

Executive Summary

Introduction

The THETA Sector Skills Plan (SSP) is a four-year strategic document, which describes the implementation framework for achieving the objectives and targets of the National Skills Development Strategy (NSDS) for the tourism and related sector.

THETA covers the following sub-sectors:

- Hospitality
- Tourism and Travel Services
- Gambling and Lotteries
- Conservation And Tourism
- Sport and Recreation

THETA has produced the SSP following research into the different sub-sectors and consultation across the sector. Data has been gathered from a variety of sources, which include; national statistics, publications, stakeholder workshops, workplace skills plans, annual training reports, local and international reports, the results of the National Skills Survey. In addition, THETA had commissioned the HSRC to perform a Sector Skills Survey.

The analysis of this wealth of information has allowed THETA to develop a thorough framework that will give direction to skills training and development over the next four years.

Sector Profile and Driver of Change

The tourism industry in South Africa has experienced significant growth levels since the 1994 elections. Currently, South Africa's share of the tourism world market stands at 0.4%, but it is predicted that this will increase within the next few years. The ability of tourism to contribute towards and promote economic growth in the country translates into the creation of jobs and eases the burden of post-apartheid transformation in terms of reducing the income/wealth gap because of tourism's ability to generate sustainable employment. The recent acceptance of South Africa's bid to host the 2010 soccer world cup greatly boosts this ability.

A number of trends have been identified within the sector. The most important of these relates to the Aids pandemic and its negative impact within the tourism sector and the economy as a whole, the

importance of developing SMME's within the tourism sector since SMME's account for a large proportion of this industry and are potential drivers in terms of growing the industry and the importance of transformation; specifically Black Economic Empowerment. On a global level, some of the important trends are as follows:

- ❖ Industry is increasingly organised at global levels
- ❖ The industry is experiencing more frequent, shorter length tours
- ❖ Consumers are more knowledgeable and savvy regarding products and country offerings
- ❖ Reservations are increasingly 'last minute'
- ❖ The internet is increasingly being used as a source for finding supplier
- ❖ Umbrella bodies assist in setting up government – business partnerships
- ❖ Umbrella bodies co-ordinate and integrate tourism education and training and assist in the monitoring of emerging market trend

Demand for Skills

Based on information gleaned from the focus groups and literature review, various training interventions were identified. The following interventions were viewed as key:

Interventions

- ❖ Four of the stakeholder groups felt that management and leadership development should be a core area of training within the industry.
- ❖ Retraining of target groups, such as unemployed graduates and teachers, was highlighted by all seven stakeholder groups as being vital to the industry. Other areas of training emphasised by three of the stakeholder groups focussed upon

1. Assessor/moderator training;
2. HIV/Aids training,
3. Adult Basic Education and Training (ABET),
4. Computer literacy/information technology training and
5. Financial management skills.

Supply of Skills

Trends in the labour market are reflective of general global trends community services, trade, manufacturing and business services account for the bulk of employment in the formal sector. The larger numbers of individuals employed in these industries is evidence of the growth of the services sector and related demand for skills. The mining; manufacturing and community social and personal services industries were the only three industries to reflect annual increases in employment. The other industries - namely the electricity, gas and water supply industry; the construction industry, the financial intermediation, insurance, real estate and business services industry, the wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants industry and the transport; communication and storage industry - all experienced declines in their levels of employment during 2003. This is suggestive of a trend towards shedding workers – mainly unskilled to semi-skilled workers – and recruiting larger numbers of skilled workers.

In terms of the supply of skills specific to the tourism industry, THETA, by August 2003, had registered 38 qualifications with SAQA across four of the five sub-sectors within the tourism industry. A further 13 qualifications are awaiting registration or in public comment, 7 new qualifications are in progress and 7 qualifications were developed but withdrawn by the SGB's (Appendix 1) THETA also achieved the following in light of set targets. With regards to more training in formal educational institutions, presently 2000 schools offer Travel and Tourism as a subject for grades 10 to 12. The South African Tourism Institute (SATI) has been largely responsible for training these educators. Training is also available in private colleges (e.g. hotel or chef schools) and from enterprises that provide their own training programmes.

Skills Development Priorities

In determining the skills development priorities THETA employed the economic principle of resource allocation. This dictates that an optimal balance across different skills development objectives be established, in a way that yields greatest training returns for every unit of input provided by THETA.

