employees in junior management as a percentage of all junior management	80%	40%	✓
Employees with Disabilities	Black employees with disabilities as a percentage of all employees	2%		1%

Source: Department of Tourism, 2016

Note that EMEs (Band 1) are exempted from the following compliance targets. However, in all instances indications of Management Control for Band 1, Band 2, Band 3 enterprises are reported.

Most enterprises responded to the first four aspects of the Management Control element, i.e. Board Members, Executive Directors, Executive Management and Senior Management. However, on Middle and Junior Management response rates dropped to 55% and 37% respectively and only 14% answered the question on Black people with disabilities in the entity.



2.2.1. Board Participation

Exercisable Voting Rights of Black Board Members

Exercisable voting rights of Black people has a 50% target. Eighty-seven percent (87%) of the total sample answered this question (908 enterprises). The survey indicated that 29% of LEs (Band 3) managed to reach this target. A quarter (25%) of QSEs (Band 2) and almost a third (29%) of EMEs (Band 1) reached this target.

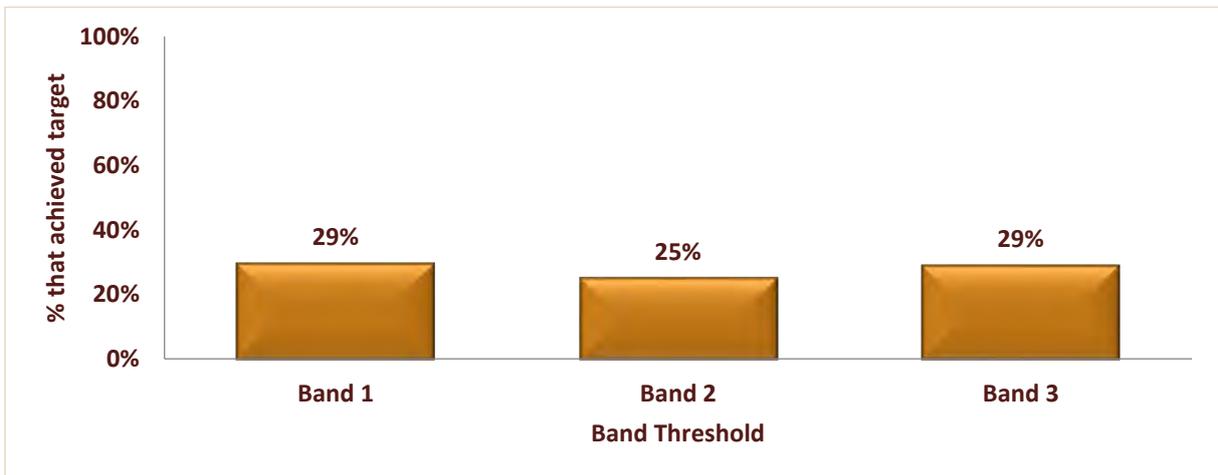


Figure 20: Percentage Target Achievement of Exercisable Voting Rights for Black Board Members, by Band

When considering the distribution categories, seen in Figure 21, 71% of Band 3 did not reach the target of 50% voting rights, alongside 76% of Band 2. The majority of Band 3 (55%), Band 2 (68%) and Band 1 (68%) have made no progress in reaching the target.

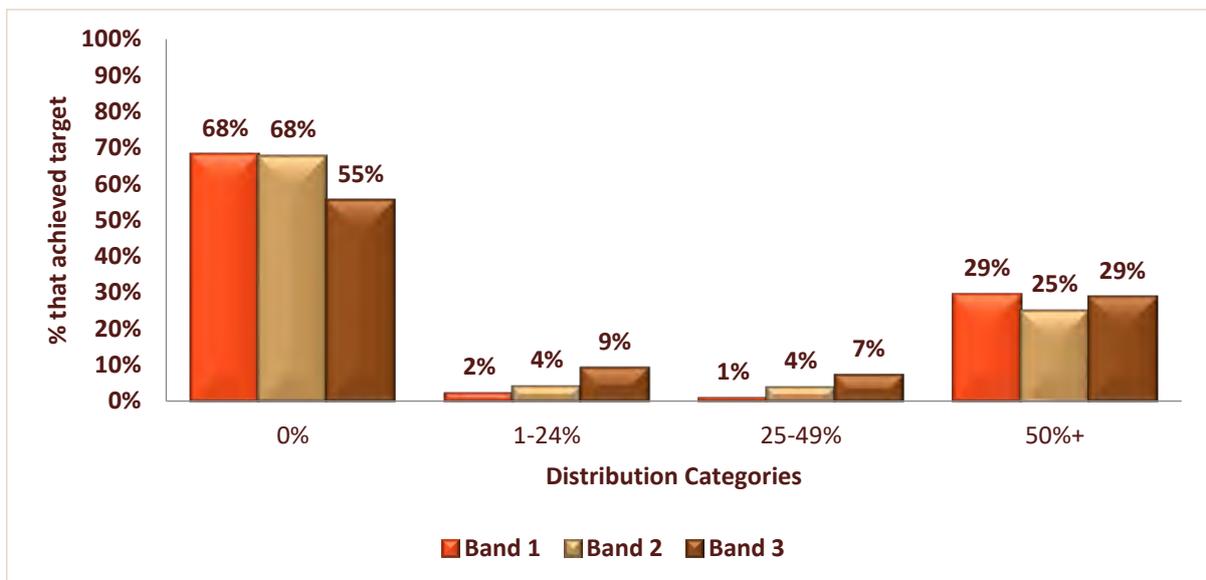


Figure 21: Distribution of Target Achievement for Exercisable Voting Rights of Black Board Members



On a provincial level, Mpumalanga (43%) and Limpopo (45%) are still the best performing provinces, followed by Gauteng (33%) that still averages higher than the sector standard. Almost all other provinces have a similar percentage (27-30%) of enterprises achieving the target, compared to the general sector performance. The Western Cape (19%) and Free State (24%) have a low achievement rate.

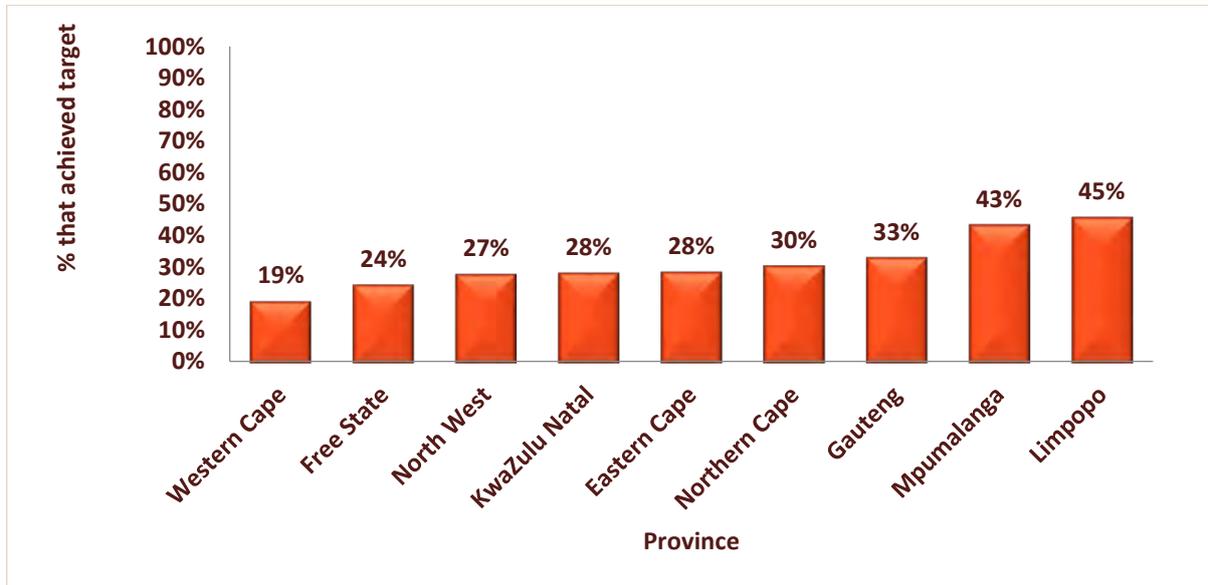


Figure 22: Percentage Target Achievement for Exercisable Voting Rights of Black Board Members, by Province

To further understand those enterprises that achieved the target on board participation through exercisable voting rights of Black people, Figure 23 showcases the split between sub-sectors and enterprise bands. The accommodation sub-sector represents 36% of the enterprises that reached the set target, followed by the hospitality sub-sector at 34%. According to the survey, the travel-related sub-sector has the highest representation of Black board members in Band 3 (9%) compared to the other sub-sectors, where the accommodation sub-sector (Band 3) only represents 5%. This indicates that Black board members representation in LEs within accommodation enterprises lacks when compared to other sub-sectors, while QSEs (Band 2) play a more critical role in the accommodation and travel sub-sectors.



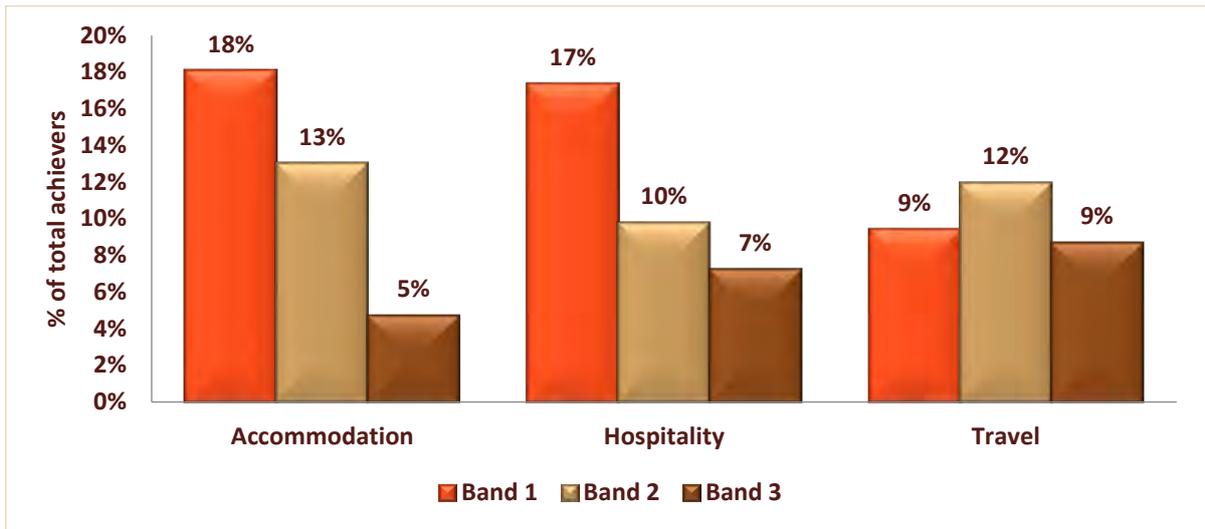


Figure 23: Total Target Achieved for Exercisable Voting Rights of Black Board Members, Distribution Sub-sector and Band

Exercisable Voting Rights of Black Female Board Members

The target for exercisable voting rights of Black females as board members is 30%. The vast majority of enterprises, across the three bands, have not achieved this target. When considering Band 1 enterprises, only 10% have achieved or exceeded the target, while another 10% have made some progress towards achieving the target. Band 2 has had the lowest success rate in reaching the target at only 7%. It is evident that tourism-related enterprises need to be more proactive in promoting Black women representation within their upper management, particularly on directive boards.

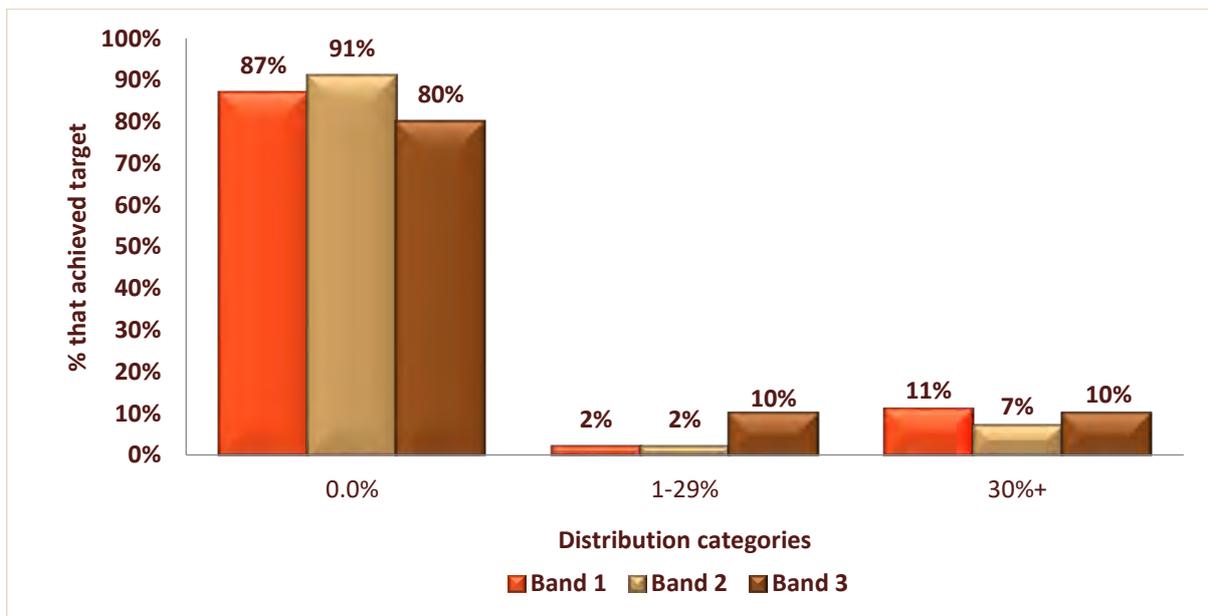


Figure 24: Distribution of Target Achievement for Exercisable Voting Rights of Black Female Board Members



According to the survey, the majority of enterprises that are representative of the exercisable voting rights of the Black female board members target are accommodation enterprises in Band 1 (EMEs) with 23%, while Band 2 and Band 3 are less representative in the same sub-sector. The hospitality sub-sector does show a greater value added to Black female board members (14%) in LEs (Band 3).

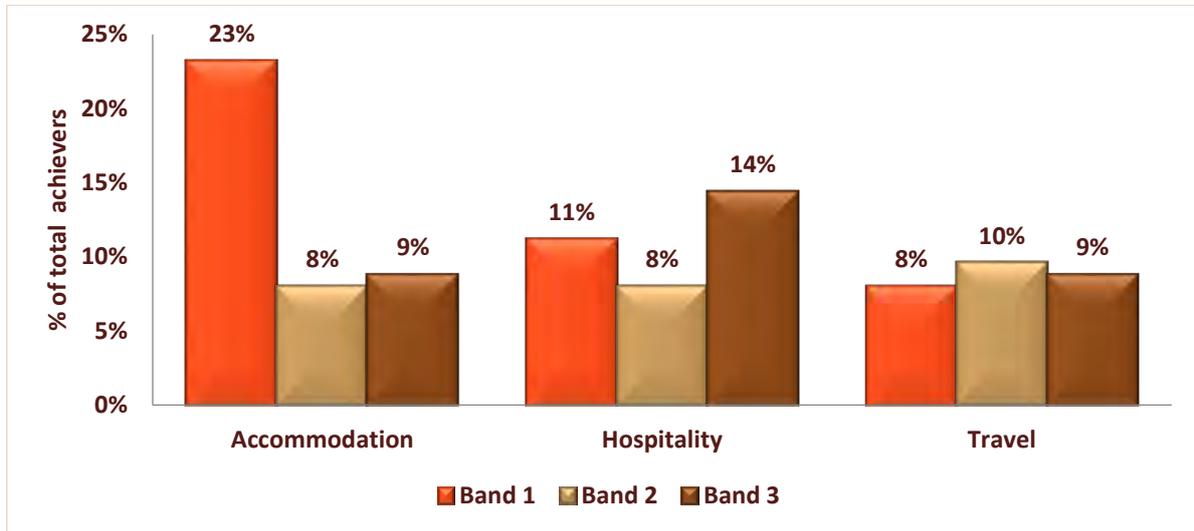


Figure 25: Total Target Achieved Distribution for Exercisable Voting Rights of Black Females Board Members, by Sub-sector and Band

More effort needs to be put in place by LEs in the sector to transform their upper management structures since this specific code applies to LEs only.

Black Executive Directors

A 50% target was set for Black people as Executive Directors on board participation. The total of 848 enterprises answered the following question (82% response rate). Band 2 and Band 3 indicated that only 18% of responding enterprises achieved this target. The Code specifies that LEs (Band 3) need to comply with the set target since QSEs and EMEs do not necessarily have designated directors. Figure 26 indicates that approximately 75% of enterprises have made no progress in achieving the 50% target, with 9% of Band 3 striving to achieve the set target.



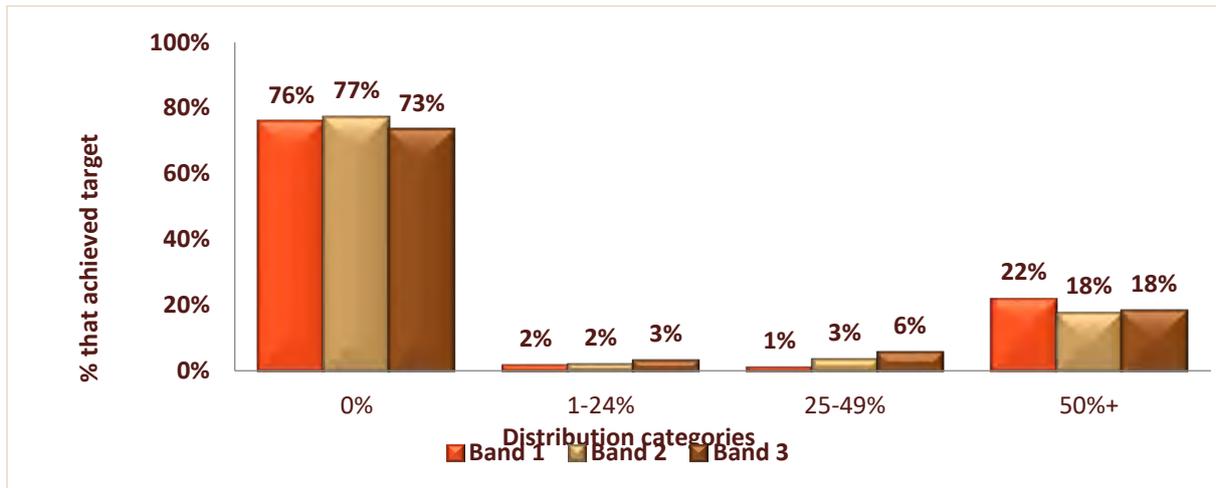


Figure 26: Distribution of Target Achievement for Black Executive Directors

Similar to previous results, the best performing provinces are Limpopo (29%) and Mpumalanga (27%), followed by KwaZulu-Natal (22%) and Gauteng (21%). The smaller provinces (Free State (15%), North West (17%) and Northern Cape (19%)) are not performing well. Previous statistics also indicated that these bands had not transformed as much as their counterparts in other provinces. The Western Cape has the smallest percentage of enterprises that reached the target on Black people as board members.

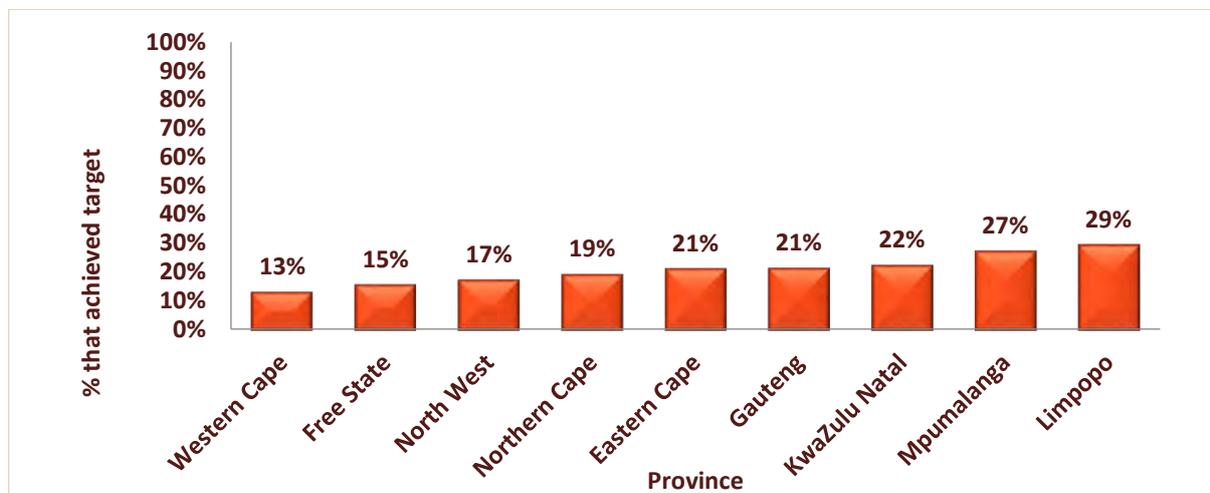


Figure 27: Percentage Target Achievement for Black Executive Directors, by Province

To further understand board participation by Black people as executive directors, an analysis is conducted on the relationship split between band and sub-sector type, as seen in Figure 28. Enterprises who reached the target on Black people as executive directors on the board are mostly from Band 1 in the accommodation and hospitality sub-sectors. The remainder are split relatively equally between Band 1 in the travel sub-sector and Band 2 across sub-sectors. Band 3 accounts for less than 20% of the total number of enterprises that reached this target.



Although Band 3 is smaller in number, the impact of these enterprises should be proportionately larger due to their size and complex organisational structures.

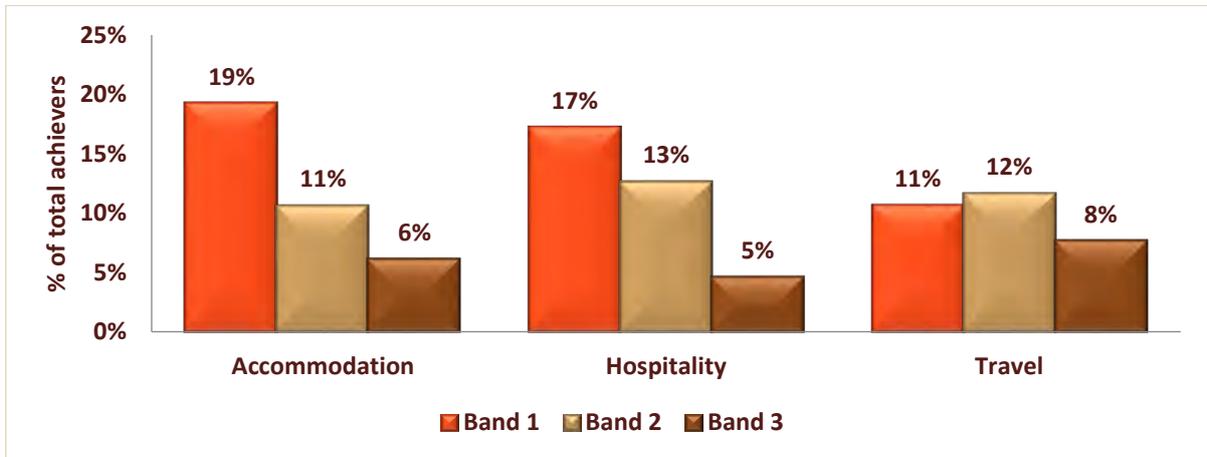


Figure 28: Total Target Achieved for Black Executive Directors, distribution by Sub-sector and Band

Black Females Executive Directors

Very few enterprises have made progress towards including Black female executive directors in their boards, with 91% of LEs (Band 3) having no representation of Black female executive directors. Furthermore, only 5% of Band 3 enterprises have achieved the set target, whereas only 3% tried to strive for the target of 30% Black female executive directors.

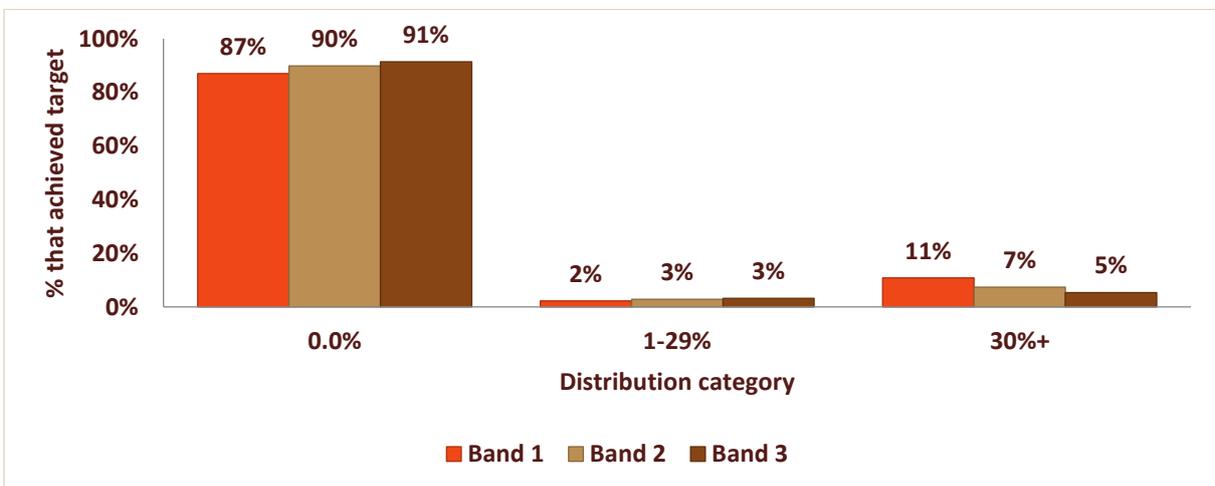


Figure 29: Distribution of Target Achievement for Black Females Executive Directors

Figure 30 indicates that the sub-sector best promoting SMME development under Black women is accommodation. Furthermore, QSEs (Band 2) in general promote Black female directors within their board structure with an average split of 11%. What is concerning is that



the travel-related sub-sector has no representation of Black female executive directors in Band 1, while the hospitality sub-sector has the highest representation of 8% within Band 1.