The key training objectives are:

- Maintenance of Skills Base
- Eliminate Skills Shortages
- Fill Skills Gaps
- Keep up with Trends
- Innovation
- Transformation

In addition, the economic principle also dictates that programmes and activities, which are not contributing to benefit enterprises, nor help trainees find jobs, must be avoided. Specifically, low skills level learnerships fall into this category where the sum costs far outweigh the benefits, both direct and indirect.

By bringing together the sector profile information with skills demand and supply information, skills development priorities have been identified. Amongst the identified priority areas are; upgrading management skills, filling management shortages, upgrading communication skills through specific ABET related interventions, and safeguarding the existing skills base by providing HIV/Aids awareness training, black management training, IT training, training in conservation and cultural tourism as well as training for SMME's.

In order to help the industry keep up with international trends and the sophisticated nature of the customer, IT related training has to be prioritised by the sector. Training targeted at the meetings, incentives, conventions and exhibitions (MICE) segment is a further training area required if the local sector is to keep up with trends, and establishes itself as a leading destination. High economic returns are found especially in sector niches where South Africa provides a unique product. Accordingly training to support eco-tourism and cultural tourism may turn out to be high-value added.

Furthermore, the difficult area of transformation needs to be tackled head on. This implies both employment equity related training and SMME development training. A priority for employment equity is the training of black management staff. SMME development in the sector requires integrated training interventions, which enable SMMEs to tap into a sophisticated market. The increased use of IT technology is both a challenge and an opportunity in the sector.

Strategic Plan

The last chapter of the SSSP develops a strategic plan that will enable the sector to meet the ideals and targets of the NSDS.

THETA is hampered by a relatively low level of funding. Accordingly resources need to be strategically applied. Three principles are employed in order to overcome this obstacle;

- Systems strengthening
- Stretch and leverage
- Strategy as knowledge creation

through role modelling best practices.

- Disability employment brokering
- HIV/Aids training
- Co-operative training

Chapter 1: Sector Profile and Drivers of Change

Tourism has been recognised as offering tremendous potential as a catalyst for economic and social development across the country. Since the first democratic elections in 1994, South Africa has changed substantially, experiencing growth on several fronts. Tourism was one area that gained prominence in the country's efforts for accelerated growth and development, with South Africa becoming one of the world's leading new tourism destinations. South Africa has prioritised the tourism sector, recognising its importance as an economic engine in the country whilst acknowledging the broader framework of an expanding global tourism economy. Tourism is considered to present the best opportunities for development of small and medium businesses and creating quality employment, thus resulting in reasonable wealth creation through the multiplier effect.

Industrial and occupational coverage

THETA subdivides its activities in terms of the following sub-sectors:

- Hospitality,
- Travel and Tourism,
- Gambling and Lotteries,
- Conservation
- Leisure, sport and Recreation.

Hospitality. Hospitality is the largest of the sub-sectors. International estimates suggest that 70% of tourism spending is in hospitality. The hospitality sub-sector represents accommodation services; food preparation; catering; food and beverage services and fast foods. Accordingly, it is in this field that the largest number of people within the sector is employed. Grant Thornton (2000) suggests that hospitality accounts for approximately 85% of employers within the tourism industry as a whole. There is a tendency for many outlets to be franchised (restaurants and hotels for instance) and consequently, many of these franchises and outlets operate as SMME's. The challenge in this is that many of the occupational categories in the sub-sector are considered to be low paying; low-skilled jobs, so levy collection is limited.

Tourism and Travel Services. This sub-sector is made up of retail and general travel operations, inbound tourism services, destination management, airlines and car rental. Tourism and travel services have been identified as having the potential to create significant economic growth and in the process, lead to employment opportunities through sector expansion and increased foreign exchange earnings. South Africa has developed marketing initiatives aimed at promoting the country as a destination of choice. Working alongside various partners – such as South Africa Tourism, Department of Environmental Affairs

and Tourism, The Tourism Grading Council of South Africa, SANparks and others – the tourism industry is making huge strides in recapturing its share of the global tourism market.