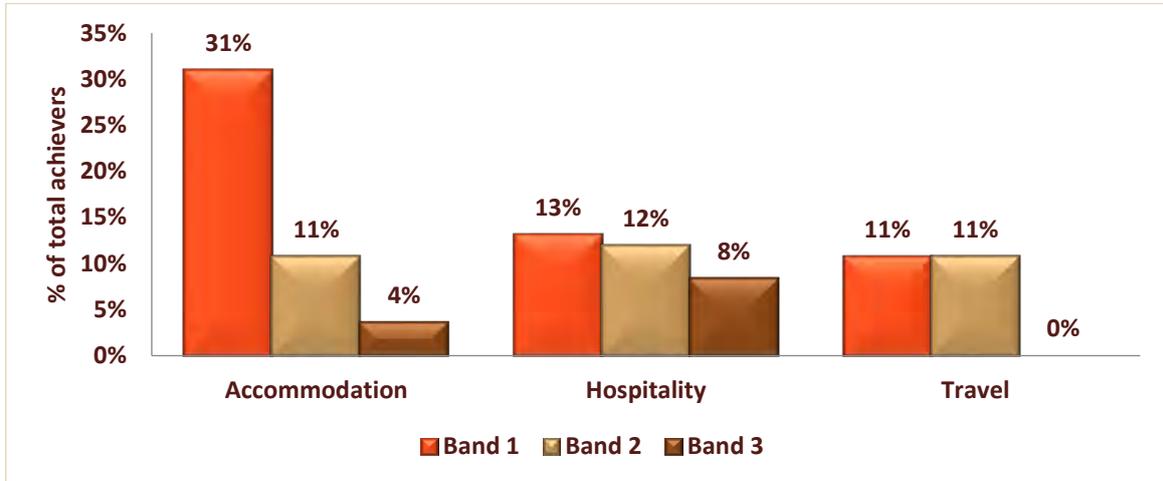


Figure 30: Total Target Achieved for Black Females Executive Directors, Distribution by Sub-sector and Band

2.2.2. Other Executive Management

Black People in Executive Management

The Management Control element of the Tourism B-BBEE Sector Code sets the target for Black people in other executive management positions at 60%. The survey had an 81% response rate to this question. This indicator applies to LEs as well as QSEs. Only 13% of LEs (Band 3) have managed to meet this target, with QSEs (Band 2) being slightly more successful on this indicator at 20%.

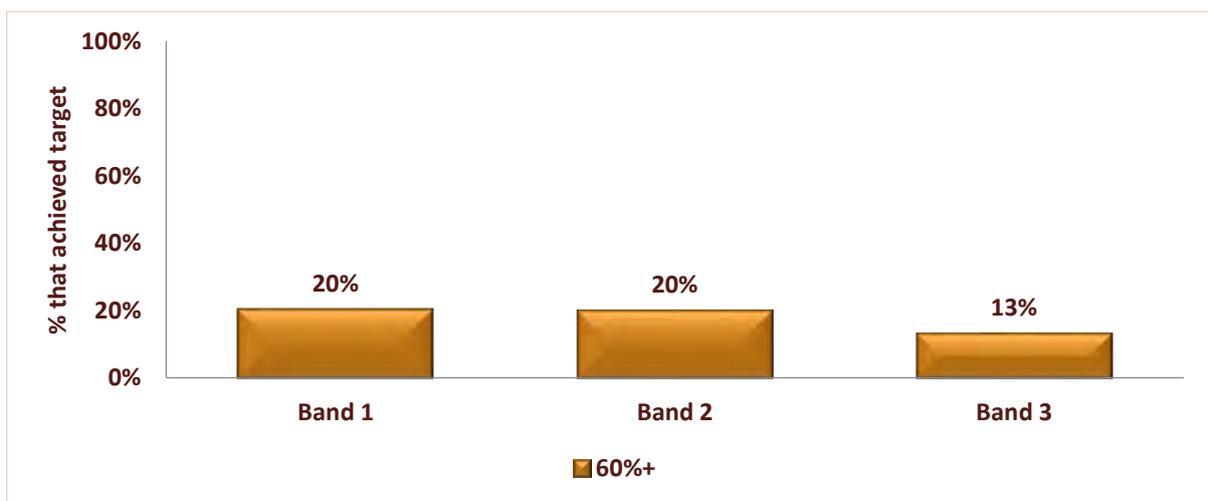


Figure 31: Percentage Achievement of Target for Black People in Executive Management, by Band



It is encouraging to see that 36% of LEs (Band 3) have made some progress towards reaching this goal. However, close to three-quarters (74%) of QSEs (Band 2) have not made any progress in including Black people in their executive management structures.

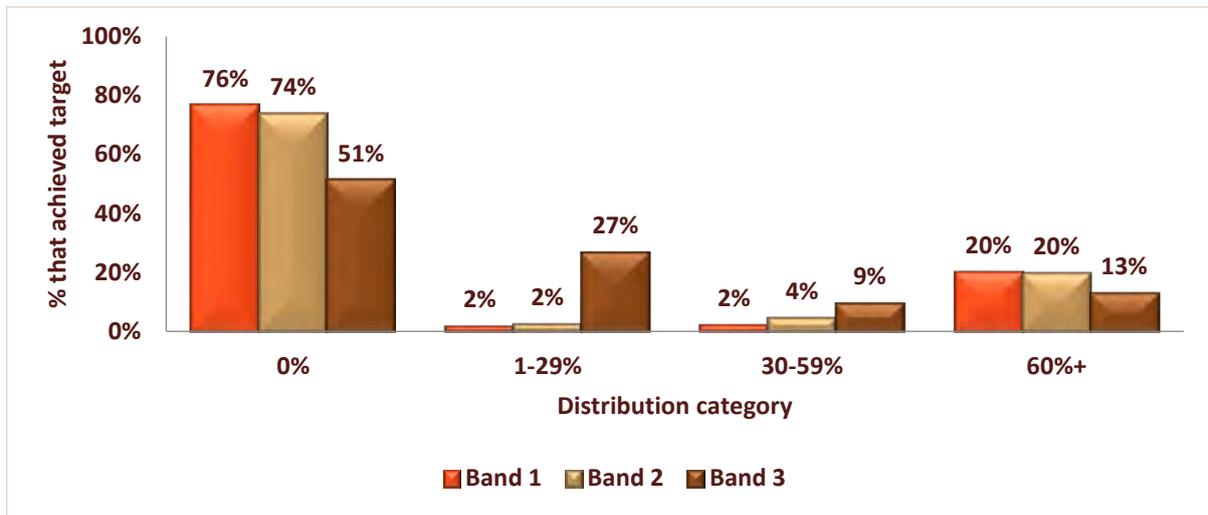


Figure 32: Distribution of Target Achievement for Black People in Executive Management

The provincial distribution of enterprises that have achieved the set targets for Black people in executive management indicates a similar result as the previous indicators. Gauteng, the Eastern Cape and KwaZulu-Natal were just above 20% of enterprises that met the target. The Western Cape, Free State and North West have not indicated any suitable progress in striving to achieve the set target, with an average of only 15% of enterprises complying with the indicated target.

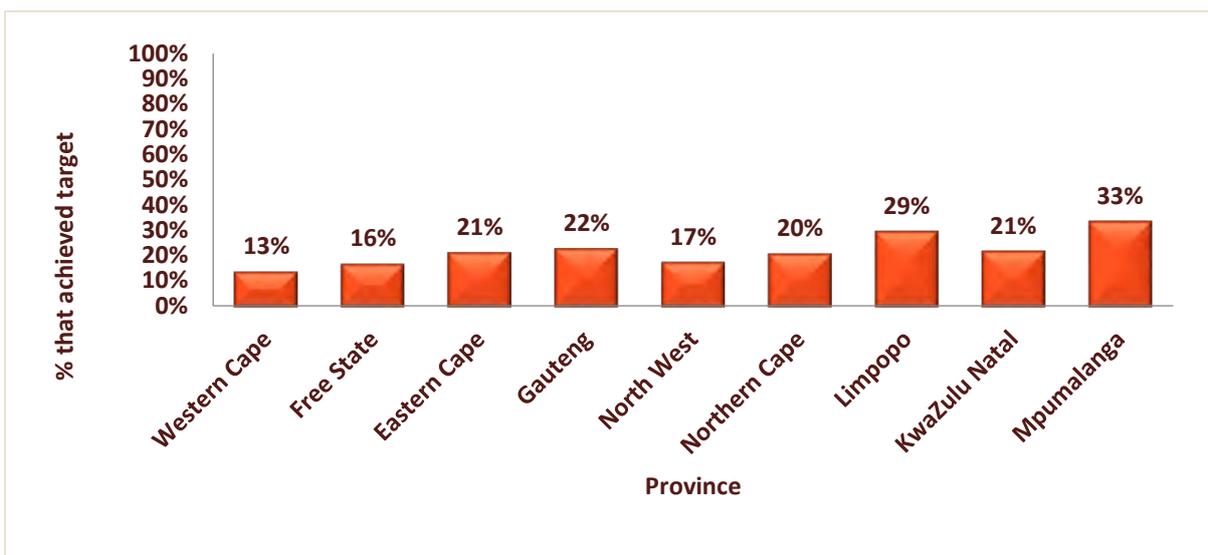


Figure 33: Percentage Target Achievement for Black People in Executive Management, by Province



According to the survey, EMEs play a critical role in promoting Black people in executive management positions, particularly in the accommodation and hospitality sub-sectors. Figure 34 shows that QSEs do contribute significantly to the following indicator, especially in the travel-related sub-sector at 17% (Band 2). Similarly, LEs (Band 3) have more weight on the success of the travel sub-sector to achieving a representation of 60% Black executive management.

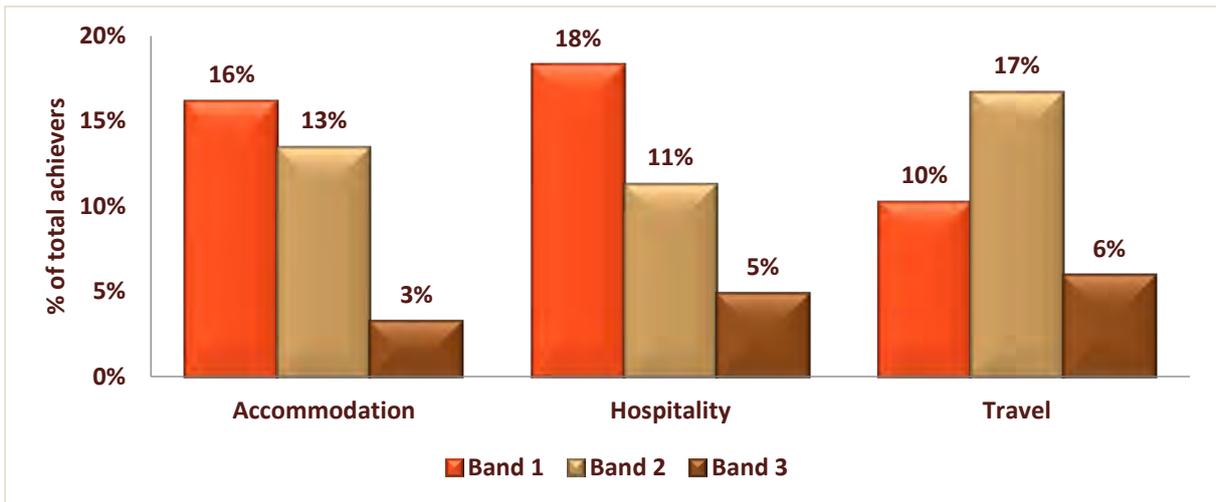


Figure 34: Total Target Achieved for Black People in Executive Management, Distribution by Sub-sector and Band

Black Females in Executive Management

The target for the indicator of Black females in executive management is set at 30%, and it is a target relevant to LEs and QSEs. Only a small percentage of enterprises have managed to reach the set target, at an average of 7% across all three bands. However, 26% of Band 3 (LEs) have made an effort to reach the target.

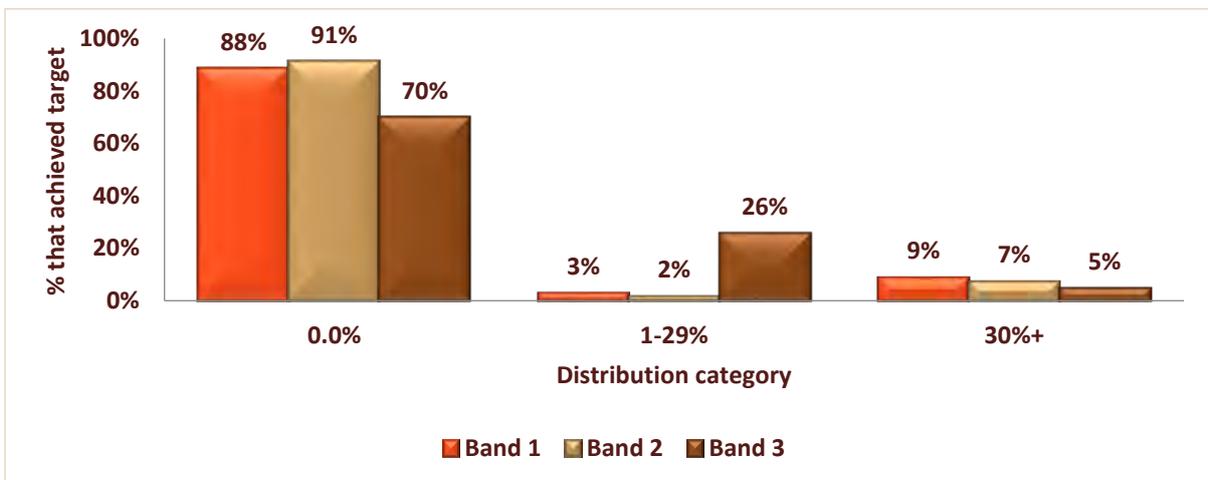


Figure 35: Distribution of Target Achievement for Black Females in Executive Management



Similar to the distribution showcased relating to Black people in executive management, Figure 36 indicates that Black females in this position are more likely to fall under the EMEs (Band 1) in accommodation or QSEs (Band 2) in the travel-related sub-sector.

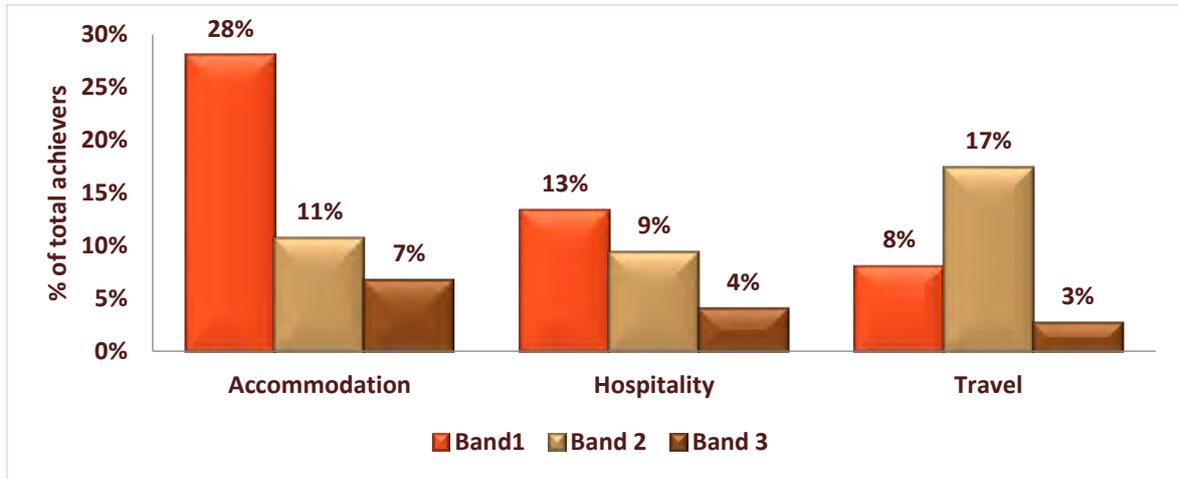


Figure 36: Total Target Achieved for Black Females in Executive Management, Distribution by Sub-sector and Band

2.2.3. Senior Management

Black People in Senior Management

The target for Black people in senior management is set at 60% in the Tourism B-BBEE Sector Code. Seventy-eight percent (79%) of the total sample answered this question; of these, 178 were LEs, 311 QSEs and 323 EMEs. Band 1 and Band 2 enterprises had 24% of their respondents achieving the target. Only 15% of Band 3 enterprises were able to reach the target.

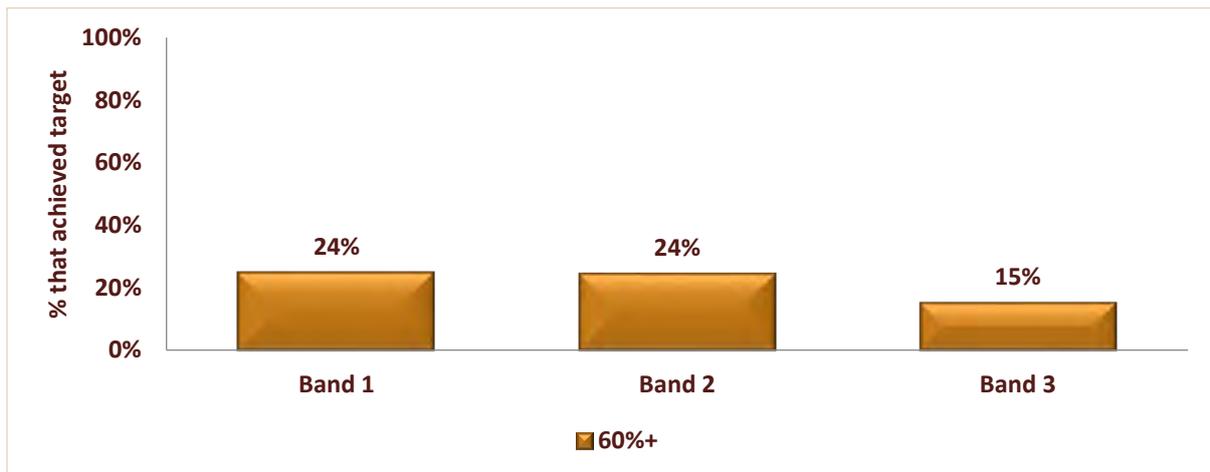


Figure 37 Percentage Achievement of Target for Black People in Senior Management, by Band



Figure 38 indicates that 13% of Band 3 enterprises managed to secure 30-59% Black people in this management role, with a further 32% making some progress with up to 30% Black senior managers. Band 1 and 2 showed limited progress with entities striving to achieve some level of Black senior management in their management structures.

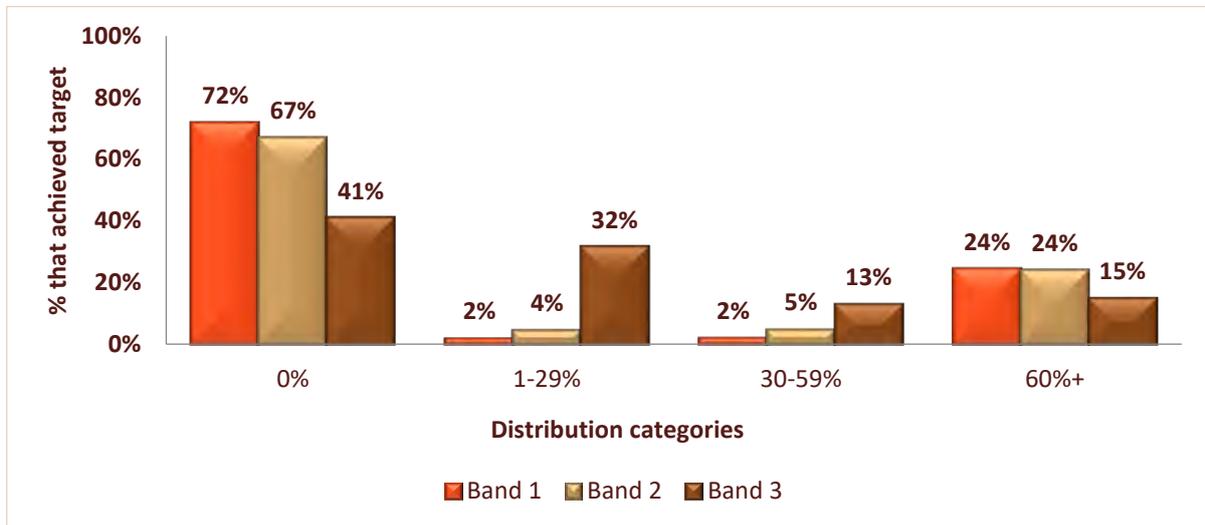


Figure 38: Distribution of Target Achievement for Black People in Senior Management

The smaller provinces (excluding Limpopo and Mpumalanga) have achieved an average of 23% of enterprises that comply with the set target. The larger economically active provinces are performing at a reasonable level, with KwaZulu-Natal at 26% and Gauteng at 28%; however, the Western Cape (14%) underperformed in this area once again. Nonetheless, these provinces need to strive for better representation since the majority of the enterprises operating within this space are LEs and QSEs and should; therefore, have senior management structures present.



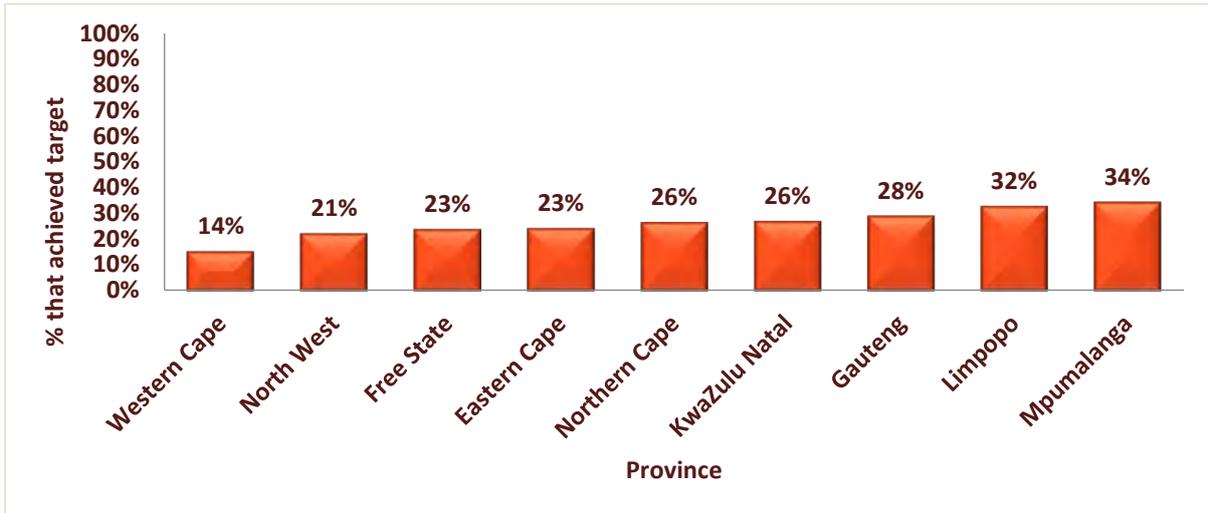


Figure 39: Percentage Target Achievement Black People in Senior Management, by Province

When unpacking all those enterprises that reached the target for Black people in senior management, it is clear that EMEs and QSEs across all sub-sectors contributed the most to this national target. The hospitality sub-sector has a greater need for the presence of senior management. Band 3 (1%) in the hospitality sub-sector has a limited representation of Black people in their senior management structure.