Gambling and Lotteries. The sub-sector represents all gambling and includes casinos, bookmakers, lotteries and betting on horse races. This sub-sector is highly regulated and often demanding and within this context, there is a wide range of professional disciplines often falling within the realm of more than one (Standards Generating Body) SGB. The sub-sector continues to work closely with casino operators, the National Gambling Board and provincial gambling authorities to explore and develop qualifications.

Conservation and Guiding. The conservation and guiding sub-sector represents all forms of tourist guiding, wildlife conservation, trekking and safari operators, museums, cultural and natural heritage sites and botanical gardens. In conservation, the overall responsibility for the management of tourism and the environment rests with the Department of Environmental Affairs and Tourism. However, due to the nature of this sub-sector (approximately 80% of the employers employ 11 people or less), it is difficult to track training needs, training programs and provide an accurate number of staff. - information on training in the private sector is not readily available. Furthermore, 15-20% of these organisations fall outside the levy system.

Sport, recreation and fitness In addition to sport recreation and fitness, included in this sub-sector are also the following; event management, indoor and outdoor sports, sporting events and activities, hunting, recreational fairs and shows. The industry is a catalyst for other sectors such as multimedia, equipment, clothing, footwear, arena and facility constructions, finance/legal/insurance services and gambling. Thus, sport is recognised as contributing to economic growth both directly and indirectly. Various employment opportunities exist in sport – for professional sportspersons as well as support and administration personnel.

The diversity of organisations and industries covered by THETA severely challenge attempts to enumerate the size of the sector in terms of organisations, employees, job classifications and skills. At present only a small proportion of the organisations in this sector have submitted skills audits to THETA yielding very incomplete data. The most up-to-date measure of the sector is based on primary research conducted in 2000 by Grant Thornton (tables 1 and 2), which suggest that the tourism industry in South Africa comprises approximately 42 000 or more enterprises. The different types of enterprises are listed by sub-sector, and SIC code, with estimates of the number of employers and employees in the remaining two columns.

Table 1: Estimated employee numbers, 2000 by Standard Industrial Classification

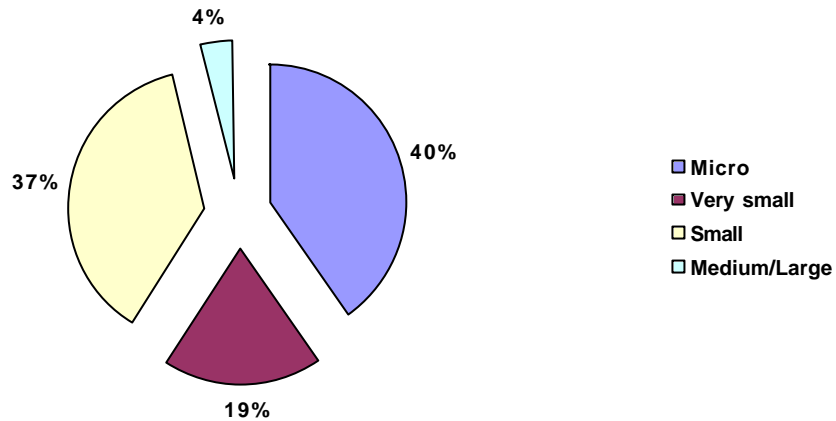
| Group | SIC Code | Standard Category | Estimated no. of employers | Estimated no. employed |
|------------------------------------|---------------------|---|----------------------------|------------------------|
| HOSPITALITY | | | | |
| | 64101, 64104 | Hotels, motels, boatels and inns registered with Satour, not registered with Satour | 1,500 | 73,500 |
| | 64102 | Caravan parks and camping sites | 450 | 3,300 |
| | 64103 | Guesthouses and guest farms | 3,600 | 24,500 |
| | 64105 | Bed and breakfast | 4,500 | 21,500 |
| | 96195 | Operation and management of convention centres | 150 | 2,500 |
| | 84111 | Timesharing (including resorts and parks, self-catering apartments/cottages, Game lodges | 2,300 | 51,000 |
| | 64201, 64202 | Restaurant or tearoom with liquor license, without liquor license | 800 | 14,500 |
| | 64203; 64205; 64206 | Take-away counters, take-away restaurants, fast-food establishments | 8,500 | 168,000 |
| | 64204 | Caterers (including private clinics) | 8,000 | 53,000 |
| | 64209 | Other catering services incl. pubs, taverns, night-clubs | 550 | 21,000 |
| | | | 5,500 | 45,000 |
| | | TOTAL | 35,830 | 476,700 |
| GAMBLING AND LOTTERIES | | | | |
| | 96494 | Gambling, licensed casinos and the national lottery (incl. Bookmakers, totalisators, casinos, bingo operators | 850 | 20,500 |
| | | TOTAL | 850 | 20,500 |
| TRAVEL AND TOURISM SERVICES | | | | |
| Group | SIC Code | Standard Category | Estimated no. of employees | Estimated no. employed |
| | 71222, 85110 | Safaris and sightseeing bus tours, renting of land transport equipment (incl. Inbound tour operators, outbound tour operators | 550 | 7,200 |
| | 73002 | Inbound International flights | 50 | 2,500 |
| | 74140 | Travel agency and related activities | 1,300 | 17,000 |
| | 8899A | Event and Conference management | 250 | 3,000 |
| | | Tourism marketing, tourism authorities, tourism associations and tourism information centres | 700 | 10,000 |
| | | TOTAL | 2,870 | 38,600 |