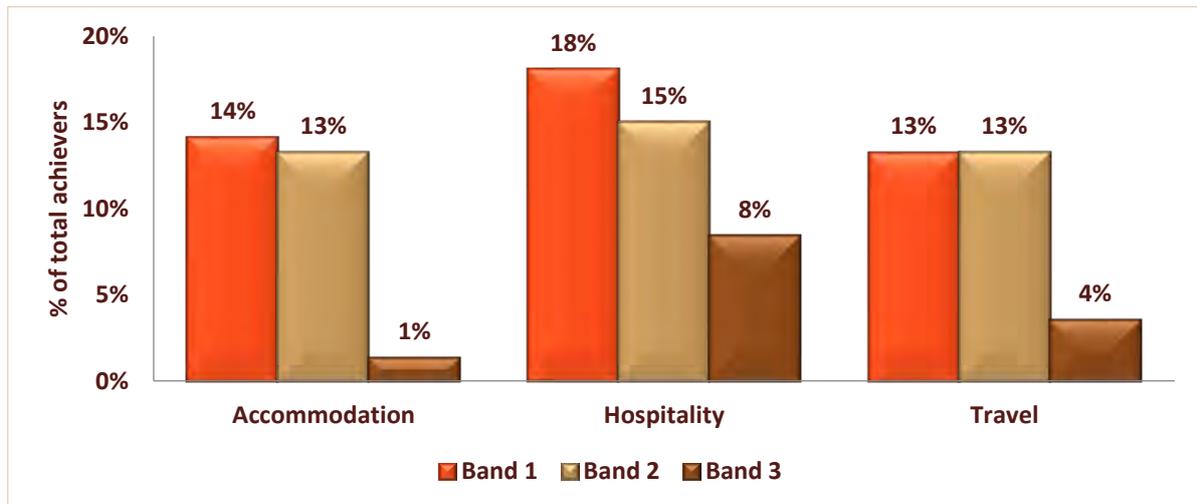


Figure 40: Total Target Achieved for Black People in Senior Management, Distribution by Sub-sector and Band

Black Females in Senior Management

The target for Black females in senior management is set at 30%. LEs (Band 3) are successfully making inroads in reaching the target since a large portion of enterprises (33%) strive to get Black female representation in their senior management structure. Nonetheless, all enterprise bands are not transforming, with only 9% of enterprises able to reach the set



target. What is more alarming is that 90% of Band 2 have made no effort in promoting Black females in senior management positions. Particular focus needs to be placed on improving the QSEs' (Band 2) contribution towards career development for Black women within the tourism sector.

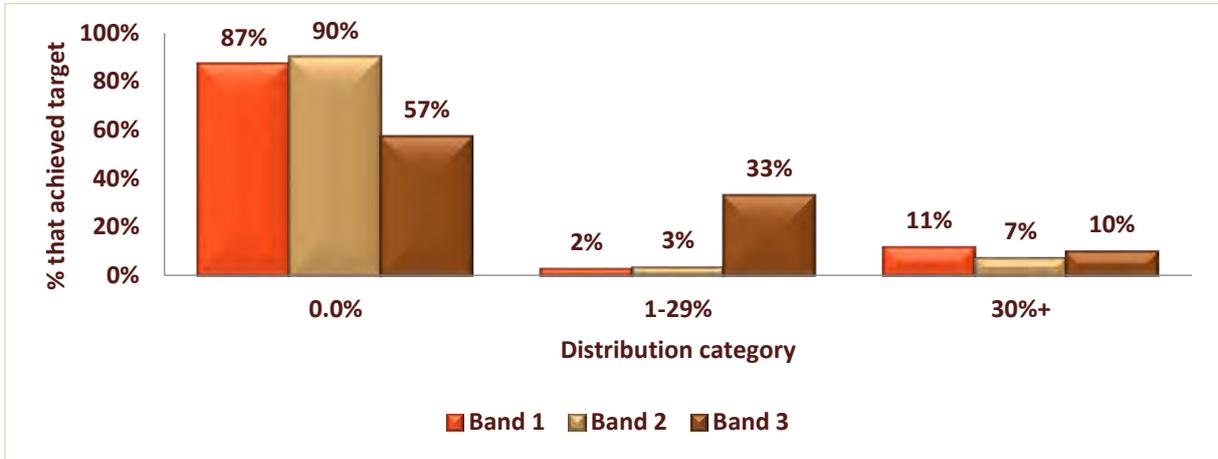


Figure 41: Distribution of Target Achievement for Black Females in Senior Management

LEs in the hospitality sub-sector have taken great strides in promoting Black women in senior management, with Band 3 representing 16% of all enterprises that have achieved the target. QSEs (Band 2) for the travel sub-sector have a strong representation at 13%, compared to the other sub-sectors. Band 1 enterprises in the hospitality (19%) and accommodation (18%) sub-sectors are more successful in including Black females in their senior management teams.

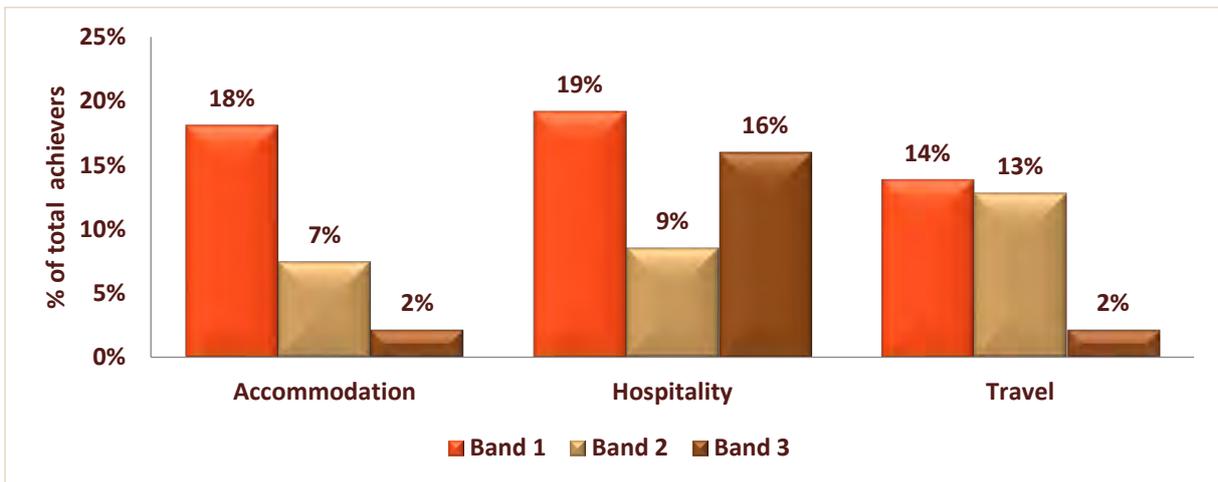


Figure 42: Total Target Achieved for Black Females in Senior Management, Distribution by Sub-sector and Band



2.2.4. Middle Management

Black People in Middle Management

The Tourism B-BBEE Sector Code set a target for Black people in middle management of LEs at 75%. The following survey question had a 55% response rate, of which 138 were LEs, 234 were QSEs and 199 were EMEs. After exercisable voting rights of Black board members as a percentage of all board members, this is the managerial level with the highest percentage of enterprises that meet the transformation target. According to the survey, 17% of Band 3 managed to reach the target for Black people in middle management, while 27% of Band 1 and 26% of Band 2 managed to reach the target.

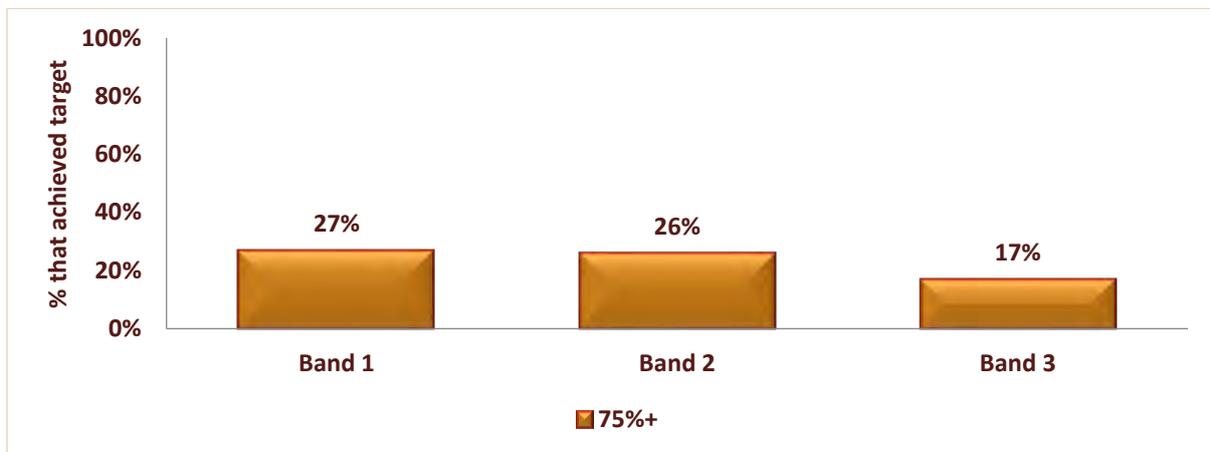


Figure 43: Percentage Achievement of Target for Black People in Middle Management, by Band

Approximately 56% of surveyed entities have made no effort in promoting transformation in their middle management structures, which is much lower than the previous indicators. The large majority of EMEs and QSEs have not yet made progress on the target for Black people in middle management, while 42% of LEs (Band 3) managed to dedicate more than half of their middle management leadership to Black people.



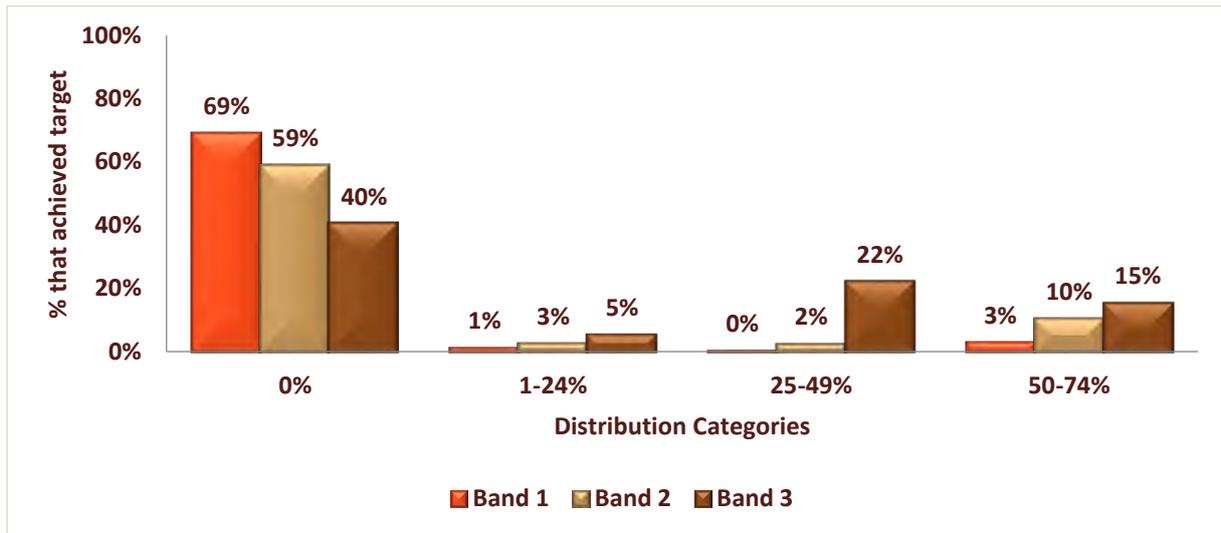


Figure 44: Distribution of Target Achievement for Black People in Middle Management

On a provincial level, Mpumalanga and Gauteng are leading the way with 34% and 27% of enterprises managing to reach the target. Less than 20% of enterprises in the Western Cape, North West and Northern Cape managed to reach this target.

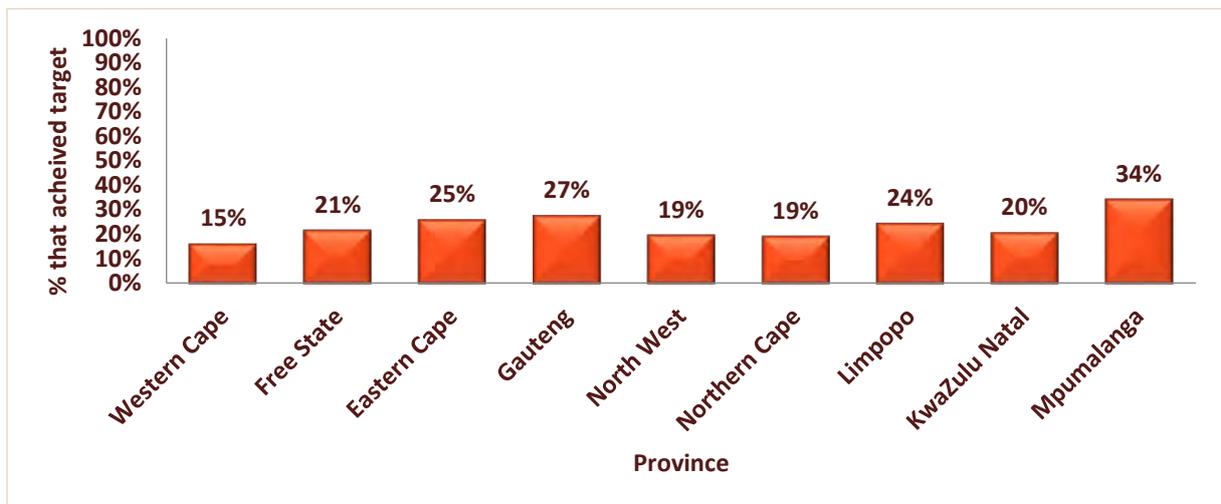


Figure 45: Percentage Target Achievement for Black People in Middle Management, by Province

Figure 46 indicates the distribution of enterprises that have achieved the set criteria in sub-sector groups. The EMEs and QSEs are key to the success of all three sub-sectors; however, LEs (Band 3) played a critical role within the hospitality and travel-related sub-sectors in reaching the target for Black people in middle management, with a 6% catchment.



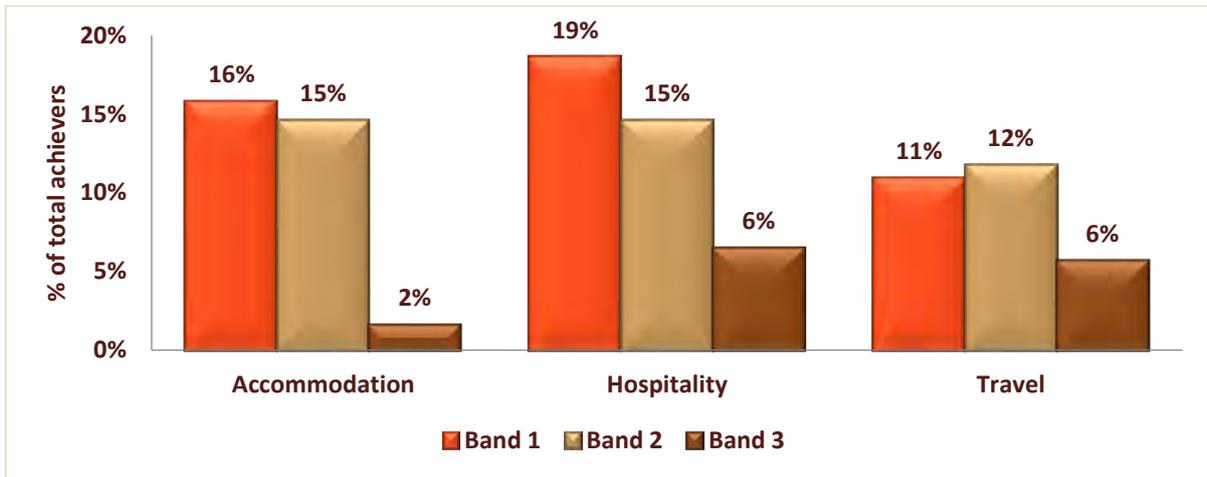


Figure 46: Total Target Achieved for Black People in Middle Management, by Sub-sector and Band

Black Females in Middle Management

The target for Black females in middle management is 38%, with the vast majority of EMEs and QSEs not reaching this target. In Band 3, 29% are making progress towards achieving this target, while 14% managed to reach 38% Black women representation in middle management.

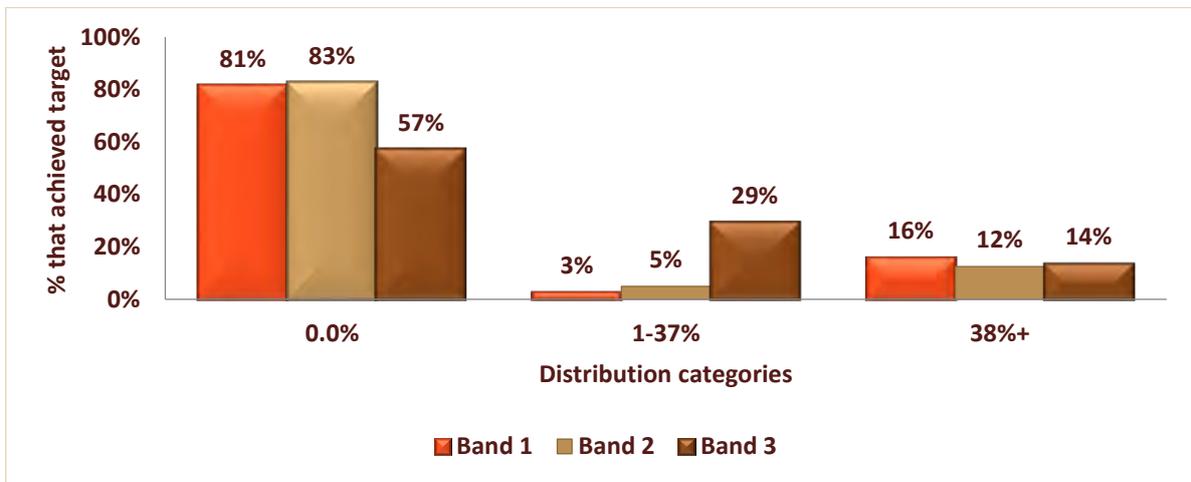


Figure 47: Distribution of Target Achievement for Black People in Middle Management

Those enterprises that reached the target for Black females in middle management show that the bulk is made up of EMEs and QSEs in the hospitality and accommodation sub-sectors. Figure 48 indicates that the hospitality sub-sector has the best representation of Band 2 (17%) and Band 3 (11%) where the other sub-sectors do not have a majority share.



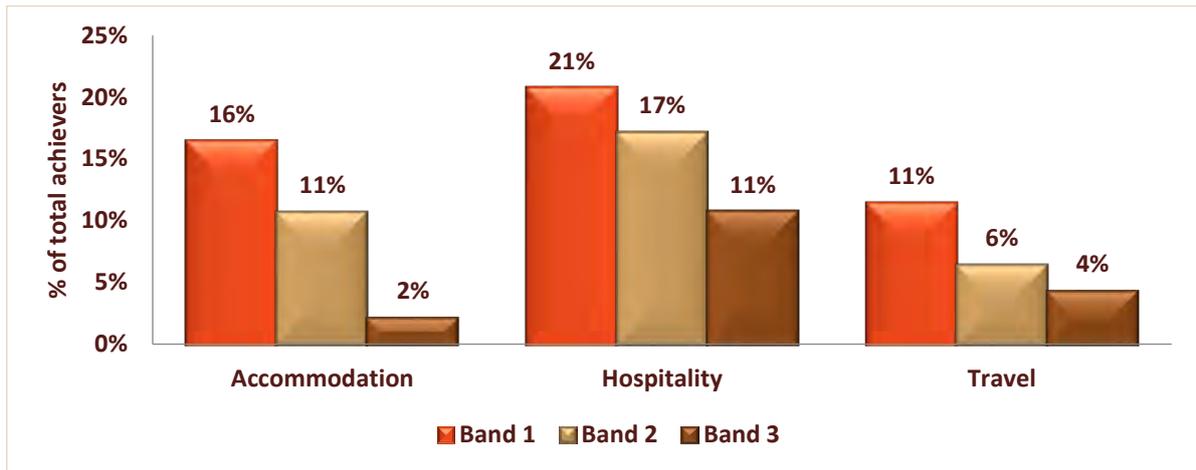


Figure 48: Total Target Achieved for Black People in Middle Management, Distribution by Sub-sector and Band

2.2.5. Junior Management

Black People in Junior Management

In an attempt to develop future leaders in the tourism sector, the inclusion target for Black people in junior management is very high at 80%. Only 37% of respondent completed the following question. Figure 49 indicates that only 11% of Band 3 managed to achieve 80% Black people in junior management, where Band 1 (17%) and Band 2 (15%) have a slightly higher success rate. Nonetheless, the amount of enterprises that comply with the set targets are low.

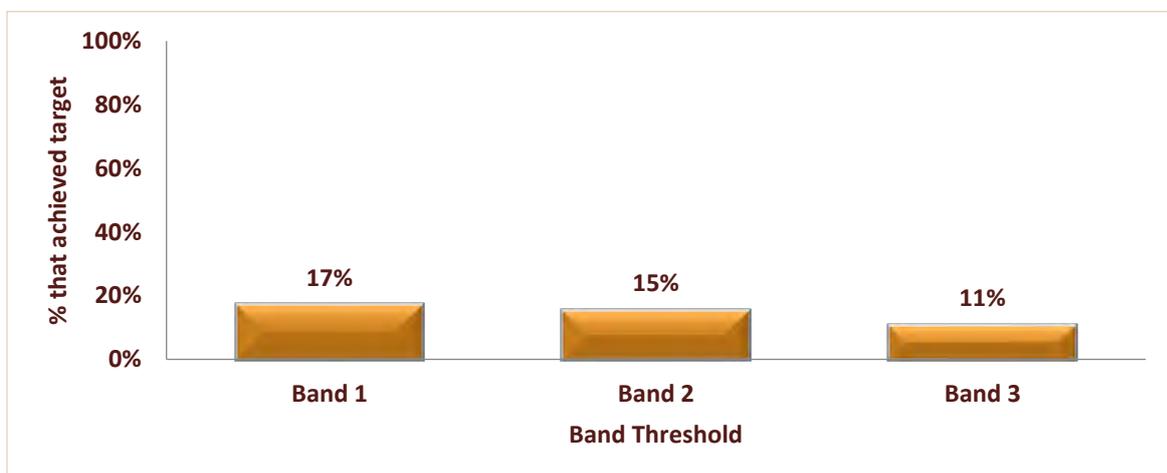


Figure 49: Percentage Achievement of Target for Black People in Junior Management, by Band

With the low rate of success for the LEs, it is encouraging to see that 29% of Band 3 enterprises are striving to some extent to reach the set target for Black people in junior management. The QSEs have a lower rate in enterprises persisting to achieve the target, with 73% of Band 2 having made no progress and 11% making some headway.



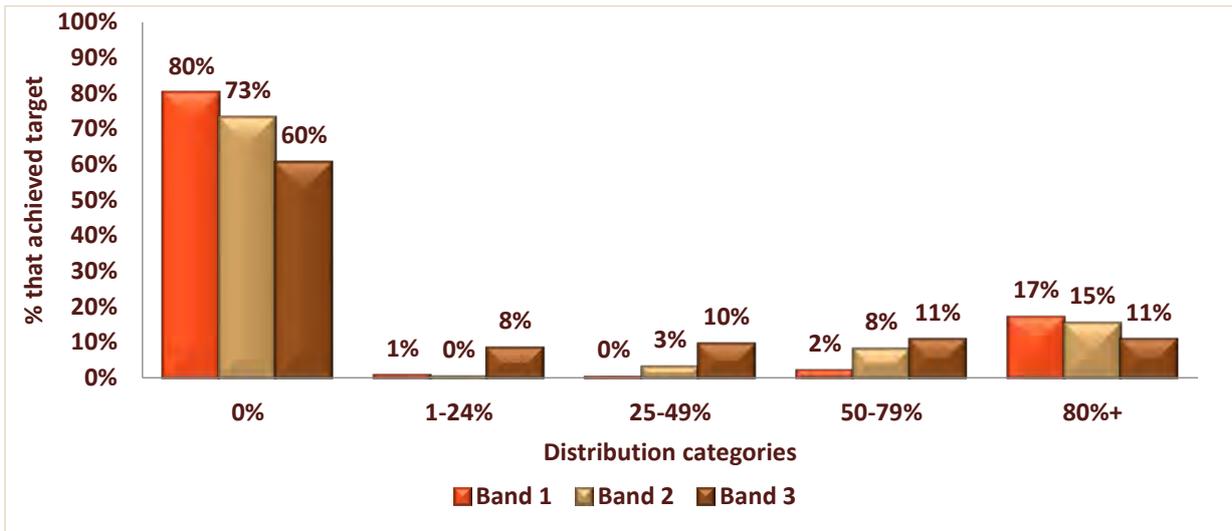


Figure 50: Distribution of Target Achievement for Black People in Junior Management

All provinces had a very low achievement rate for an 80% dominant Black junior management structure, with an average of 13% of entities achieving the set target. Gauteng (15%) and Mpumalanga (17%) have the highest rate, with KwaZulu-Natal, Limpopo and Northern Cape at 13%. The Western Cape is at a very low 8% of enterprises complying with the 80% target.