| SPORT AND RECREATION | | | | |
|---------------------------------|--------------|--|--------------|---------------|
| | 96000 | Recreational, cultural and sporting activities | 370 | 2,200 |
| | 96410 | Sporting activities | 140 | 3,800 |
| | 96411, 96412 | Operation of sporting facilities and clubs, sport and game schools | 720 | 18,000 |
| | 96413 | Promotion of sporting events and activities | 60 | 400 |
| | 96415 | Operation of horse racing events and clubs | 15 | 100 |
| | 96416 | Operation and management of recreation parks and beaches, fairs and shows and recreational transport activities | 250 | 9,900 |
| | | TOTAL | 1,560 | 34,400 |
| CONSERVATION AND LEISURE | | | | |
| | 96320 | Museum activities and preservation of historical sites and buildings | | |
| | 96322 | Provision and operation of monuments and historical sites | | |
| | 96333, 11520 | Game parks (incl. Wildlife parks, zoological or animal parks and botanical gardens), hunting and trapping including related services | 880 | 30,000 |
| | 96334 | Activities of conservation bodies | 20 | 300 |
| | | TOTAL | 900 | 30,300 |

Source: THETA Skills Plan 2000. Note: Figures have been rounded and therefore columns may not add up

Much of the tourism industry is made up of small and medium enterprises. However, due to the fragmented nature of the tourism industry, a more accurate overview of the sector profile remains to be assessed.

% of enterprises by size for sector (Source: Grant Thornton 2000)



Occupational Coverage

The tourism sector provides employment to a large range of employees with different skills and qualifications. However, predominant are the two opposite ends of the employee spectrum: senior officials and management on the one side and Labourers and related workers on the other side. This is not surprising: a large number of small enterprises implies that there are many managers and owners each responsible for a small number of co-workers. On the other hand, many of the jobs especially in the hospitality sector are serviced jobs, thereby accounting for the high proportion of labour and related workers.

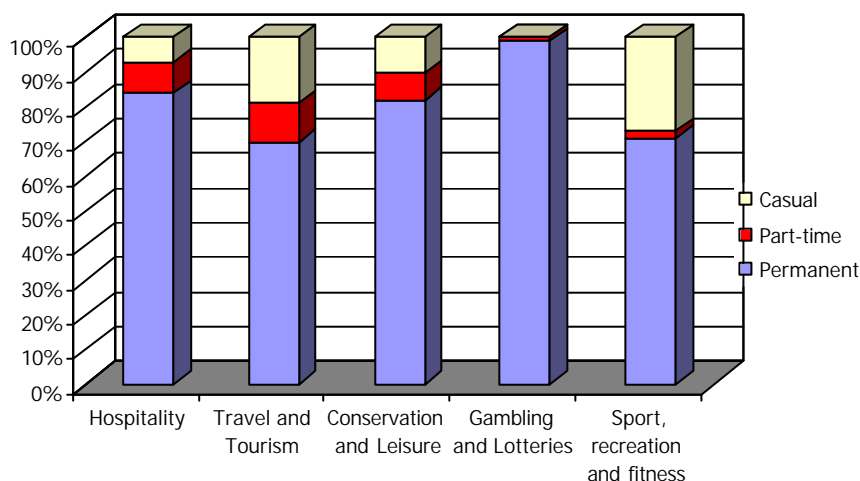
Table 2: Estimated employee numbers, 2000 by Standard Occupational Classification

(See Appendix for detailed version)

| Standard Occupational Category | % of Total employees | Estimated no. employed 2000 |
|---|----------------------|-----------------------------|
| Senior Officials and Managers | 18.7 | 111,900 |
| Professionals | 2.7 | 16,240 |
| Technicians and Associate Professionals | 17.6 | 106,200 |
| Clerks | 7.1 | 42,700 |
| Service Workers and Shop and Market Sales Workers | 10.6 | 63,700 |
| Craft and Related Trade Workers | 3.6 | 21,600 |
| Labourers and Related Workers | 39.5 | 237,870 |
| TOTAL | 100 | 600,000 |

It is expected that these estimates severely undercount the sector, especially given the boom in tourism following 2001 terrorist attacks, which re-orientated safety perceptions of destinations and the success of the 2002 Johannesburg World Summit. In the absence of more recent data the 2000 data will be presented. There has been a notable increase in bed and breakfast establishments and game reserves or lodges. At the time of the study there was consensus in the catering sector that there was a decline in the number of skilled chefs and cooks.

The equity profile for this sector is similar to that of other sectors in the economy. Historically disadvantaged persons dominate low skilled occupations whilst there is a concentration of white males in senior positions. Almost one third of employees in Tourism are part-time. The seasonal nature of the industry lends itself to a substantial part-time contingent, employed during peak periods. Employers would be reluctant to train these employees given that they are temporary and perform low-skilled or unskilled work.



Tourism employment is regional and concentrated in urban areas or around major tourist attractions. The Western Cape has enjoyed much of the growth that occurred subsequent to transformation. These aspects of tourism limit its potential to provide even economic growth especially in the rural areas where unemployment is most severe. When looking at the breakdown of Standard Occupational Codes, it is clear that the bulk of the employees fall within the unskilled to semi-skilled categories (approximately 61%) whilst the relatively highly skilled proportion of the tourism industry (such as senior officials and managers; professionals and technical and associate professionals) comprise the remainder of the skills within the industry.

The distribution of employment by race according to occupational level and income, and the distribution of employment by level of education and/or training - within the tourism industry - seems to conform to trends within the labour market as a whole (Chapter 3: Supply of skills). The gender distribution is also

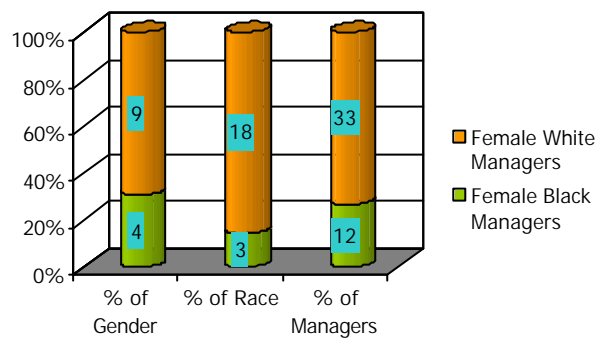
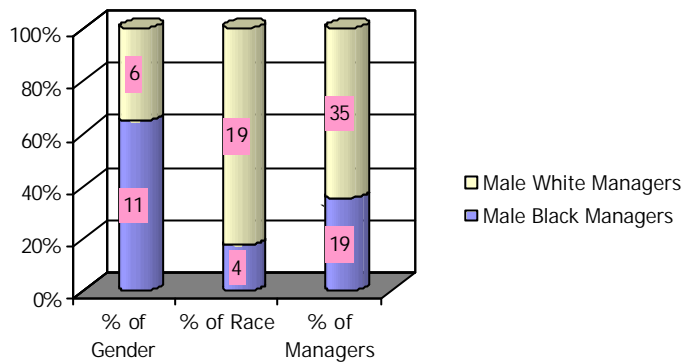
skewed, with males significantly outnumbering females in the Sport and Recreation and Conservation and Leisure sub-sectors. There seems to be an even spread of male and female workers within the other sub-sectors of the tourism industry.