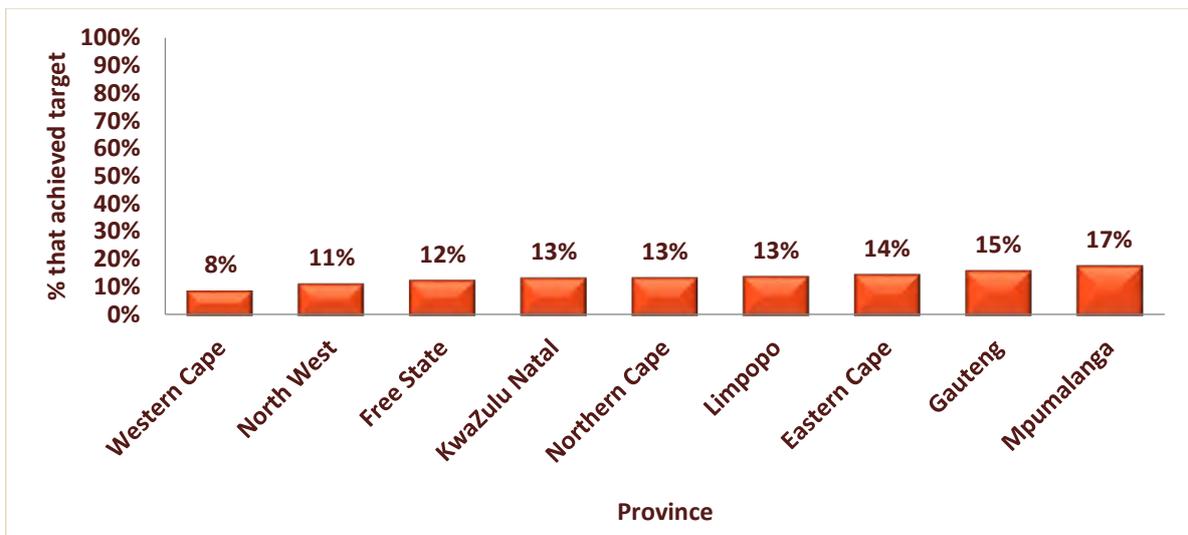


Figure 51: Percentage Target Achievement of Black People in Junior Management, by Province

Band 1 (24%) and Band 2 (21%) enterprises in the hospitality sub-sector were most successful in reaching the target for Black female junior management. A slightly larger percentage of LEs (Band 3) in the travel sub-sector managed to reach the Black junior management target.



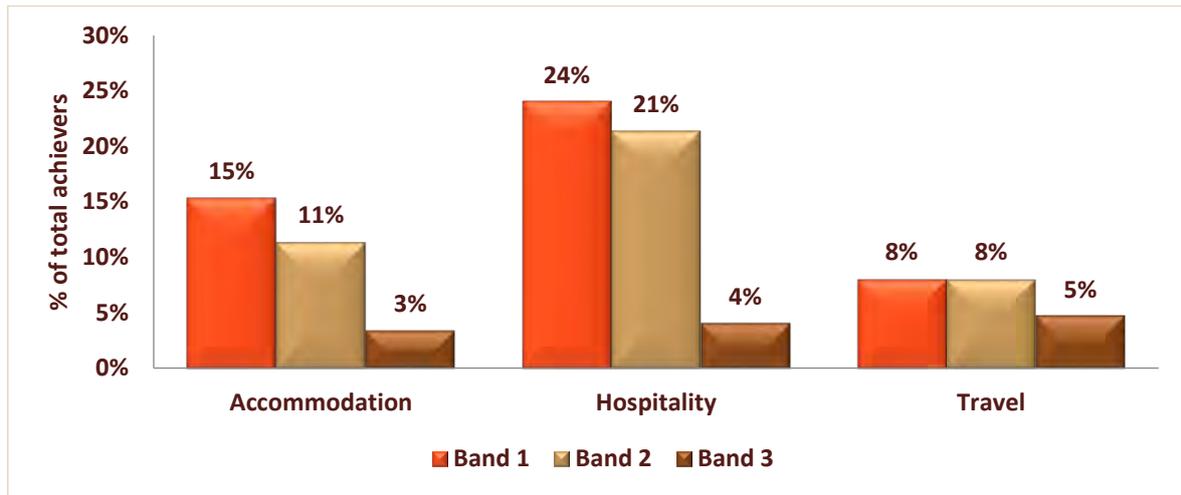


Figure 52: Total Achieved Black People in Junior Management, Distribution by Sub-sector and Band

Black Females in Junior Management

The target for Black females in junior management is 40%. The majority of enterprises have not been able to reach this target, with 83% having made no progress in getting Black female representation in their junior management structures. On average, 10% of enterprises were able to achieve the set target. LEs are slightly more successful than EMEs and QSEs in reaching the Black female junior management target with an estimated 12% of Band 3 enterprises making some headway in reaching 40% Black female representation.

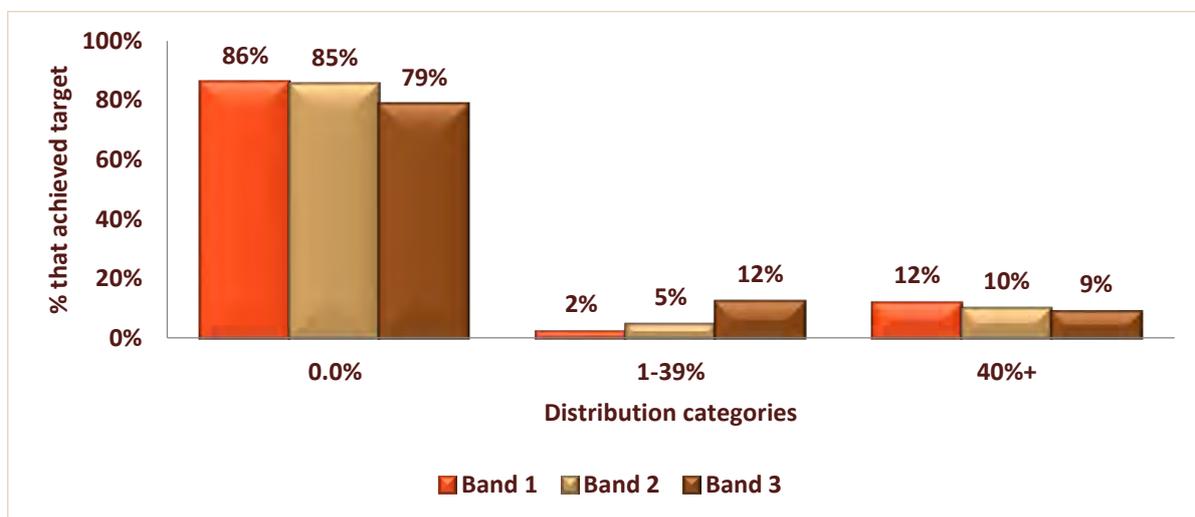


Figure 53: Distribution of Target Achievement for Black Females in Junior Management

Twenty percent (20%) of EMEs in the accommodation sub-sector, EMEs in hospitality and QSEs in hospitality managed to reach the target of 40% Black females in junior management positions. The data suggests that there is a gender skew in favour of female employees in the accommodation and hospitality sub-sectors.



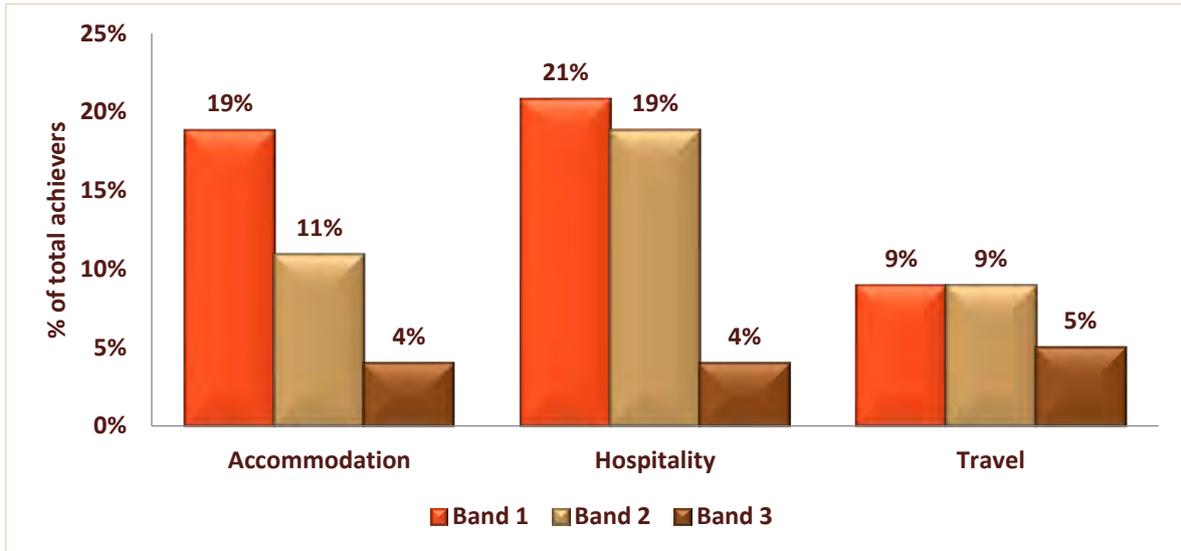


Figure 54: Total Target Achieved for Black Females in Junior Management, Distribution by Sub-sector and Band

2.2.6. Black People with Disabilities

A target was set for LEs to ensure 2% of all employees are Black employees with disabilities. The following question received a low response rate at 14%. LEs are by far the band of enterprises who are most successful in including Black people with disabilities in their workforce, with 22% of enterprises meeting this target. A lower target of 1% of all employees to be Black employees with disabilities was set for QSEs. Only 3% of QSEs were able to reach this target.

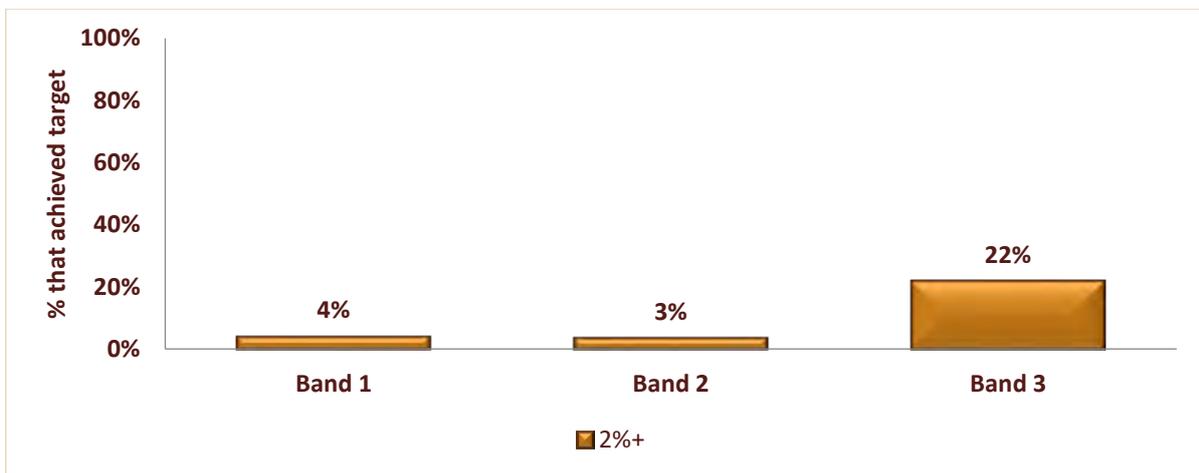


Figure 55: Percentage Achievement of Target for Black People with Disabilities, by Band

Apart from the 22% of LEs that reached the target for inclusion of Black people with disabilities, another 18% of LEs are making progress towards this target. The vast majority (96%) of EMEs and QSEs have less than 1% of Black disabled employees in their workforce.



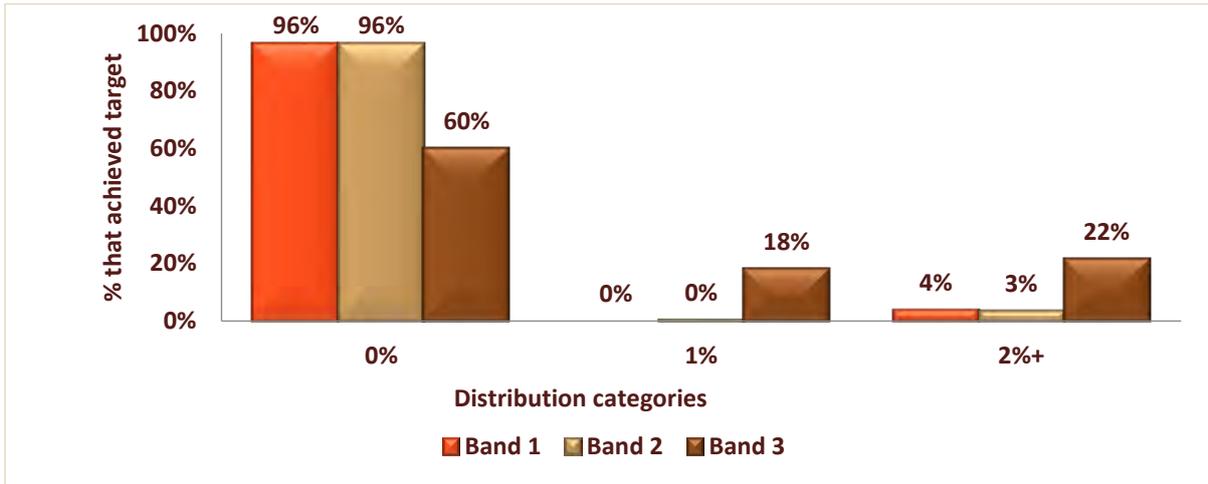


Figure 56: Distribution of Target Achievement for Black People with Disabilities

Limpopo, Northern Cape, KwaZulu-Natal and North West all have more than 5% of enterprises that reached the target on employing Black people living with disabilities. Even though Gauteng is the largest economic hub in South Africa and aims to be the custodian of universal accessibility in Africa, only 4% of enterprises within this province employ more than 2% Black people with disabilities.

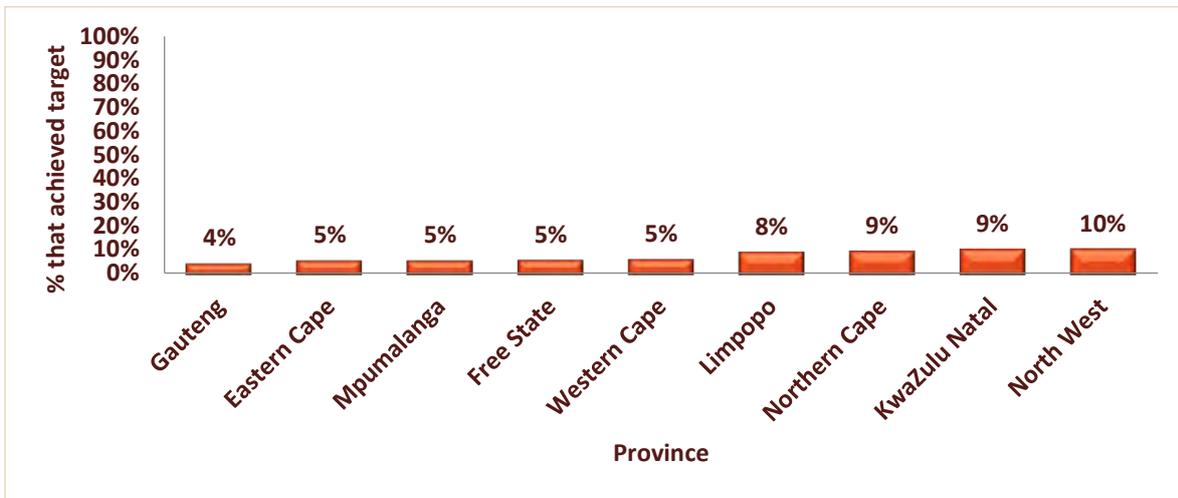


Figure 57: Percentage Target Achievement for Black People with Disabilities, by Province

Of all enterprises that reached the target, 38% are LEs in the travel sub-sector, followed by 15% of LEs in the accommodation sub-sector. The rest of the enterprises that reached the target on employing Black people with disabilities are spread mostly between bands in the hospitality and travel sub-sectors.



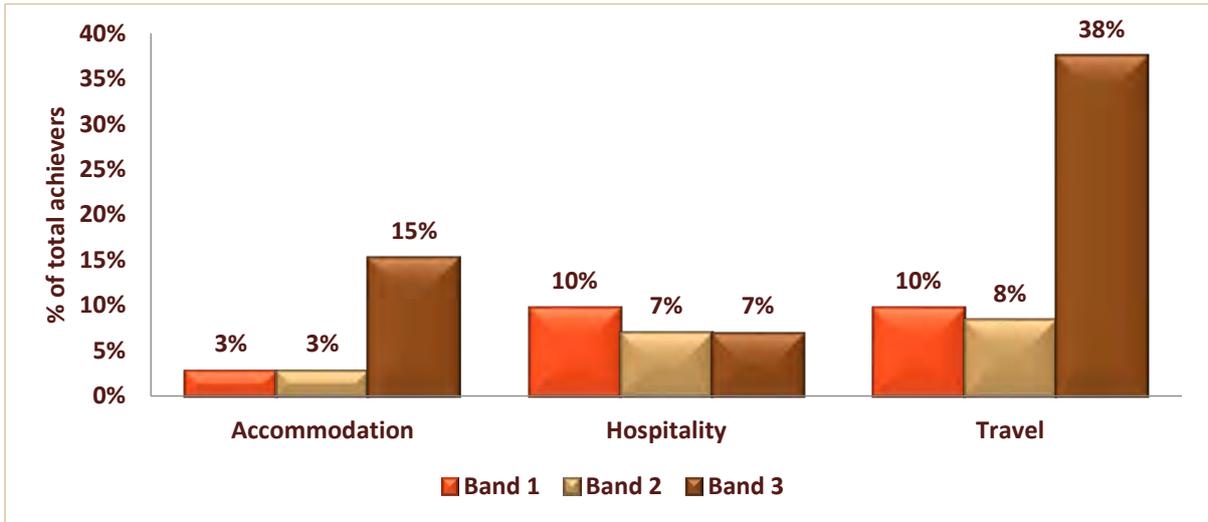


Figure 58: Total Target Achieved for Black People with Disabilities, Distribution by Sub-sector and Band

LEs were more successful in reaching the LE target for inclusion of Black females with disabilities. Another 17% employ 1% of their workforce as Black females with disabilities, which is just under the target set for LEs.

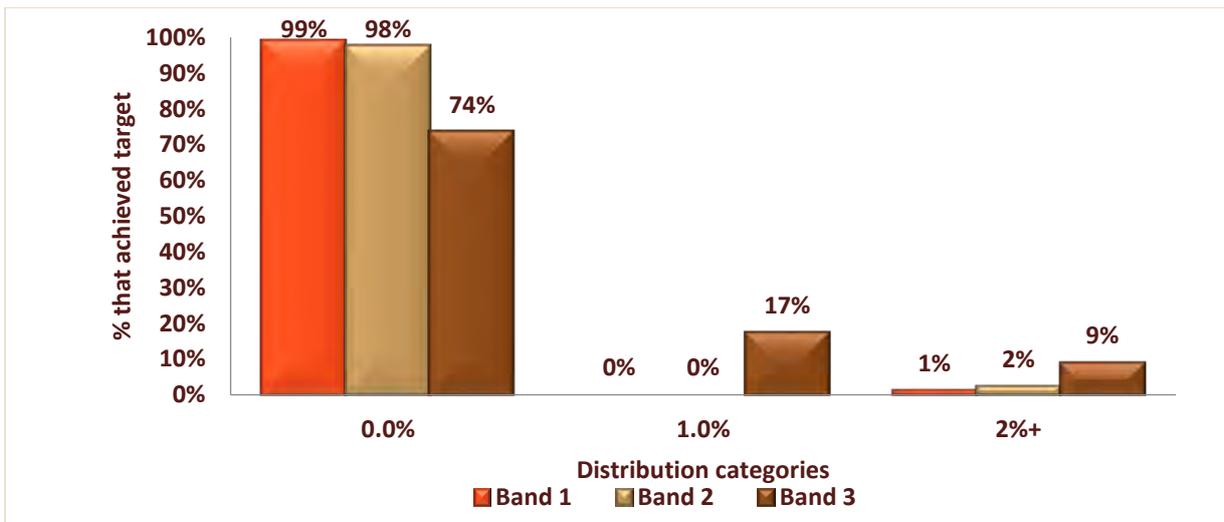


Figure 59: Distribution of Target Achievement for Black Females with Disabilities

2.2.7. Summary of the Management Control Results

The Management Control element aims to promote more transformation throughout the operational structures – fostering career development for Black people. It is evident from the results that tourism enterprises perform well in the board members, senior management and middle management indicators compared to the rest, particularly in the hospitality and travel-related sub-sectors. Adversely, the accommodation sector has not performed well in the element, with no indicator reaching over 21%.



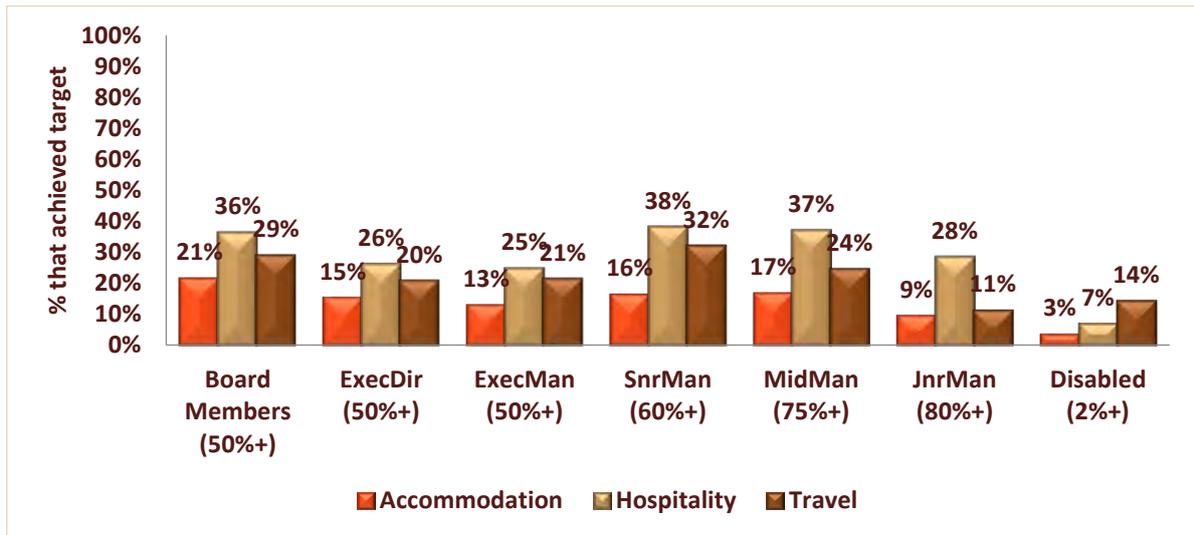


Figure 60: Management Control of Black People

The survey for Management Control relating to Black females did not yield similar results as more weight is allocated to middle and junior management, whilst limited enterprises promote Black women in their upper management structures.

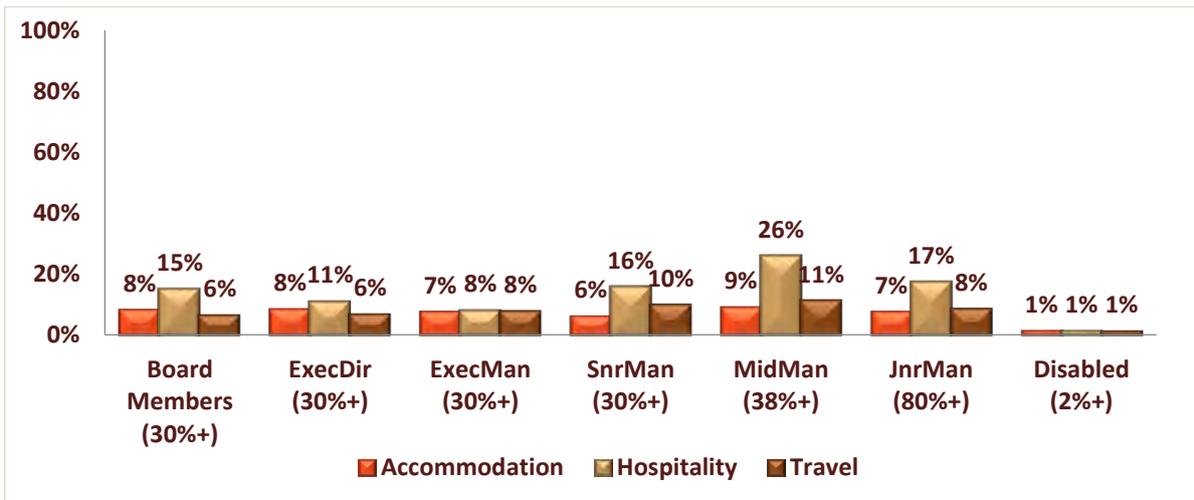


Figure 61: Management Control of Black Females

2.3. SKILLS DEVELOPMENT

The Skills Development Act seeks to “empower the South African workforce with skills, ensure employees access more opportunities for skill acquisition; create space for the new entrants to the labour market to gain work experience, introduce transformative tools through training and education to redress unfair discrimination practices in the labour market against the



*disadvantaged groups*³. The B-BBEE Code promotes skills development as a critical element for transformation. The Amended Tourism B-BBEE Sector Code elevated skills development as a priority element that enterprises need to promote in their operational structures. Table 7 provides a comparative representation of the Tourism B-BBEE Sector Code requirements for skills development.