Table 3: Percentage Employment by Gender and Race

| | Hospitality | Travel and Tourism | Conservation and Leisure | Gambling and Lotteries | Sport and Recreation |
|--|-------------|--------------------|--------------------------|------------------------|----------------------|
| Male | 47% | 46% | 68% | 48% | 77% |
| Female | 53% | 54% | 32% | 52% | 23% |
| White | 28% | 54% | 36% | 20% | 49% |
| Black | 72% | 46% | 64% | 80% | 41% |
| Source: THETA Skills Plan 2000. | | | | | |

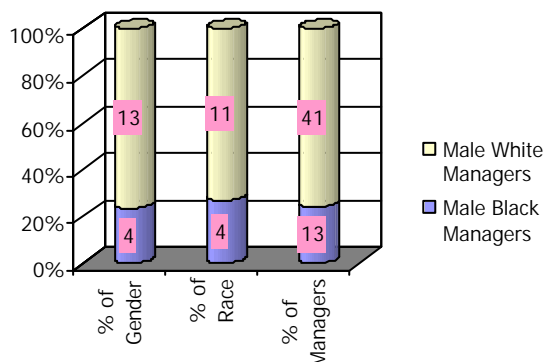
The majority of black employees are represented within the Gambling and Lotteries and Hospitality sub-sectors whilst white employees are mainly represented in the Travel and Tourism and Sport and Recreation sub-sectors. It is evident, based on the aforementioned brief description of each sub-sector, that black employees are over-represented in sub-sectors requiring low levels of skills and paying low levels of income. Conversely, white employees are over-represented in occupations demanding greater levels of skills and consequently, earn better salaries.

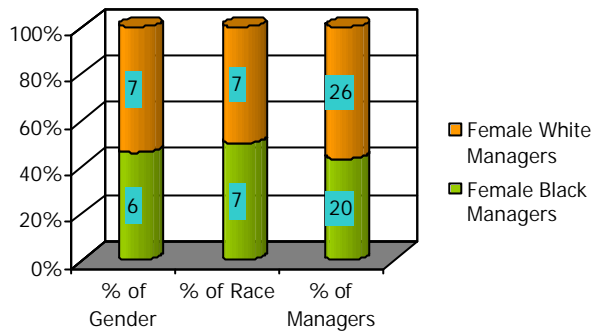
Hospitality: Management by gender and race



It is estimated that the proportion of managerial/supervisory positions relative to operative positions is not particularly high by international standards, with an average of 1:6 ratio. Nonetheless, the hospitality sub-sector is considered to be overstaffed and lacking in skills in both the supervisory and operative levels. There are slightly more male managers than female managers. Three quarters of managers are white, highlighting the need for transformation and the empowerment of previously disadvantaged individuals (PDI's) within the hospitality sub-sector.

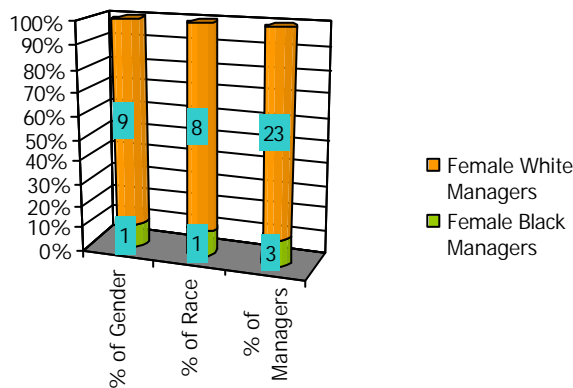
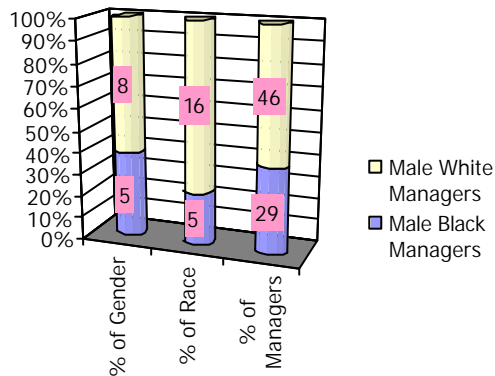
Travel and Tourism: Management by gender and race





Similarly to the Hospitality sub-sector, Travel and Tourism has approximately six operative positions to one managerial/supervisory position. There are slightly more male managers relative to female managers and white managers also significantly outnumber black managers within this sub-sector, particularly male white managers relative to male black managers. The managerial distribution for women is more evenly distributed across the different racial groups.

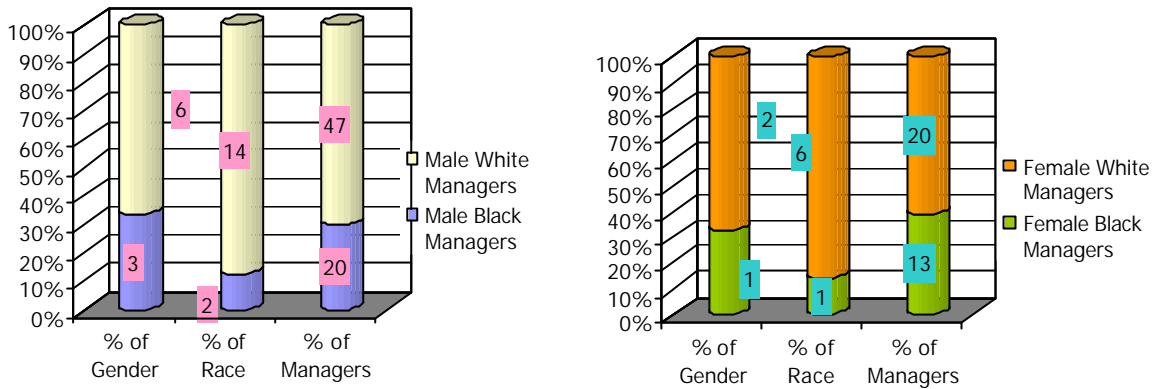
Conservation and Leisure: Management by gender and race



There is a predominance of males within the Conservation and Leisure sub-sector (see table 3). Aside from the skewness in terms of gender, white managers are outnumbering black managers significantly.

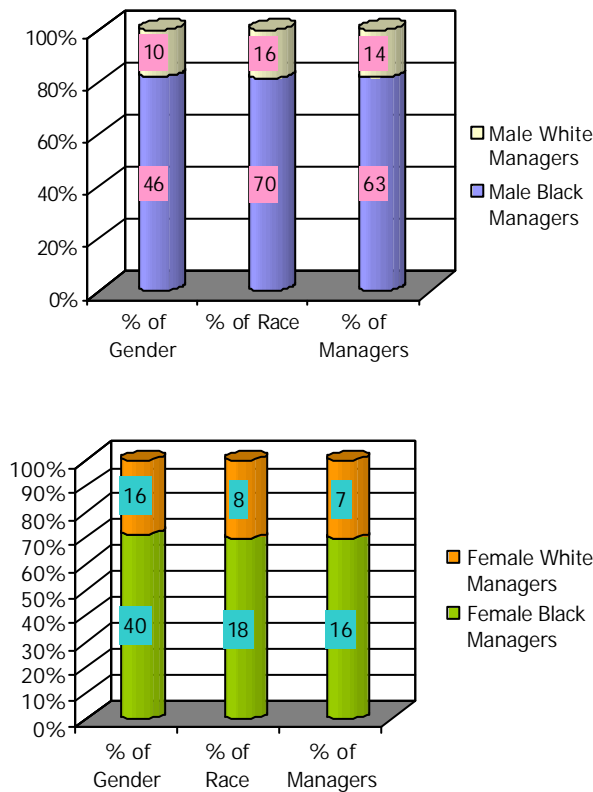
Female managers as a whole, account for only a quarter of the sub-sectors management, with black females only totalling 3%.

Gambling and Lotteries: Management by gender and race



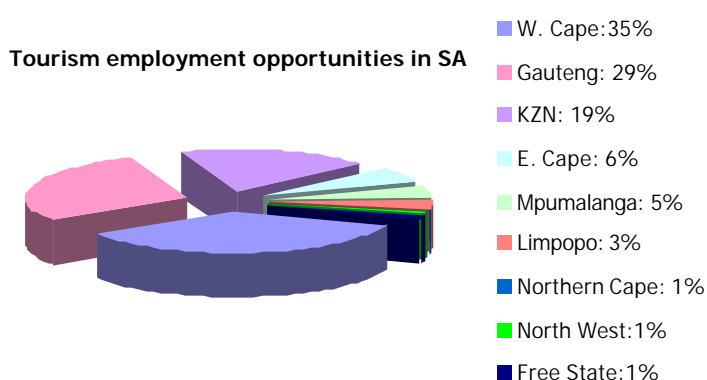
Approximately 6% of all employees are in managerial/supervisory positions. However, the representation of white to black managers is skewed – white managers constitute the bulk of all managers within the industry.