Table 7: Skills Development Element Scorecard

INDICATOR	MEASUREMENT CATEGORY AND CRITERIA	LE COMPLIANCE TARGETS	QSE
Skills development expenditure on any programme specified in the learning programme matrix for Black people as a percentage of the leviable amount	Skills development expenditure on learning programmes specified in the learning programme matrix for Black people in any of the following three tourism sub-sectors as a percentage of the leviable amount: <ul style="list-style-type: none"> • Accommodation • Hospitality and related services • Travel and related services 	6%	3%
	Skills development expenditure on learning programmes specified in the learning programme matrix for Black people with disabilities in any of the above three tourism sub-sectors as a percentage of the leviable amount.	0.3%	
Learnerships, apprenticeships, and internships	Number of Black employees participating in learnerships, apprenticeships and internships paid for by the measured entity as a percentage of total employees.	3.5%	2.5%
	Number of Black unemployed learners participating in learnerships, apprenticeships and internships paid for by the measured entity as a percentage of number of total employees.	3%	
	Number of Black people absorbed by the measured entity and industry at the end of the learnerships programme.	100%	✓

Source: Department of Tourism, 2016

Most enterprises answered the question on SETA registration (97%). Skills development expenditure details were answered by 27% of the total sample, distribution of employees in apprenticeships (26% response rates), unemployed apprentices (18% response rate) and the abortion rate of apprentices (17% response rate).

³ Labour Market Intelligence Partnership (2017)



2.3.1. Skills Development Expenditure

The Code requires that 6% of an LE’s leviable amount be allocated for learning programmes to promote skills/career development mostly under Black employees. Figure 62 indicates the percentage of enterprises per band that are registered with a SETA (Skills Education Training Authority). Almost a third (32%) of enterprises in Band 3 are registered with a SETA, followed by 31% of Band 2 enterprises.

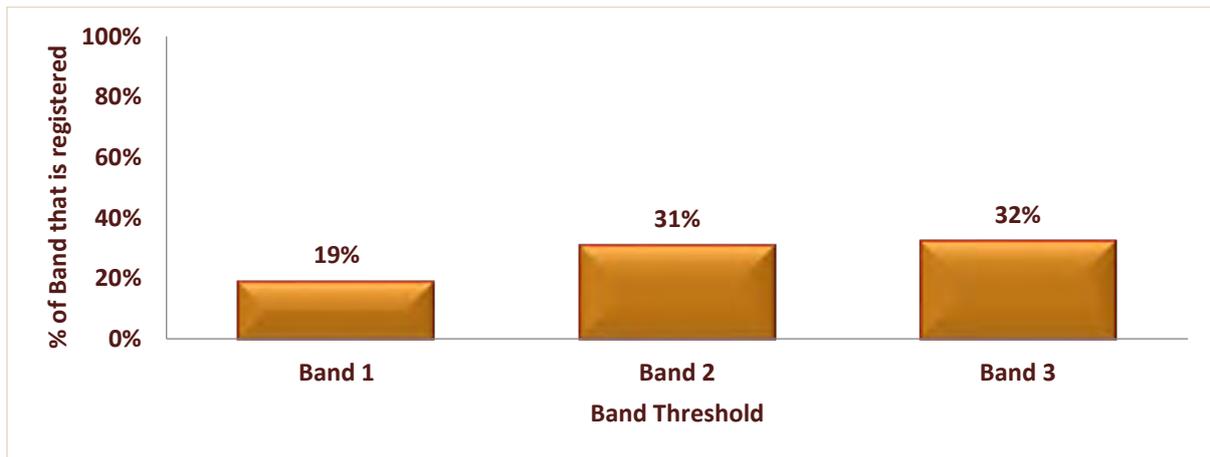


Figure 62: Percentage of Each Band Total That Are SETA Registered

Learning Programme Matrix for Black People

Skills development expenditure on learning programmes as a percentage of the leviable amount is set at 6% for LEs and 3% for QSEs. Twenty-seven percent (27%) of enterprises (276) responded, with 120 LEs, 90 QSEs and 66 EMEs completing the question. The Code requires that QSEs contribute a 3% of their leviable amount to skills development, and LEs need to contribute at least 6%. Figure 63 indicates the percentage of enterprises that have achieved the set targets for skills development expenditure on learning programmes, further differentiating between the entities that reached the 3% target and those that have achieved the 6% target (LEs). The surveyed enterprises indicated that 14% of Band 1 enterprises spend more than 3% of their leviable amount for skills development on Black people; in Band 2 this stands at 22%. In Band 3, where the target is 6% of the leviable amount, 36% of Band 3 enterprises indicated that they achieved this target.



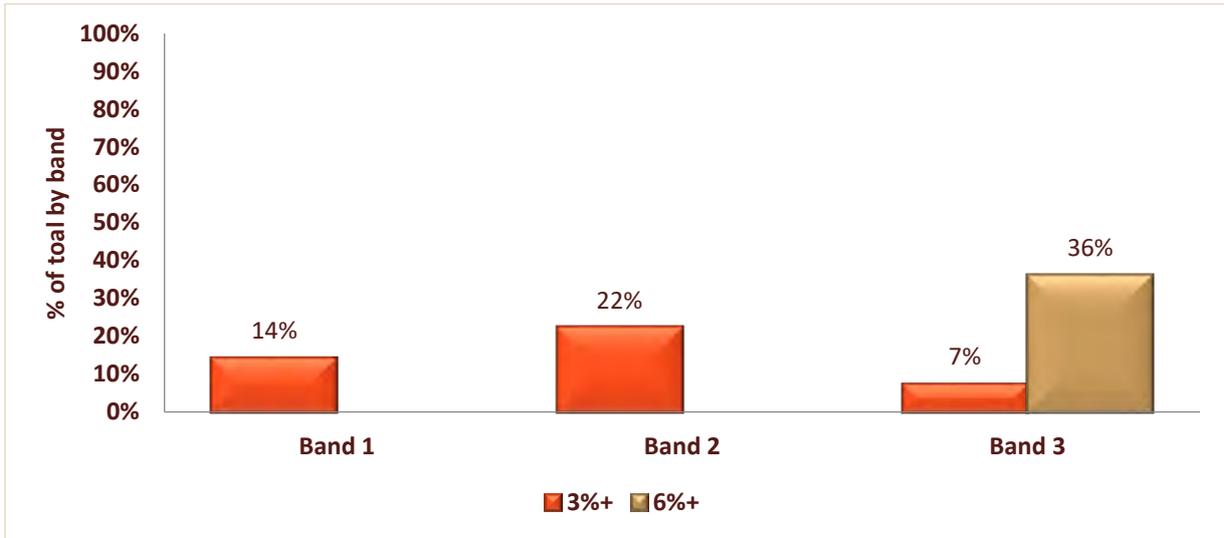


Figure 63: Achievers of Skills Development Expenditure Target, by Band

Figure 64 is indicative of the distribution of the target achievers across several categories. Not all large enterprises comply with the recommended 6%; however, 22% of LEs (Band 3) do contribute some percentage of their leviable income to skills development. With QSEs (Band 2), 77% of enterprises do not have any measures in place for skills development.

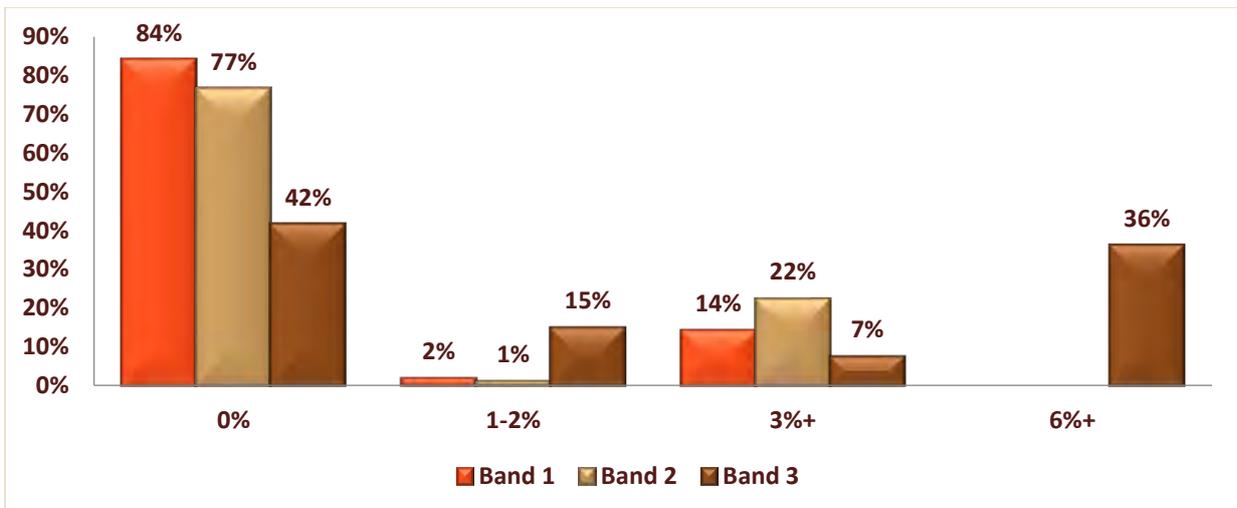


Figure 64: Distribution of Skills Development Expenditure Achievers per Band

According to the survey, achievers of the 3% target are evenly distributed among the various sub-sectors, with the hospitality sub-sector performing slightly better than the other sub-sectors at 25%. Therefore, skills development is seen as a key element for all sub-sectors in tourism.



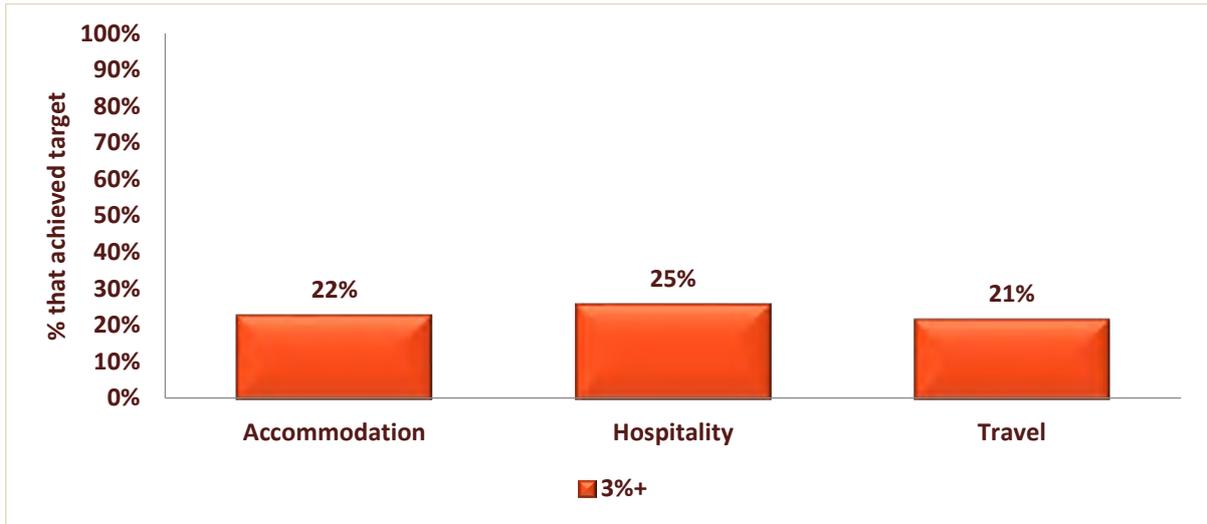


Figure 65: Target Achieved for Skills Development Expenditure, Distribution by Sub-sector

Figure 66 indicates the percentage of enterprises that have achieved the 6% skills development expenditure target for Black people per province. KwaZulu-Natal was the best performing province, with almost half (42%) of its representing enterprises reaching the set targets. Gauteng only achieved a 19% success rate and the Western Cape 13%.

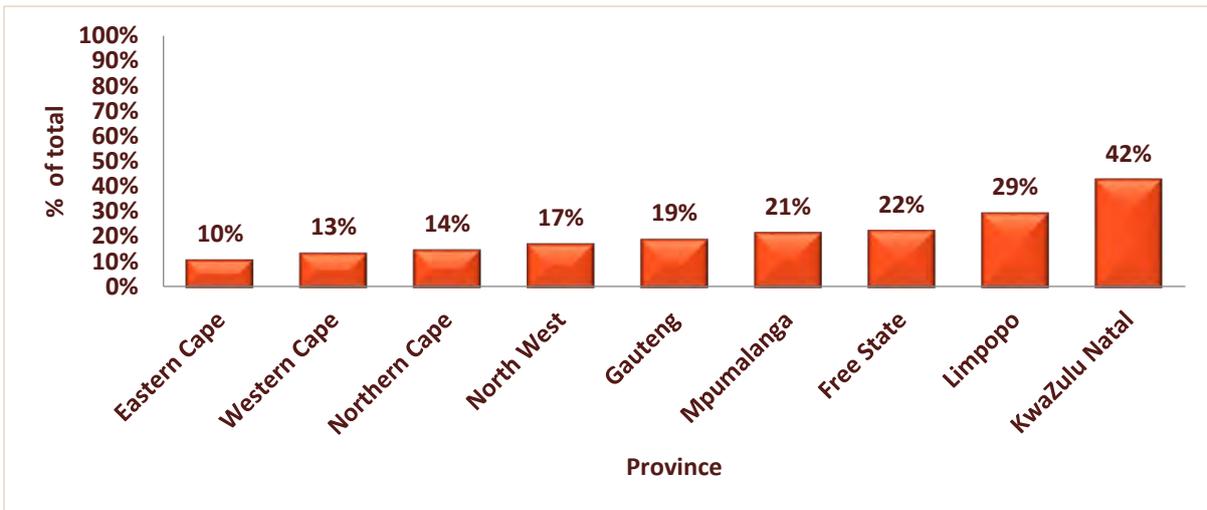


Figure 66: Percentage Target Achievement for Skills Development Expenditure, by Province

Benefactors of Skills Development Expenditure

In total, 508 enterprises reported that Black people benefit from their skills development expenditure. The statistics indicate that 65% of these individuals are more likely to be Black females, emphasising that the sector is aiming to promote more women empowerment through its skills development structures.



Enterprises that are benefactors of Black people, Black females and people with disabilities are mainly found within Band 3 (20%) entities and more specifically in the accommodation sub-sector. It is evident that LEs (Band 3) and QSEs (Band 2) are the primary benefactors for skills development relating to Black people throughout all three sub-sectors.

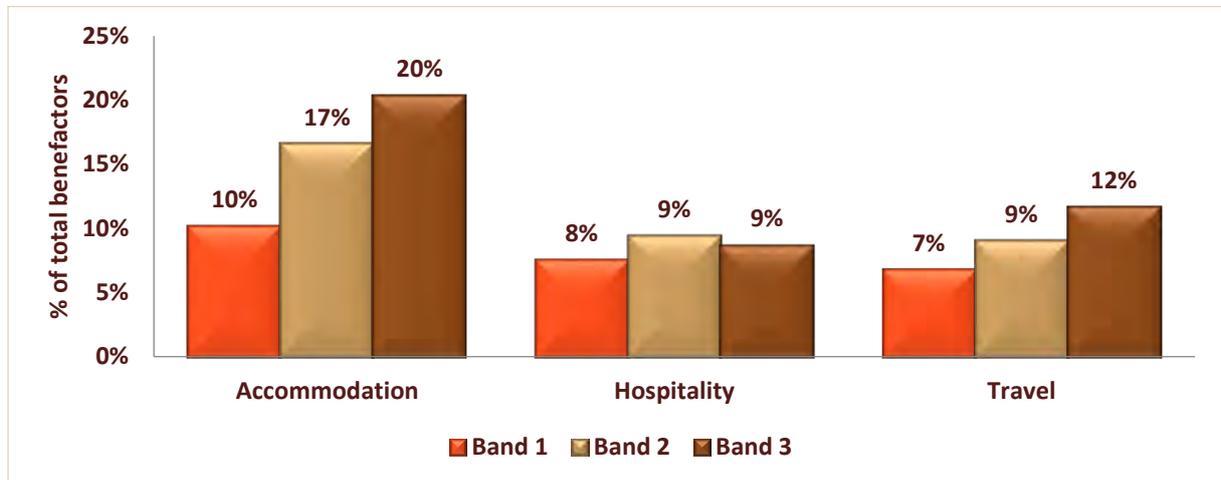


Figure 67: Distribution of Benefactors of Black People, Black Females or Other People with Disabilities

2.3.2. Learnerships, Apprenticeships and Internships

Black People in Learnerships, Apprenticeships and Internships

A total of 370 enterprises indicated that they offer apprenticeships. Of this total, 53% of all Band 3 enterprises offer apprenticeships, while 36% of Band 1 enterprises and 29% of Band 2 enterprises also offer learnerships, apprenticeships and internships.

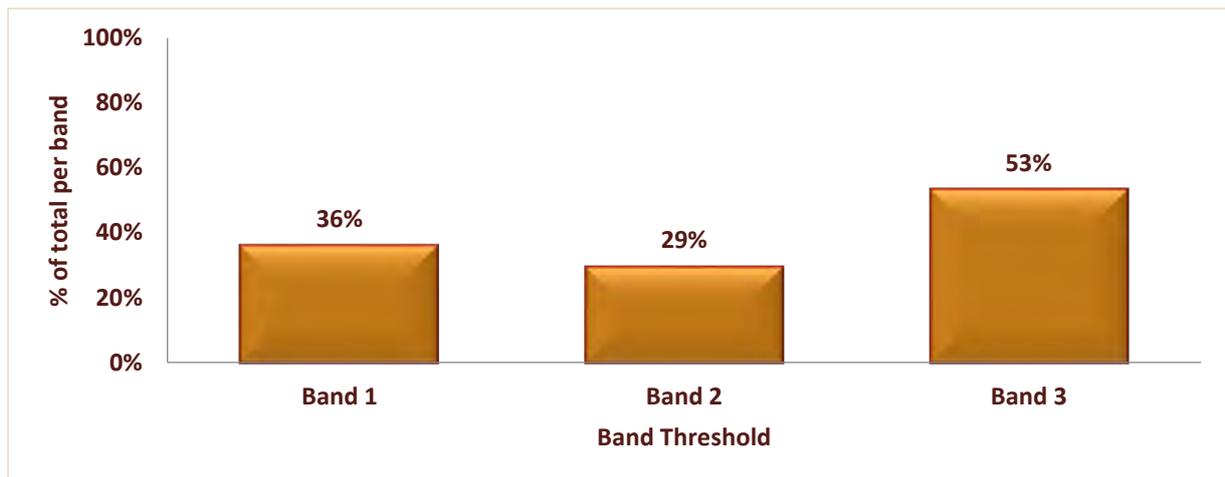


Figure 68: Enterprises That Offer Apprenticeships

The target for the number of Black employees in Band 3 participating in learnerships, apprenticeships or internships paid for by the entity as a percentage of the total number of



staff in the employment of the enterprise is 3.5%. The distribution chart shows that all Band 2 enterprises surveyed adhere to the LEs target, while in most instances, Band 3 enterprises have more than 3.5% of their employees in learnership, apprenticeship or internship programmes.

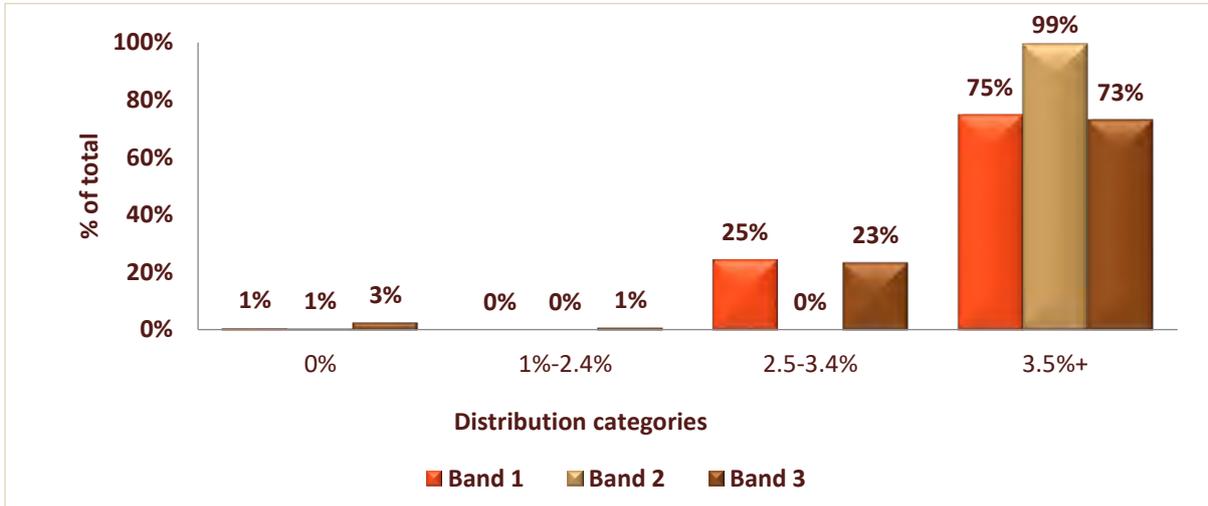


Figure 69: Distribution of Enterprises That Benefit Black People in Learnerships, Apprenticeships and Internships

Of the 210 enterprises that achieved the 3.5% target, 16% are represented by Band 3’s travel sub-sector, while the accommodation sub-sector has the largest representation at 19% for Band 2. The hospitality-related sub-sector does not value training as much as the sub-sectors above, particularly in Band 3.

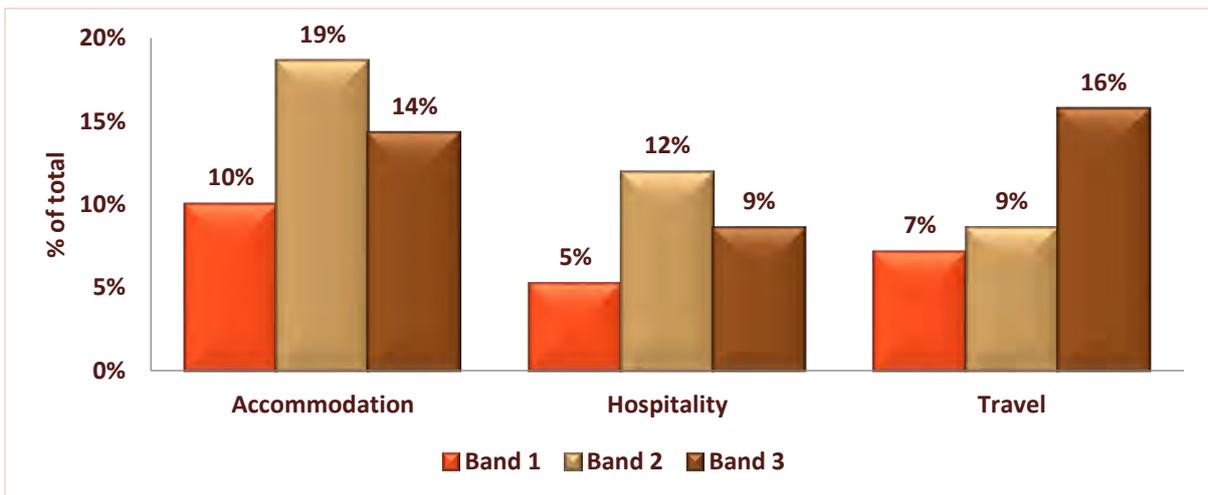


Figure 70: Sub-sectors and Bands of the Enterprises That Achieved the 3.5% Target



Black Females in Learnerships, Apprenticeships and Internships

A total of 168 enterprises achieved the target of learnerships, with Black females exceeding 2.5% of the total staff complement. Figure 71 indicates the distribution of the total number of enterprises that achieved the target for Black females in learnerships, apprenticeships and internships. Band 3 (travel-related sub-sector – 20%) and Band 2 (accommodation sub-sector – 20%) are the largest advocates in promoting Black females in learnerships, apprenticeships and internships.

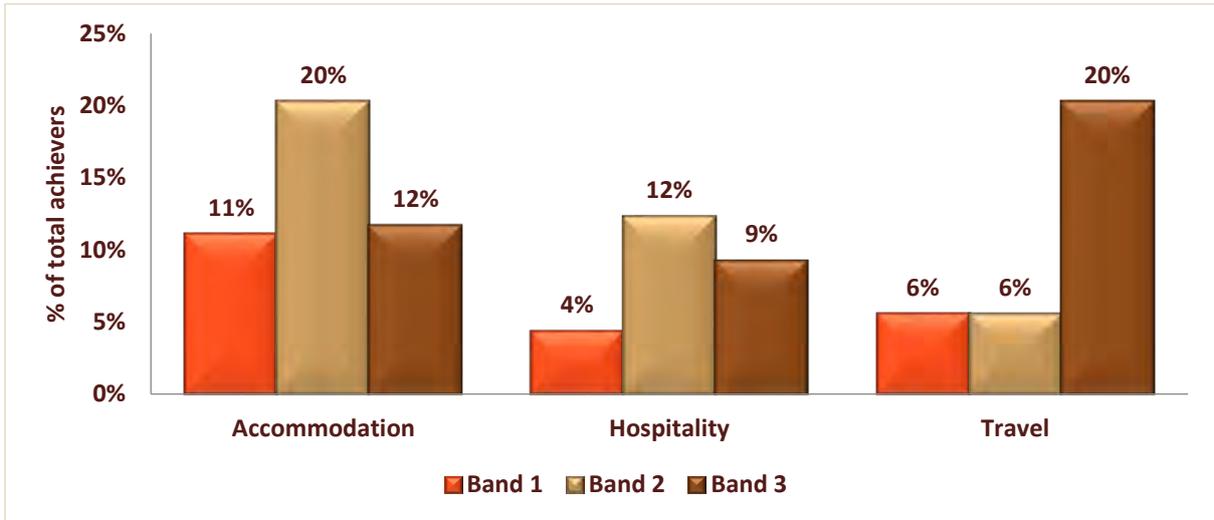


Figure 71: Black Females in Learnerships, Apprenticeships and Internships

Unemployed Black People in Learnerships, Apprenticeships and Internships

The number of Black unemployed learners participating in learnerships, apprenticeships and internships paid for by the measured entity as a percentage of number of total employees should be 3% of the total staff complement in large enterprises only. A total of 130 enterprises indicated that they paid for unemployed Black people’s internships, apprenticeships or learnerships.

Table 8: Number of Enterprises That Achieved the 3% Target

	Band 1	Band 2	Band 3	Grand Total
Accommodation	16	24	15	55
Hospitality	14	13	4	31
Travel	12	18	14	44
Grand Total	42	55	33	130

The distribution between the bands and sub-sectors of the *total number of achievers of the 3% target* is indicated in Figure 72. The accommodation sub-sector has the largest



contribution of the number of unemployed Black people in learnerships, apprenticeships and internships, followed by the travel-related sub-sector.

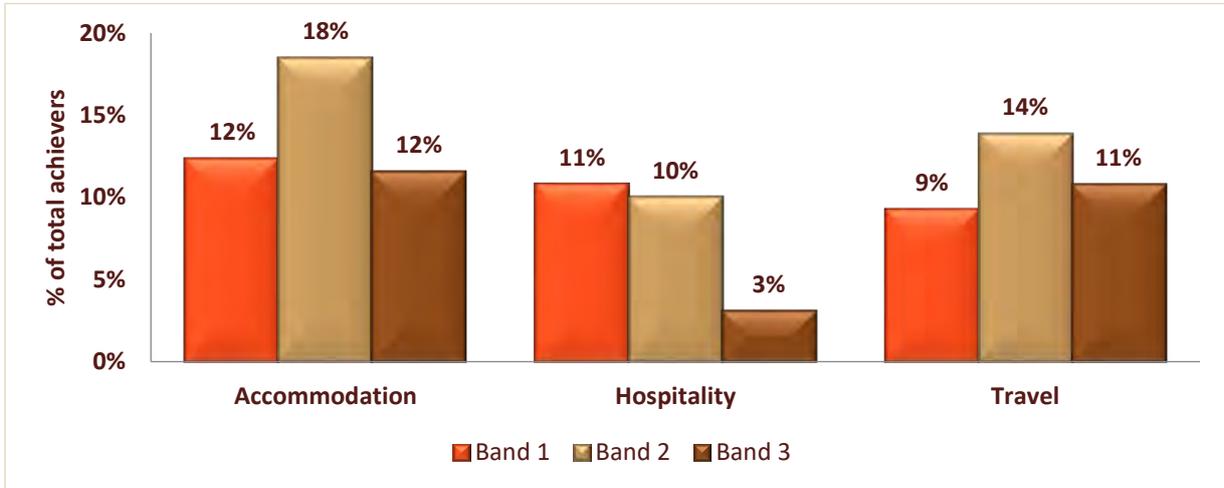


Figure 72: Unemployed Black People in Learnerships, Apprenticeships and Internships

Black People in Learnerships, Apprenticeships and Internships Absorbed into Business

The number of Black people absorbed by the measured entity and sector at the end of the learnerships programme should be 100%. Only 8% of surveyed enterprises indicated that they absorb 100% of Black apprentices into their businesses. Of the 8%, 85 enterprises are based in the accommodation sub-sector (Band 3) and are outperforming all other sub-sectors.

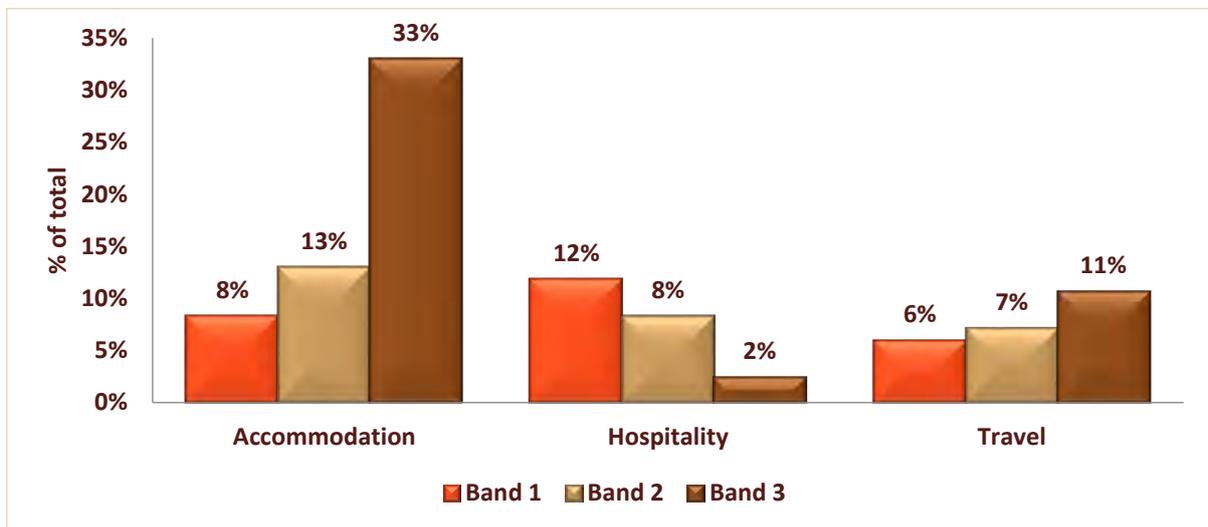


Figure 73: Black People in Learnerships, Apprenticeships and Internships Absorbed into the Business

2.3.3. Summary of Skills Development Results

Figure 74 indicates the percentage of large enterprises (LEs) that have achieved the targets set for skills development under Band 3. The results indicate a very low compliancy rate within



the sector, with the travel-related sub-sector yielding the largest portion of large enterprises contributing to skills development as per the code.

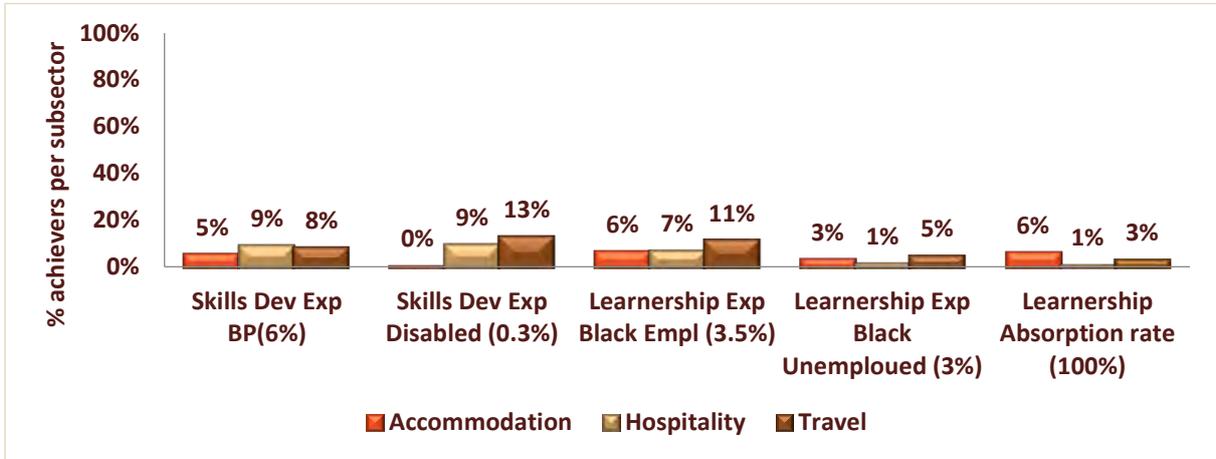


Figure 74: LE Skills Development Achievement by Sub-sector

Figure 75 indicates the percentage of qualifying small enterprises (QSEs) that have achieved the set target for skills development under Band 2. Here it seems that the accommodation and hospitality sub-sectors are contributing more to Skills Development element as per the Code.

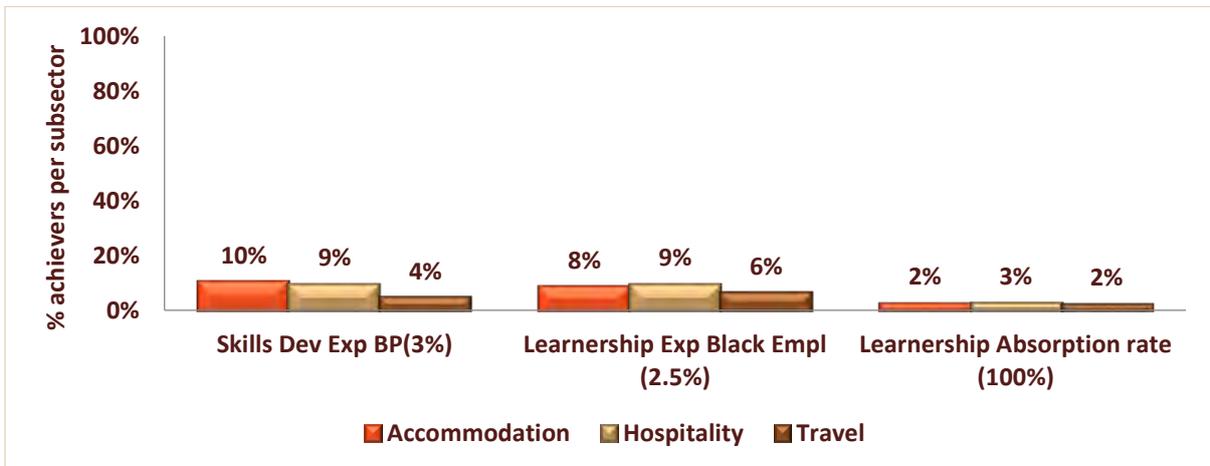


Figure 75: QSE Skills Development Achievement by Sub-sector

Nonetheless, the results indicate that skills development is not viewed as a priority by sector players. Therefore, some level of intervention or sector support needs to be provided to ensure enterprises prioritise skills development within their operational structures.



2.4. ENTERPRISE AND SUPPLIER DEVELOPMENT

The amended B-BBEE Code prioritises Enterprise and Supplier Development as key to promoting transformation in South Africa's economy, through encouraging preferential usage of Black-owned suppliers and the upliftment of SMMEs within supply chains, partnerships and mentorships. According to the Tourism B-BBEE Sector Code, the sub-minimum requirement for the Enterprise and Supplier Development element is 40% of the total weighting points of each of the three measuring categories, namely Preferential Procurement, Supplier Development and Enterprise Development. Table 9 indicates the scorecard compliancy targets set for enterprise and supplier development within LEs and QSEs.

Table 9: Enterprise and Supplier Development Element Scorecard

INDICATOR	MEASUREMENT CATEGORY AND CRITERIA	LE COMPLIANCE TARGETS	QSE
Preferential Procurement	B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	80%	60%
	B-BBEE procurement spend from all empowering suppliers that are qualifying small enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	15%	
	B-BBEE procurement spend from all exempted micro enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	15%	
	B-BBEE procurement spend from empowering suppliers that are at least 51% Black owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	40%	30%
	B-BBEE procurement spend from empowering suppliers that are 30% Black women owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.	12%	
Supplier Development	Annual value of all qualifying supplier development contributions made by the measured entity as a percentage of the target.	3% of NPAT	2% of NPAT
Enterprise Development	Annual value of all qualifying enterprise development contributions and sector specific contributions made by the measured entity as a percentage of the target.	0.5% of NPAT	1% of NPAT

Source: Department of Tourism, 2016



In this study, a total of 131 enterprises (12.8%) responded to the question of procurement practices – of which 60 were Large Enterprises (Band 3), 38 Qualifying Small Enterprises (Band 2) and 33 Exempted Micro Enterprises (Band 1). In most instances, preferential procurement targets are not applicable to Band 1 or Band 2 enterprises that are majority Black-owned.

2.4.1. Preferential Procurement

Larger Enterprises

The target for the B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend is 80% for larger enterprises. The number of enterprises in each band and sub-sector that exceed the respective targets is indicated in Table 10.

Table 10: Enterprises in Each Band and Sub-sector That Achieved the Respective Targets

Sub-Sector	Band 1 (more than 0%)	Band 2 (60%+)	Band 3 (80%+)
Accommodation	12	7	29
Hospitality	11	4	6
Travel	10	1	4

Large Enterprises' (Band 3) procurement practices are measured on four additional categories: spend on QSE (15%), spend on EMEs (15%), spend on 51% Black person owned enterprises (40%) and spend on 30% Black female-owned enterprises (12%). Table 11 indicates the number of LEs in the sample that have achieved the set targets, with a percentage allocation for the grand total per target achieved. According to the survey, 13% of LEs have achieved the above 15% spend on empowering suppliers relating to QSEs, with 22% able to achieve the same for EMEs. Only 1% have achieved the target set for 51% Black-owned suppliers empowerment, while 22% achieved the target set for empowering Black female owned suppliers.

Table 11: Larger Enterprises in Each Sub-sector That Achieved Respective Targets

Sub-Sectors	Above 15% Spend on Empowering Suppliers (QSE)	Above 15% Spend on Empowering Suppliers (EME)	Above 40% Spend on Empowering Suppliers (51%BP)	Above 12% Spend on Empowering Suppliers (30% BF)
Accommodation	13	27	0	27
Hospitality	3	3	0	2
Travel	1	0	1	2



Grand Total	17	30	1	30
Percentage LEs (136 n)	13%	22%	1%	22%

Qualifying Small Enterprises

The following target is also applicable to Band 2 enterprises: *30% B-BBEE procurement spend from empowering suppliers that are at least 51% Black-owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend.* Most QSEs who comply were in the accommodation sub-sector; however, this represents only six of the total surveyed enterprises.

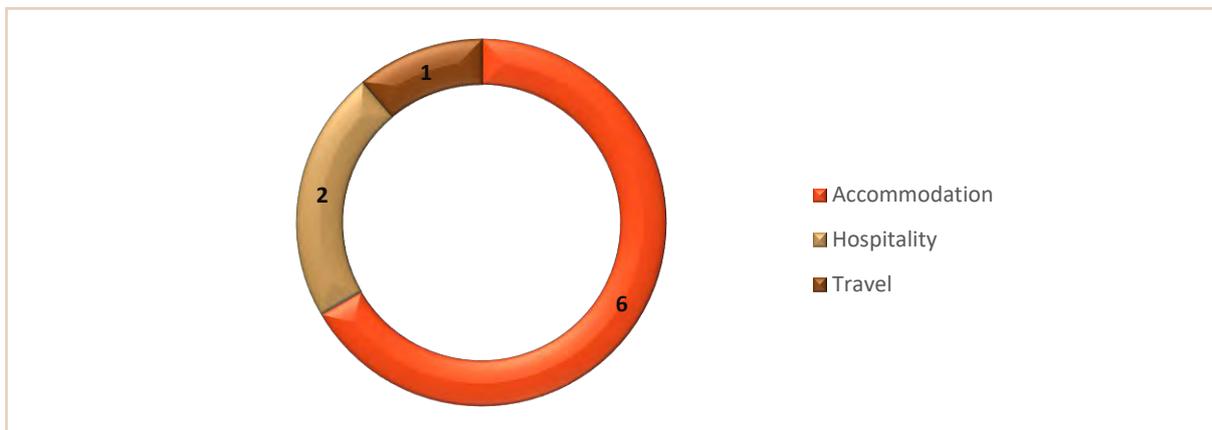


Figure 76: Above 30% Spend on Empowering Suppliers (51%BP)

2.4.2. Supplier Development

One hundred and eighty-seven (187) or 18% of the total number of surveyed enterprises indicated that the annual value of all qualifying supplier development contributions made by the measured entity exceeds 0%. Therefore, almost 20% of enterprises make some contribution to supplier development. The overwhelming majority of these enterprises (96%) exceed the target of 2% of NPAT, including both LEs and QSEs. Table 12 provides a breakdown of the qualifying enterprises for the respective targets, as per the sample.

Table 12: Supplier Development Contribution

Band	Target	Number of Enterprises	Percentage of total (187 n)
Band 1	More than 0%	7	4%
Band 2	More than 2% of NPAT	90	48%
Band 3	More than 3% of NPAT	97	52%



2.4.3. Enterprise Development

A total of 181 enterprises indicated their annual value of all qualifying enterprise development contributions and sector-specific contributions made, at 17.4% of the total sample. Of these 181 enterprises, 51% who achieved the 0.5% of NPAT target were in Band 3, while 33% who achieved the 1% of NPAT target were in Band 2.

Table 13: Enterprise Development Contribution

Band	Target	Number of Enterprises	Percentage of Total (181 n)
Band 1	No target	29	16%
Band 2	More than 1% of NPAT	59	33%
Band 3	More than 0.5% of NPAT	93	51%

2.4.4. Summary of Enterprise and Supplier Development Results

According to the survey, the majority of Large Enterprises (LEs) do not comply with the set targets. The accommodation sub-sector is the best performing within all indicators. This could be due to the nature of the business as they use multiple suppliers within their operations, while the travel-related sub-sector has a limited contribution, which could relate to the fact that they export the majority of their business.

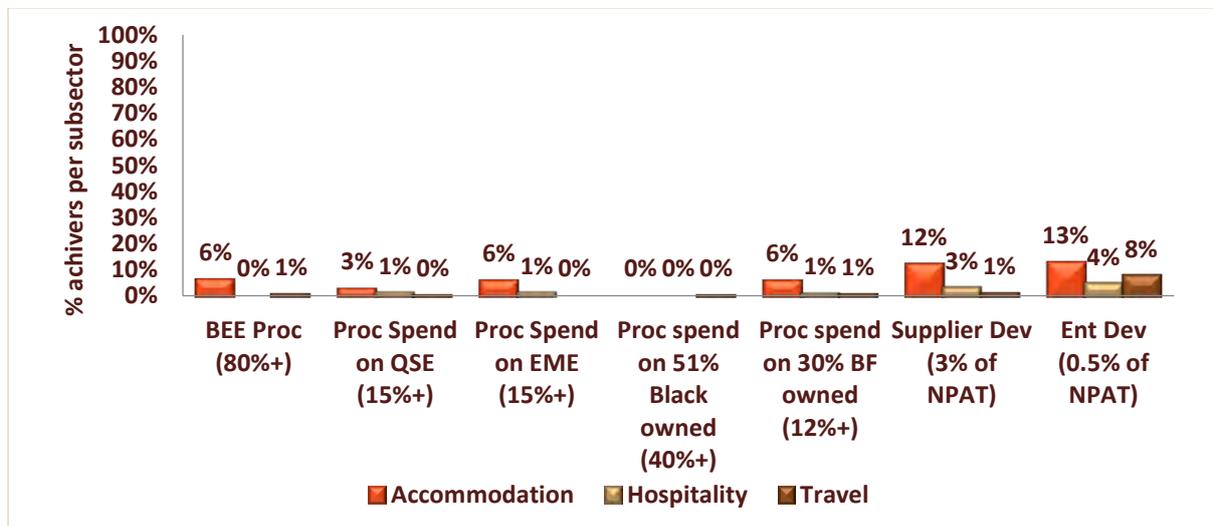


Figure 77: LE Procurement Achievement by Sub-sector

Similar results are yielded with QSEs in the tourism sector. Effectively, the accommodation and hospitality sub-sectors are the best performing. Nonetheless, the results are still highly undesirable.



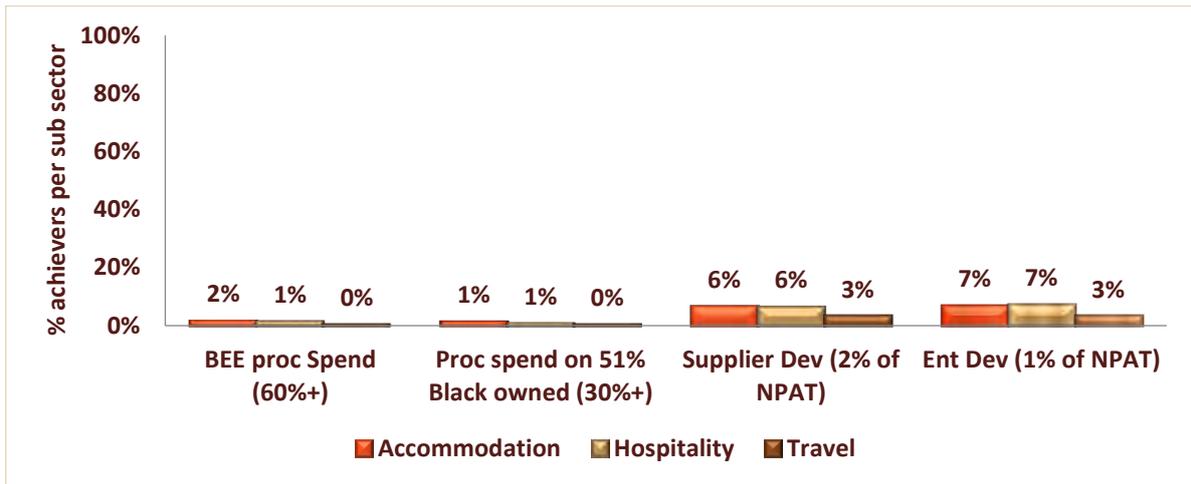


Figure 78: QSE Procurement Achievement by Sub-sector

2.5. SOCIO-ECONOMIC DEVELOPMENT

The socio-economic development criterion refers to monetary or non-monetary contributions implemented for communities, natural persons or groups of natural persons, where at least 75% of the beneficiaries are Black people. The objective of socio-economic development contributions is to promote sustainable access to the economy. Socio-economic development contributions commonly take the following forms⁴:

- Development programmes for women, youth, people with disabilities, and people living in rural areas
- Support for healthcare and HIV/AIDS programmes
- Support for education programmes, resources and materials at primary, secondary and tertiary education levels as well as bursaries and scholarships
- Community training, skills development for unemployed people and adult basic education and training
- Support for arts, cultural or sporting development programmes

Table 14 indicates the socio-economic development targets for the Tourism B-BBEE Code.

Table 14: Socio-Economic Development

MEASUREMENT CATEGORY AND CRITERIA	COMPLIANCE TARGETS
The annual value of all qualifying socio-economic development contributions by the measured entity as a percentage of the target.	1% of NPAT

⁴ Department of Tourism. 2017. *Easy guide for the Amended Tourism B-BBEE Codes*.



MEASUREMENT CATEGORY AND CRITERIA	COMPLIANCE TARGETS
Status as Tourism Marketing South Africa (TOMSA) levy collector.	Yes

Source: Department of Tourism, 2016

The survey received a 92% response rate on the TOMSA levy collectors question, but only 29% indicated the annual value of the qualifying socio-economic development contributions as a percentage of NPAT.

2.5.1. Annual qualifying expenditure for NPAT

A total of 298 enterprises (29%) responded to the following question, of which 117 were LEs, 88 QSEs and 93 EMEs. Enterprises who indicated that they spend more than 1% of NPAT annually on socio-economic development can predominantly be found in the accommodation sub-sector, with Band 1 (20%) supporting the highest portion of achievers. The distribution of the total target achievers is indicated in Figure 79. In the hospitality sub-sector, Band 2 (8%) plays the predominant role, while in the travel-related sub-sector Band 3 (12%) is the principal player.

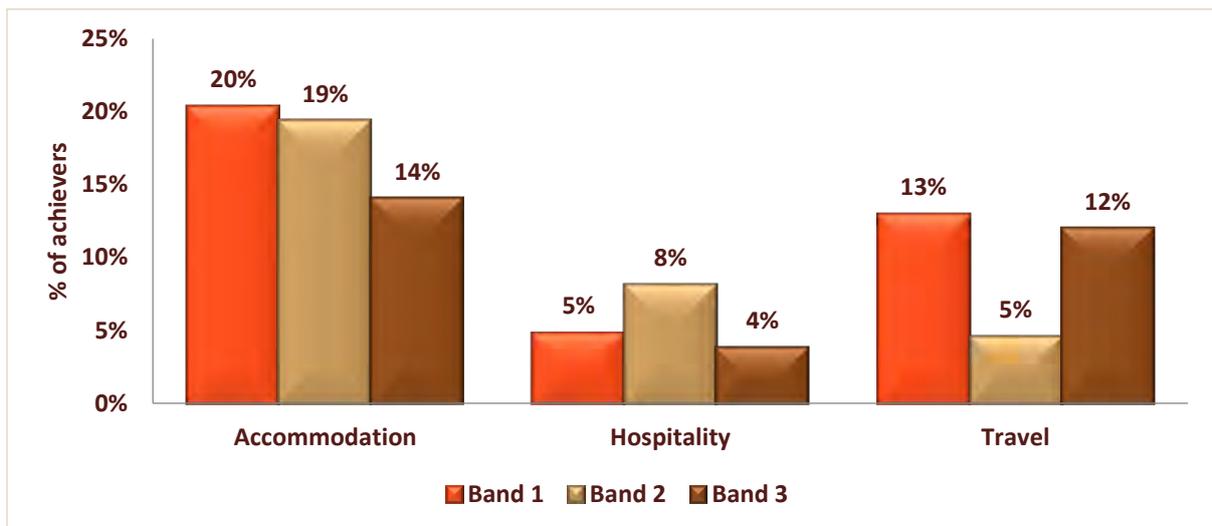


Figure 79 Total Achievers' Annual Qualifying Expenditure for NPAT (1%)

2.5.2. TOMSA levy collectors

The status of Tourism Marketing South Africa (TOMSA) levy contributor is depicted in Figure 80. The question was answered by a 195 LEs, 335 QSEs and 430 EMEs. Band 3 (LEs) has the most enterprises registered (69%), while 41% of Band 2 (QSEs) enterprises surveyed as registered TOMSA levy collectors.



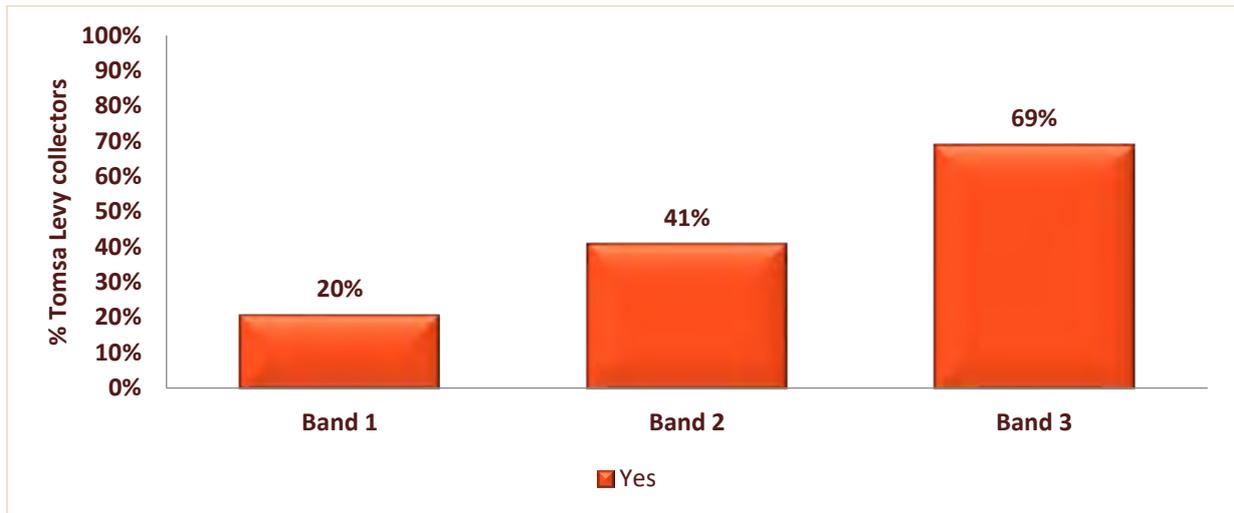


Figure 80: TOMSA Levy Collectors

2.5.3. Summary of Socio-Economic Development Results

The Socio-Economic Development Code is unique in the Tourism B-BBEE Code compared to the Generic B-BBEE Code as enterprises can gain additional points for contributing to the TOMSA levy. The survey indicated that an average of 34% of surveyed enterprises are TOMSA levy collectors. Furthermore, 37% of surveyed tourism enterprises spend more than 1% of the NPAT on qualifying socio-economic development contributions.

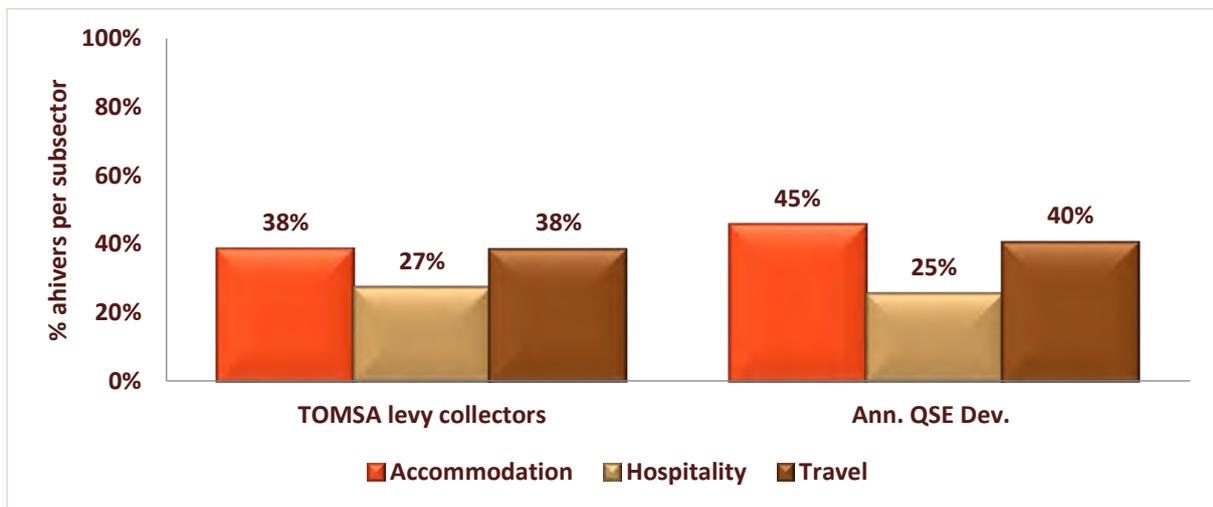


Figure 81: Socio-Economic Development per Sub-sector



SECTION 3: COMPLIANCE STATUS AND ACCELERATION RECOMMENDATIONS

3.1. AWARENESS OF THE BEE CODE AND BEE CERTIFICATION STATUS

In this section, the awareness of the BEE codes, BEE certification levels, BEE authentication bodies and elements scores are shown. Finally, the perceived benefits of BEE accreditation in the tourism sector are shown. Almost all enterprises responded to the following section relating to BEE awareness and certification levels (92% of the total sample), with responses from 194 LEs, 333 QSEs and 429 EMEs.

3.1.1. Overall B-BBEE Code awareness

In assessing the awareness levels of the B-BBEE Tourism Sector Code, only 59% (559 enterprises) of all surveyed enterprises indicated that they are aware of the Code, with only 55% (of the 59%) indicating that they have BEE certification in place. The awareness total for each band is indicated below. In Band 3, the vast majority of enterprises indicated that they are aware of the Code. It is concerning to note that only about half of Band 1 enterprises are aware of the Tourism B-BBEE Sector Code; this is a clear indication of the work that needs to be done to increase both awareness and knowledge of best practice in education and the development of Black people.

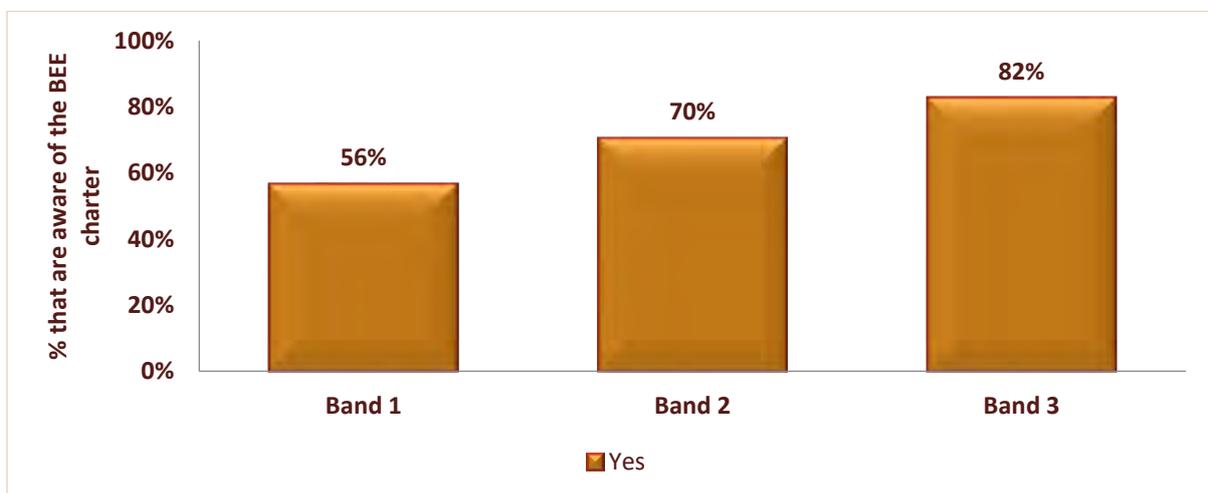


Figure 82: Awareness of the B-BBEE Charter by Band

3.1.2. BEE Awareness and Certification

As a percentage of the total respondents in each band, the awareness of the Tourism B-BBEE Sector Code and having BEE certification in place is shown. Interestingly, in Band 2, 70% of



enterprises are aware of the Code even though only 54% of them have certification in place, while in both Bands 1 and Band 3 certifications almost exactly match awareness.

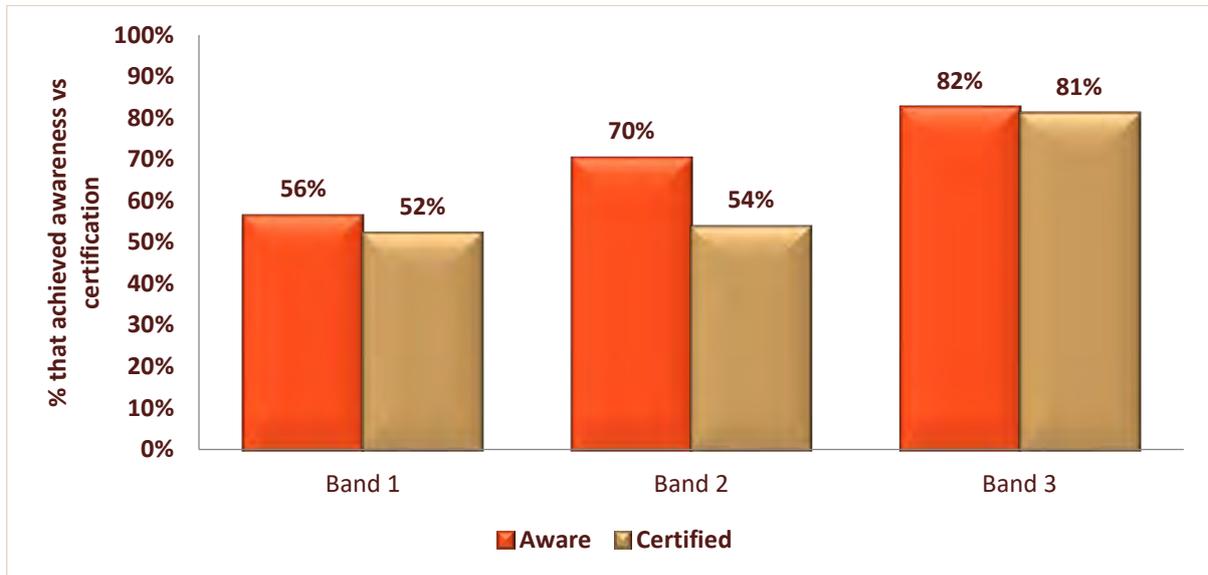


Figure 83: B-BBEE Code Awareness Level Comparative with Certification

Sector Code Issuing Authorities

In each band, at least 76% did not indicate the Sector Code with which their certificate complies, some of which do not have a certificate. Tourism B-BBEE Sector Code and DTI’s Generic Code are almost equally represented in industry. Thirty-four percent (34%) of all enterprises surveyed have certification granted under the Tourism B-BBEE Sector Code, and 21% have certification under the DTI’s generic B-BBEE Code. Of the total enterprises surveyed, most certificates were Tourism B-BBEE Sector Code certificates in Band 1 (13%).

Table 15: Sector Code Issuing Authority

	Band 1	Band 2	Band 3
No Certification Indicated	76%	82%	86%
Tourism B-BEE Sector Code	13%	10%	11%
DTI’s Generic B-BBEE Code	11%	8%	3%

3.2. TOURISM SECTOR B-BBEE SCORE PERFORMANCE

Only 26% of enterprises responded to this question. In the graphs that follow, the reported B-BBEE Recognition Level and sub-sector for each band are reported. The B-BBEE Recognition Level is calculated with the BEE scoring indicated for the five elements in the



Code. The vast majority of enterprises in each band who responded have a B-BBEE Recognition Level of 4 in each sub-sector.

3.2.1. Scorecard Band 1: Exempt Micro Enterprises

In Band 1, 158 enterprises indicated their BEE scores. According to the survey, an average of 18% of Band 1 establishments are rated at Level 4, which in turn means that these EMEs are owned by either White South Africans or by foreign nationals. Only 1-3% of enterprises rated as Level 1, with 4% rating as Level 2 and 8% rating as Level 3. Therefore, the small business component is still majority non-Black South African, as per the BEE scorecards.

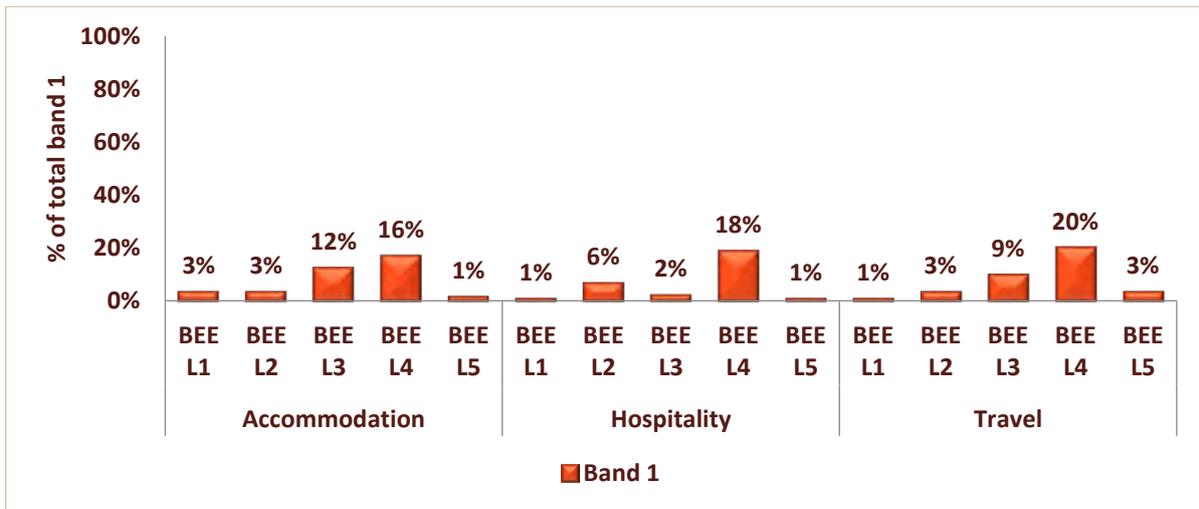


Figure 84: B-BBEE Scores in Band 1 by Sub-sector

3.2.2. Scorecard Band 2: Qualifying Small Enterprise

In Band 2, 83 enterprises indicated their certification level. According to the survey, the hospitality and travel-related sub-sectors still have a majority of enterprises that scored as Level 4, indicating little transformation in its organisational structures, where the accommodation sub-sector seems more evenly spread. Contradictory, the travel-related sub-sector has indicated that 7% of respondents are scored as Level 1, while hospitality indicated a 13% for Level 2. Thus, some level of transformation is underway.



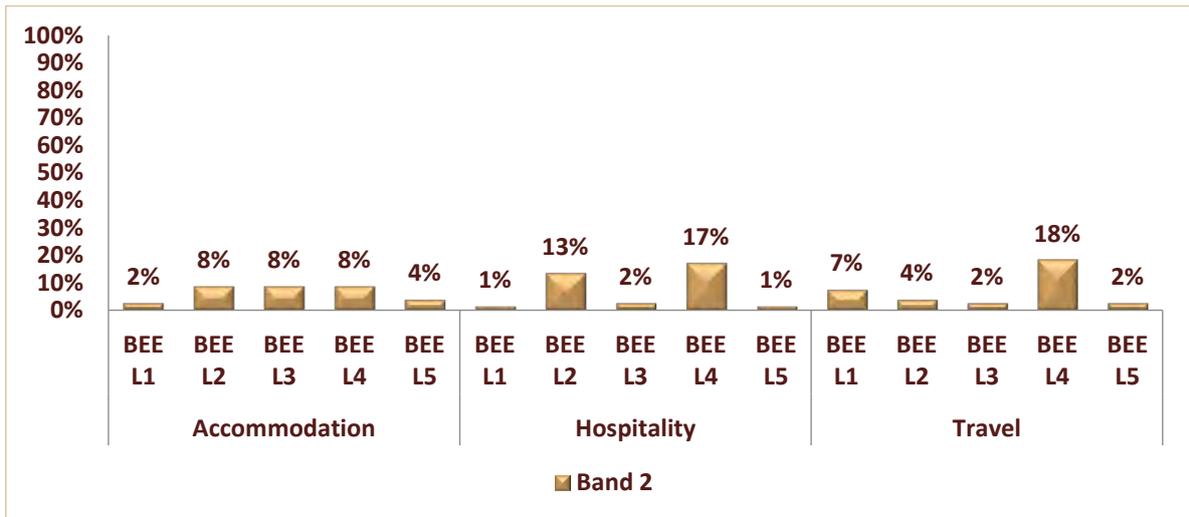


Figure 85: B-BBEE Score in Band 2 by Sub-sector

3.2.3. Scorecard Band 3: Large Enterprise

In Band 3, only 31 enterprises indicated their certification level. Shockingly, the majority of Band 3 enterprises that completed this question were only scored as Level 4. Thus, the majority of large tourism enterprises have not transformed as per their sector scorecards.

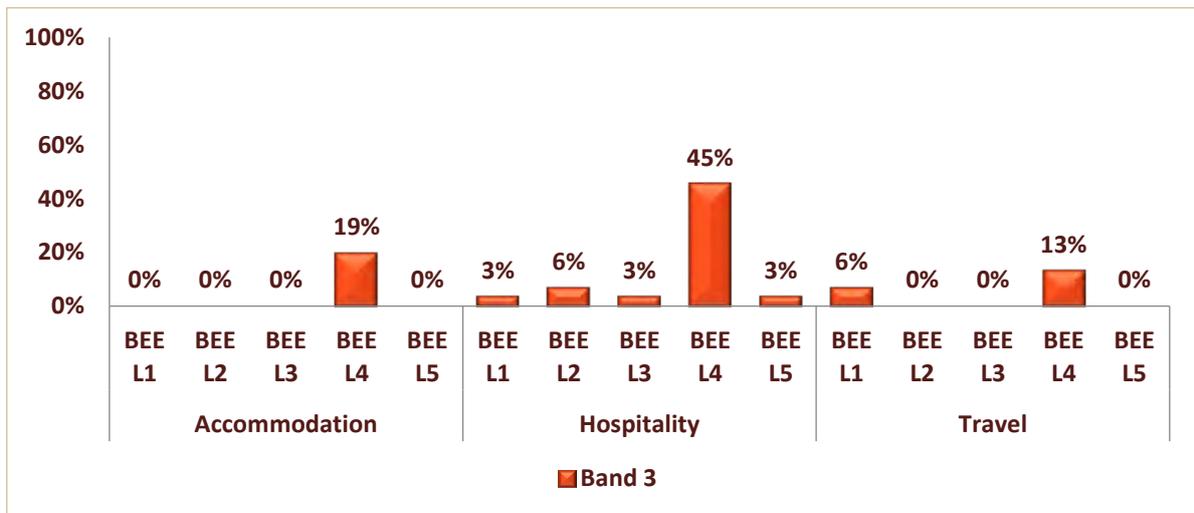


Figure 86: B-BBEE Scores in Band 3 by Sub-sector

3.3. COMPLIANCY ACCELERATION

3.3.1. Perceived Benefits of the B-BBEE Accreditation for Enterprises in Tourism

The perceived benefits of B-BBEE accreditation are quite low (illustrated in Figure 87). In most instances, B-BBEE certification benefits are only thought to be beneficial by less than half of all enterprises surveyed. The benefit most enterprises agreed with is the improvement of the



business image, with 48% of enterprises agreeing that it is one of the benefits of B-BBEE accreditation. This is followed by the perceived benefit of attracting new customers (43%). Enterprises also indicated some level of agreement that B-BBEE accreditation does assist them with improving business performance (38%) and developing capable staff (34%). However, the majority (72%) disagreed that the accreditation will assist with attracting new investors.

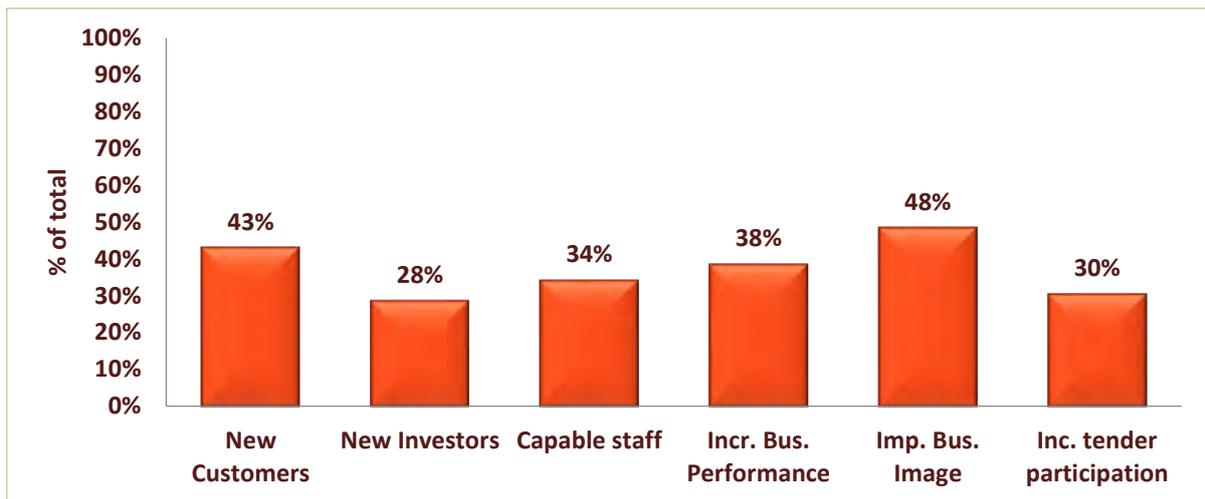


Figure 87: Perceived Benefits of the BBEE Accreditation for Enterprises in Tourism

3.3.2. Constraints in the Tourism Sector

Other than complying with the Amended Tourism B-BBEE Sector Code, there are multiple other factors that influence the ability of tourism sector players to grow and develop the sector. Survey respondents were asked to provide more insight into the issues and constraints they have encountered in the tourism sector. Figure 88 indicates the constraints identified by enterprises.



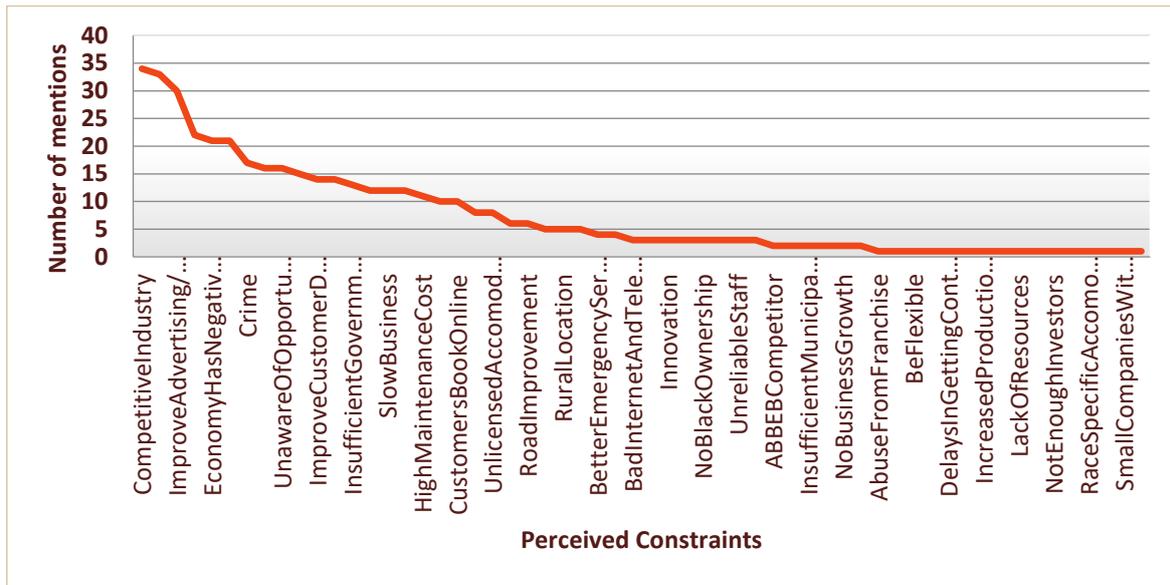


Figure 88: Perceived Constraints in the Tourism Sector

The perceived constraints in the tourism sector are situated around the problematic economic circumstances leading to high levels of competition and challenges in maximising efficiency in the different sub-sectors. The most prevalent concern is the competitive industry, the need for better international advertising and more international guests, and the challenging economic circumstance. Entities also identified that staff issues are particularly concerning – mainly relating to strikes, transport problems, skills levels and interest in the sector. Crime was also emphasised as a major concern, relating to both the external environment and internal staffing. Many entities stressed that funding and financial constraints are affecting their businesses, and a lot of this stress is caused by the weak economic and unstable political environment.

From a transformation perspective, entities emphasised that the labour market is not geared to support their business as people’s foundation phase of education is not at an acceptable level. Furthermore, some companies have to hire people from European or other countries since the South African labour market does not satisfy the skills demand of particular industries (e.g. speaking a foreign language). More rural-based entities indicated that it is difficult to retain staff, due to their location.

To promote Black enterprise development, entities indicated that new entrants in the market lack “best practice” business management skills, which in turn affects the longevity of their business. New business owners are sometimes unaware of the opportunities that are present in their environment.



3.3.3. Opportunities for B-BBEE Acceleration in Tourism

Although the vast majority (82%) of respondents did not have any comment regarding the opportunities for acceleration of B-BBEE in the tourism sector, several opportunities were identified (illustrated in Figure 89).

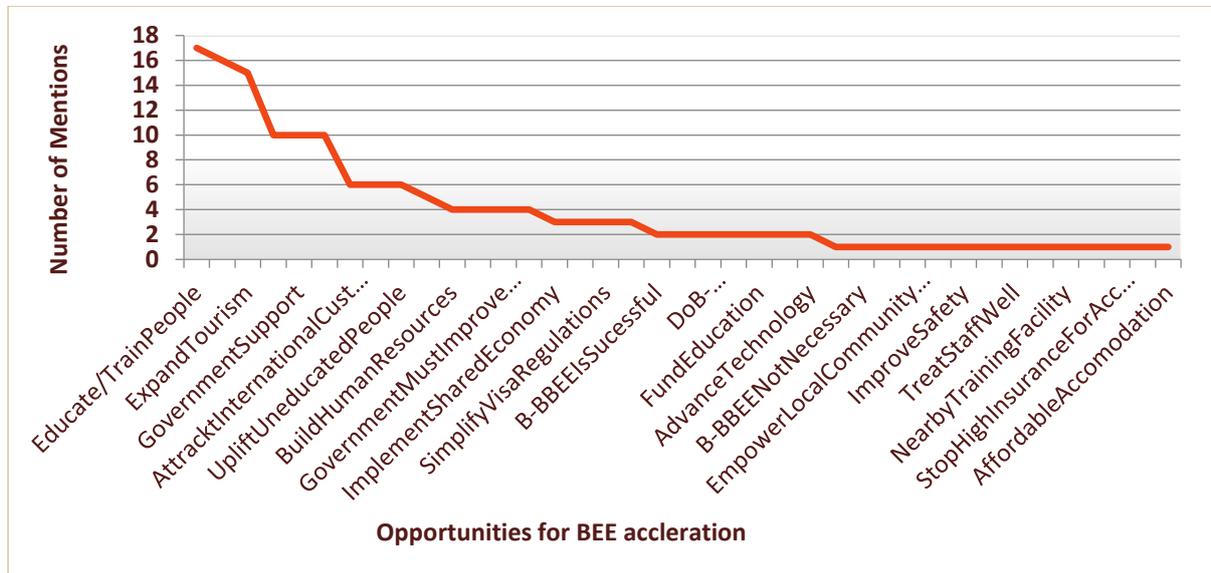


Figure 89: Opportunities for BEE Acceleration in Tourism

The main opportunities focused on the enabling or training of staff. Expanding the tourism sector through a stable economy would increase the number of international and domestic visitors, stimulate demand, enable upliftment of uneducated people and strengthen the development of human resources in businesses. The improvement of government led education in all levels of schooling, by placing more focus on sector-specific subjects and practical training. Respondents identified that accessibility to training centres/programmes for staff impairs their ability to upskill their staff and promote career development.

Many entities – whether EME, QSE or LE – indicated that they are more than willing to provide enterprise/skills mentorship programmes, alongside financial assistance and programme facilitation from the government – as most entities indicated that they do not have the financial means and time to provide to such a programme alone. It was also emphasised that these types of programmes have two components. Firstly, the government needs to provide base-level training and development programmes to get the intended market (businesses, students, and unskilled people) to a level where they can be self-sufficient. Thereafter, the private sector enters to assist these businesses/people in developing their skills, understanding and product to a competitive and sustainable level. Others also suggested that collaborative supplier and partnership programmes be implemented, thus promoting a sharing economy within multiple



business networks and destinations. Lastly, it was emphasised that concessions need to be opened for a new entrance into the market.

Transformation in the tourism sector is slow, particularly during low economic growth and unstable business environments. Nonetheless, the sector is open to change as the new generations are moving through the chain of command. The partnership between the public and private sector needs to be strengthened, and all programmes need to be collaboratively implemented to promote change. Tourism has a wealth of potential to promote the development of youth and women as the sector grows stronger every day.

3.3.4. Critical Issues to be Addressed

The baseline study indicated the B-BBEE compliance level of the tourism sector and the constraints surrounding the progress of transformation in the sector. The following table brings forth critical issues that need to be addressed that influence the transformation levels of enterprises in the tourism sector.

Table 16: Critical Issues to be Address for Transformation in the Sector

	Large Enterprises (LEs)	Qualifying Enterprises (QSEs)	Small Enterprises (SEs)	Exempted Enterprises (EMEs)	Micro Enterprises (MEs)
Ownership Facilitators	<ul style="list-style-type: none"> Limited promotion of Black women in ownership structures 	<ul style="list-style-type: none"> Mostly foreign-owned No need to conform as they attract the international market Status of black-owned businesses unknown 		<ul style="list-style-type: none"> SMMEs are struggling with funding and access to market Difficult to reach maturity in the market Black-owned SMMEs not part of the supply chain for LEs Access to opportunities How are black businesses performing/sustaining 	
Management and Regulatory Environment	<ul style="list-style-type: none"> Hospitality sub-sector not promoting Black women in management structures Ceiling created for black women in management 	<ul style="list-style-type: none"> People with disabilities not represented in structures Do not get BEE certified 		<ul style="list-style-type: none"> Unmonitored on their performance in the sector Regulatory constraints relating to applications for funding. 	
Capacity Building	<ul style="list-style-type: none"> Lack of training in hospitality sub-sector 	<ul style="list-style-type: none"> Lack of training in accommodation sub- 		<ul style="list-style-type: none"> Lack of training in travel sub-sector 	



	Large Enterprises (LEs)	Qualifying Small Enterprises (QSEs)	Exempted Micro Enterprises (EMEs)
	<ul style="list-style-type: none"> Do not have 100% absorption of interns A sole mandate with international travel/events companies 	<ul style="list-style-type: none"> sector and travel sub-sector Scarce skills like language diversity, travel consultants, field rangers and guides 	<ul style="list-style-type: none"> Access to market and knowledge Lack of skills in management and finance Social media and distribution channel skills Lack of access to tour packages/supply chain
Black-owned Enterprise Development	<ul style="list-style-type: none"> Lack of compliance with preferential procurement targets Travel related sub-sector procures from out the country Procurement from large established companies Does not promote Black-owned companies in value-chain/supply chain 	<ul style="list-style-type: none"> Opportunity to promote sharing economy Willing to provide mentorship to individuals 	<ul style="list-style-type: none"> Lack of concession opportunities or abilities Cannot supply - economies of scale
Socio-Economic Empowerment	<ul style="list-style-type: none"> Hospitality sub-sector lacks in this area compared to other sub-sectors 	<ul style="list-style-type: none"> Low contribution to Socio-Economic Empowerment Implement youth and women programmes in QSE 	<ul style="list-style-type: none"> No funds or capacity

The sector needs to transform through collaborative efforts from both private and public interventions. The successful transformation of the sector in the next few years requires intensive monitoring efforts, awareness programmes, facilitation of Black-owned enterprises to reach maturity and the promotion of Black empowerment in the existing private sector.



LIST OF REFERENCES

REPUBLIC OF SOUTH AFRICA. Department of Tourism. 2016. *Easy Guide for the Tourism B-BBEE Sector Code: easy guide*. Pretoria.

REPUBLIC OF SOUTH AFRICA. 20 November 2015. Amended Tourism B-BBEE Sector Code.

REPUBLIC OF SOUTH AFRICA. 1996. Department of Environmental Affairs and Tourism. White Paper: the development and promotion of tourism in South Africa. Pretoria.

REPUBLIC OF SOUTH AFRICA National New Growth Path Framework (NGP).

REPUBLIC OF SOUTH AFRICA. Revised National Tourism Sector Strategy (NTSS) 2020, 2016.

REPUBLIC OF SOUTH AFRICA. 1998. Employment Equity Act, no 55, 1998. Pretoria

REPUBLIC OF SOUTH AFRICA. National Development Plan.



ANNEXURES

ANNEXURE I: TOURISM B-BBEE SECTOR CODE SURVEY QUESTIONNAIRE 2017

TOURISM B-BBEE SECTOR CODE SURVEY QUESTIONNAIRE – 2017

Day of telephonic survey	Month	Year
01	02	03

BP% + OP% = 100% (THE PERCENTAGES OF BLACK PERSON COMBINED WITH THE PERCENTAGES OF OTHER PERSONS, SHOULD ADD UP TO 100% PER QUESTION)

SECTION A: ENTERPRISE PROFILING

1.	For how many years has your enterprise been in operation?	Years: 01
----	--	------------------

2.	What is the main service that your enterprise offers?	Pick only one category
2.1.	Accommodation, including: Hotels, Resorts and timeshare, bed and breakfast, guesthouse, game lodge, backpackers and hostels.	01
2.2.	Hospitality and related services, including: Restaurants, conference venues, professional catering and attractions.	02
2.3.	Travel distribution systems, including: Tour wholesalers, tour operators, travel agents, tourism guides, coach operators and car rentals companies.	03

3.	Under which threshold does your enterprise fall?	
3.1.	Exempted Micro Enterprises (EME): Total annual revenue of R5 million or less	01
3.2.	Qualifying Small Enterprises (QSE): Total annual revenue of more than R5 million but less than R45 million	02
3.3.	Large Enterprises (LE): Total annual revenue of more than R45 million	03

4.	In which provinces does your tourism enterprise operate?	(multiple mention)
4.1.	Gauteng	01
4.2.	Limpopo	02
4.3.	Mpumalanga	03
4.4.	Free State	04
4.5.	Eastern Cape	05
4.6.	KwaZulu-Natal	06
4.7.	Northern Cape	07
4.8.	Western Cape	08
4.9.	North West	09



SECTION B: OWNERSHIP ELEMENT & MANAGEMENT CONTROL ELEMENT

In the following questions:

BP = Black Person (male and female) as defined in the Act;

BF = Black Female;

OP = Other Persons including White and Foreigners: Male and Female.

5.	Please indicate the percentage of rights in your enterprise.	BP	BF	OP
5.1.	Percentage exercisable voting rights at shareholding meetings of persons per category.	01	02	03
5.2.	Percentage interest of your enterprise of persons per category.	01	02	03
5.3.	Percentage of Black new entrants in your enterprise. (Black New Entrants: means Black participants who hold rights of ownership in a measured entity and who, before holding the equity instrument in the measured entity, have not held equity instruments in other entities that have a total value of R50 million, measured using a standard valuation method)	01	02	03
5.4.	Percentage net value owned by shareholders in your enterprise per category.	01	02	03

6.	What percentage shareholding of your enterprise is owned by Black persons in the following categories?	
6.1.	Percentage of Black Designated Groups (refers to military veterans, people living in rural areas, unemployed people, the youth, persons with disabilities)	01
6.2.	Percentage of Black Participants in Employee Share Ownership Programmes (refers to an employee or ownership programme that provides workers with an ownership interest in the entity and meets the rules set out in Amended B-BBEE Sector code)	02
6.3.	Percentage of Black People in Broad-Based Ownership Schemes (refers to a collective ownership scheme by Black people constituted with a view to facilitate specific participation)	03
6.4.	Percentage of Black Participants in Co-Operatives (refers to self-governing association of persons united voluntarily to meet common economic and social needs and aspirations through jointly owned enterprises)	04

7.	Please indicate the percentage for the following categories per group. BP = Black Person (male and female) as defined in the Act; BF = Black Female; OP = Other Persons including White and Foreigners: Male and Female.	BP	BF	OP
7.1.	Exercisable voting rights of Board Members as a percentage of all Board Members.	01	02	03
7.2.	Executive Director as a percentage of all Executive Directors.	01	02	03
7.3.	Executive Management as a percentage of all other Executive Management.	01	02	03
7.4.	Senior Management as a percentage of all other Senior Management.	01	02	03
7.5.	Middle Management as a percentage of all other Middle Management.	01	02	03
7.6.	Junior management as a percentage of all other Junior Management.	01	02	03
7.7.	Disabled employees as a percentage of all Employees.	01	02	03



SECTION C: SKILLS DEVELOPMENT ELEMENT

8.	Is your enterprise registered with any sector educational and training authority or agency?	YES 01	NO 02
-----------	--	-----------	----------

9.	What is your Skills Development Expenditure as a percentage of leviable amount? (Skills development expenditure include legitimate training expenses that a measured entity incurs on skills development)		
9.1.	Percentage of Black people (male and female)	01	
9.2.	Percentage of Black female only	02	
9.3.	Percentage of Black Disabled employees	03	

10.	What percentage of the total training costs were for the following? (Should equal 100%)		
10.1.	Percentage of Black people	01	
10.2.	Percentage Black female	02	
10.3.	Percentage of Black Disabled employees	03	
10.4.	Other people includes percentage of White and foreigners: male and female.	04	

11.	Has your enterprise been offering apprenticeships/learnerships/Internships?	YES 01	NO 02
------------	--	-----------	----------

12.	Please indicate the percentage of people in your enterprise per group.	BP	BF	OP
12.1	Total percentage of persons employed.	01	02	03
12.2	Employees participating in apprenticeships / learnerships / internships as percentage of total employees.	01	02	03
12.3	Unemployed learners participating in apprenticeships / learnerships /internships as percentage of total employees.	01	02	03
12.4	Percentage absorbed by businesses at end of a learnership programme.	01	02	03

SECTION D: ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT

13.	Please indicate the B-BBEE Procurement Spend as a percentage of total measured procurement spend.		
13.1.	B-BBEE Procurement Spend from all Empowering Suppliers as a percentage of total measured procurement spend.	01	
13.2.	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises as a percentage of total measured procurement spend.	02	
13.3.	B-BBEE Procurement Spend from all Exempted Micro Enterprises as a percentage of total measured procurement spend.	03	
13.4.	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 51% Black-owned as percentage of total measured procurement spend.	04	
13.5.	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 30% Black women-owned as percentage of total measured procurement spend.	05	

14.	Please indicate the percentage expenditure spent by your enterprise.		
14.1.	Percentage of all qualifying Supplier Development contributions as a percentage of NPAT	01	
14.2.	Percentage of all qualifying Enterprise Development contributions and Sector Specific contributions as a percentage NPAT	02	



SECTION E: SOCIO-ECONOMIC DEVELOPMENT ELEMENT

15.	Please indicate the expenditure spent from your enterprise.
15.1.	Annual value of all Qualifying Socio-Economic Development contributions as a percentage of NPAT

16.	Is your business a Tourism Marketing South Africa (TOMSA) levy collector?	YES 01	NO 02
------------	--	-----------	----------

17.	Have you ever heard of the Tourism B-BBEE Charter / Code?	YES 01	NO 02
------------	--	-----------	----------

18.	Do you have a valid B-BBEE Certificate for your enterprise?	YES 01	NO 02
------------	--	-----------	----------

19.	Under which Sector Code was your business verified for B-BBEE compliance? (Please tick in the appropriate box below)	
19.1.	Tourism B-BBEE Sector Codes	01
19.2.	DTI's Generic B-BBEE Codes	02
19.3.	Other (please specify)	03

20.	Please submit a copy of your B-BBEE certificate. 01
------------	--

21.	What is your B-BBEE elements score? (Elements: means the measurable quantitative or qualitative elements of B-BBEE compliance in the Generic Scorecard and the Tourism Sector Codes.)	
21.1.	Ownership	01
21.2.	Management Control	02
21.3.	Skills Development	03
21.4.	Enterprise and Supplier Development	04
21.5.	Socio-Economic Development	05
21.6.	Overall Score	06

22.	Has your business benefited from the B-BBEE accreditation?	YES	NO
22.1.	Attracting new customers	01	02
22.2.	Attracting new investors	01	02
22.3.	Attracting capable staff	01	02
22.4.	Increasing business performance	01	02
22.5.	Improving the business image or profile	01	02
22.6.	Increasing participation in tenders	01	02

SECTION F: B-BBEE CODE AND COMPLIANCE

23.	Provide comments on constraints and issues that you encounter in the tourism sector.
23.1.	01

24.	Indicate in your opinion, opportunities that exist for accelerating the B-BBEE transformation of the tourism sector.
24.1.	01

25.	Details of enterprise and respondent	
25.1.	Name of tourism enterprise	01
25.2.	Respondent name	02
25.3.	Respondent position	03



25.	Details of enterprise and respondent	
25.4.	Respondent address	04
25.5.	Postal code	05
25.6.	Telephone number	06



ANNEXURE 2: INDUSTRY NOTIFICATION LETTER

tourism

INVITATION

Participate in the research to determine the state of transformation in the tourism sector

Dear Tourism Stakeholders,

Urban-Econ Development Economists in partnership with Munyai Consulting, an independent research company, is conducting research on behalf of the Department of Tourism. The purpose of the research is to investigate the state of transformation of South Africa's tourism sector and to investigate and conceptualise key initiatives to accelerate transformation in the tourism sector. The research will establish a baseline for the Amended Tourism B-BBEE Sector Code gazetted in November 2015, which will also inform the plan of action for the new Tourism B-BBEE Charter Council from which the programme to tackle the identified areas of need for intervention will be developed.

We would appreciate your participation in this important research and all information provided would be treated with utmost confidentiality. The report will only be on the industry and not on individual businesses. Output and results from the survey will provide information on the most recent state of transformation in the tourism sector and profiles in each province.

PLEASE NOTE: It is important that top management/ executives/ most knowledgeable person dealing with the B-BBEE Score Card within your business completes the questionnaire which will be shared in order to measure the company's state of transformation effectively. The survey will take only 20 minutes.

If you have any questions or suggestions with regard to completing this questionnaire, please contact Mr Emmanuel Munyai on: 083 212 1110 or by email: emunyai@gmail.com OR Dr Kiera Schoeman on: 012 342 8888 or via email: kiera@urban-econ.com.

Thank you for your participation.



broadening horizons



TOURISM
 Department:
 Tourism
 REPUBLIC OF SOUTH AFRICA



ANNEXURE 3: SAMPLE RELIABILITY AND VALIDITY

Sample size for generalisation:

The sample size taken was 1 039, which is representative of the tourism population and can be generalised to the total population at a confidence level of 95% with a margin of error of 2.96.

Should this sample be broken into its smaller variables and tested for generalisability, the degree of confidence in the findings decreases as the sample size decreases, such as in the case of Band 3. All of which are acceptable with a maximum of 6.79 margin of error at a 95% degree of confidence.

Group	Sample size	Confidence level	Margin of error
Accommodation	474	95%	4.39
Hospitality	277	95%	5.81
Travel	285	95%	5.72
Band 1	422	95%	4.67
Band 2	389	95%	4.87
Band 3	204	95%	6.79

These levels of confidence are good due to the sample sizes.

Sample comparison based on Type

The intended sample of 50% accommodation providers, 25% hospitality and 25% travel-related services was matched in the actual sample.

The following table is obtained:

Categories	Observed	Expected	$(fo-fe)^2/fe$
1	474	$1036*0.5=518$	$(474-518)^2/518 = 3.737$
2	277	$1036*0.25=259$	$(277-259)^2/259 = 1.251$
3	285	$1036*0.25=259$	$(285-259)^2/259 = 2.61$
Sum =	1036	1036	7.598

(1) Null and Alternative Hypotheses

The following null and alternative hypotheses need to be tested:



$H_0: p_1=0.5, p_2=0.25, p_3=0.25$

H_a : Some of the population proportions differ from the values stated in the null hypothesis.

This corresponds to a Chi-Square test for Goodness of Fit.

(2) Rejection Region

Based on the information provided, the significance level is $\alpha=0.01$, the number of degrees of freedom is $df=3-1=2$, so then the rejection region for this test is

$$R = \{\chi^2: \chi^2 > 9.21\}$$

$$R = \{\chi^2: \chi^2 > 9.21\}$$

$$R = \{\chi^2: \chi^2 > 9.21\}.$$

(3) Test Statistics

The Chi-Squared statistic is computed as follows:

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 3.737 + 1.251 + 2.61 = 7.598$$

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 3.737 + 1.251 + 2.61 = 7.598$$

(4) Decision about the null hypothesis

Since it is observed that $\chi^2=7.598 \leq \chi^2_{c2}=9.21$, $\chi^2 = 7.598 \leq \chi^2_{c2} = 9.21$, it is then concluded that *the null hypothesis is not rejected*.

(5) Conclusion

It is concluded that the null hypothesis H_0 is *not rejected*. Therefore, there is NOT enough evidence to claim that some of the population proportions differ from those stated in the null hypothesis, at the $\alpha=0.01$ significance level.

Sample comparison based on band

The intended sample was to achieve 45% SMEs, 45% QSEs and 10% LSEs. The samples differed significantly from the intended target.

Null and Alternative Hypotheses

The following null and alternative hypotheses need to be tested:



$$H_0: p_1=0.45, p_2=0.45, p_3=0.1$$

$$H_0: p_1 = 0.45, p_2 = 0.45, p_3 = 0.1$$

$$H_0: p_1=0.45, p_2=0.45, p_3=0.1$$

H_a : Some of the population proportions differ from the values stated in the null hypothesis.

This corresponds to a Chi-Square test for Goodness of Fit.

(2) Rejection Region

Based on the information provided, the significance level is $\alpha=0.05$, the number of degrees of freedom is $df=3-1=2$ so then the rejection region for this test is $R=\{\chi^2:\chi^2>5.991\}$.

(3) Test Statistics

The Chi-Squared statistic is computed as follows:

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 0.993 + 13.197 + 96.439 = 110.629$$

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i}$$

$$\{E_i\} = 0.993 + 13.197 + 96.439 = 110.629$$

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 0.993 + 13.197 + 96.439 = 110.629$$

(4) Decision about the null hypothesis

Since it is observed that $\chi^2=110.629 > \chi^2_{c}=5.991$, it is then concluded that the null hypothesis is rejected.

(5) Conclusion

It is concluded that the null hypothesis H_0 is rejected. Therefore, there is enough evidence to claim that some of the population proportions differ from those stated in the null hypothesis, at the $\alpha=0.05$ significance level.

Sample comparison based on Province

The sample per province differed significantly from the intended target.



The following table is obtained:

Categories	Observed	Expected	$(f_o - f_e)^2 / f_e$
Eastern Cape	88	$1058 * 0.1 = 105.8$	$(88 - 105.8)^2 / 105.8 = 2.995$
Free State	79	$1058 * 0.06 = 63.48$	$(79 - 63.48)^2 / 63.48 = 3.794$
Gauteng	227	$1058 * 0.2 = 211.6$	$(227 - 211.6)^2 / 211.6 = 1.121$
KwaZulu-Natal	159	$1058 * 0.15 = 158.7$	$(159 - 158.7)^2 / 158.7 = 0.001$
Limpopo	80	$1058 * 0.07 = 74.06$	$(80 - 74.06)^2 / 74.06 = 0.476$
Mpumalanga	107	$1058 * 0.1 = 105.8$	$(107 - 105.8)^2 / 105.8 = 0.014$
North West	83	$1058 * 0.05 = 52.9$	$(83 - 52.9)^2 / 52.9 = 17.127$
Northern Cape	49	$1058 * 0.07 = 74.06$	$(49 - 74.06)^2 / 74.06 = 8.48$
Western Cape	186	$1058 * 0.2 = 211.6$	$(186 - 211.6)^2 / 211.6 = 3.097$
Sum =	1058	1058	37.104

(1) Null and Alternative Hypotheses

The following null and alternative hypotheses need to be tested:

$H_0: p_1 = 0.1, p_2 = 0.06, p_3 = 0.2, p_4 = 0.15, p_5 = 0.07, p_6 = 0.1, p_7 = 0.05, p_8 = 0.07, p_9 = 0.2$
 $H_a: p_1 \neq 0.1, p_2 \neq 0.06, p_3 \neq 0.2, p_4 \neq 0.15, p_5 \neq 0.07, p_6 \neq 0.1, p_7 \neq 0.05, p_8 \neq 0.07, p_9 \neq 0.2$

H_a : Some of the population proportions differ from the values stated in the null hypothesis.

This corresponds to a Chi-Square test for Goodness of Fit.

(2) Rejection Region

Based on the information provided, the significance level is $\alpha = 0.05$, the number of degrees of freedom is $df = 9 - 1 = 8$, so then the rejection region for this test is $R = \{\chi^2 : \chi^2 > 15.507\}$.

(3) Test Statistics

The Chi-Squared statistic is computed as follows:

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 2.995 + 3.794 + 1.121 + 0.001 + 0.476 + 0.014 + 17.127 + 8.48 + 3.097 = 37.104$$

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 2.995 + 3.794 + 1.121 + 0.001 + 0.476 + 0.014 + 17.127 + 8.48 + 3.097 = 37.104$$

$$\chi^2 = \sum_{i=1}^n \frac{(O_i - E_i)^2}{E_i} = 2.995 + 3.794 + 1.121 + 0.001 + 0.476 + 0.014 + 17.127 + 8.48 + 3.097 = 37.104$$



(4) Decision about the null hypothesis

Since it is observed that $\chi^2=37.104 > \chi^2_{c2}=15.507$, it is then concluded that *the null hypothesis is rejected*.

(5) Conclusion

It is concluded that the null hypothesis H_0 is *rejected*. Therefore, there is enough evidence to claim that some of the population proportions differ from those stated in the null hypothesis, at the $\alpha=0.05$ significance level.