Sport, Recreation and Fitness: Management by gender and race



More than three-quarters of the managers in this sub-sector are males. In contrast to the other sub-sectors however, male and female black managers make up the bulk of management positions within the sub-sector.

There are no accurate statistics with regards to the geographical distribution of tourism enterprises in South Africa. Grant Thornton did however; conduct research in 2000 that provides an estimate of the likely distribution of tourism employment across each of the nine provinces. The breakdown of likely tourism employment per province is as follows:



Table/Graph: Number Permanent Wage Employees as at 1 April 2004

Table/Graph: Number Temporary Employees

Table/Graph: Number Casual Workers

Table/Graph: Number Unpaid Helpers

Table/Graph: Age, Gender, Race for managers, craft or skilled workers, admin/secretaria I, technical staff, unskilled workers, others.

Drivers of change

Tourism Growth

According to the World Travel and Tourism Council (WTTC), South Africa's travel and tourism industry is expected to generate approximately \$19.5 billion worth of economic activity in 2004. The direct industry impact of tourism accounts for \$5.4 of Gross Domestic Product (GDP) corresponding to an estimated 539,017 jobs representing 3% of total employment. When factoring-in the multiplier-effects of the

tourism industry, it becomes apparent that the impact of tourism on the economy as a whole affects – directly and indirectly - an estimated 1, 208, 720 jobs and generates revenue to the value of \$13.5 (or 7.4% of GDP). Capital investment in tourism during 2004 is projected to be 13.3% of total investment and travel and tourism exports will account for 14% of total exports (Travel and Tourism Economic Research, 2004).

Over the next ten years, Travel and Tourism in South Africa is projected to experience real growth of 5.9% per annum in total Travel and Tourism demand (Travel and Tourism Economic Research, 2004). Consequently, the industry will experience an increase in the number of jobs, reaching an approximate estimate of 751, 762 jobs directly and 1, 705, 500 jobs in the Travel and Tourism economy overall. Thus, 8.2% of total employment will be in the travel and tourism industry. Capital investment in tourism will increase to 14.2% of total investments. Similarly, tourism exports will increase to eventually represent 14.4% of total exports.

Table 4: South Africa at a Glance

| South Africa at a Glance: 2004 Travel and Tourism | |
|--|--------|
| Demand (\$ US millions) | 19,522 |
| Demand (% of Real Growth) | 5.6% |
| Demand Market Share (% of Total World Demand) | 0.4% |
| Industry GDP (% of Total GDP) | 3% |
| Economy GDP (% of Total GDP) | 7.4% |
| Industry Jobs ('000) | 539 |
| Industry Jobs (% of Total Employment) | 3% |
| Economy Jobs ('000) | 1,209 |
| Economy Jobs (% of Total Employment) | 6.8% |
| Capital Investment (% of Total Investment) | 13.3% |
| Capital Investment (% of Real Growth) | 4.8% |
| Government Expenditure (% of Total Expenditure) | 0.6% |
| Personal Travel and Tourism (% of Total Consumption) | 6.3% |
| Visitor Exports (% of Real Growth) | 5.1% |
| Visitor Exports (% of Total Exports) | 11.1% |
| Source: The 2004 Travel and Tourism Economic Research | |

Whilst the promotion of fair trade in the South African tourism industry is growing, South Africa is still prevented from fulfilling its potential to create jobs in the tourism sector, as a result of the following:

- ❖ Unemployment
- ❖ Poverty
- ❖ Inadequately trained workers and inadequately funded tourism promotion efforts
- ❖ Crime and violence
- ❖ Governmental corruption

- ❖ Negative perceptions of apartheid and racism and that the country is underdeveloped
- ❖ Infrastructure difficulties and lack of government funding
- ❖ Seasonality

Seasonality is a concern because:

- ❖ During peak season, airlift capacity is limited and this leads to high ticket prices, which are a source of discouragement to tourists wanting to visit the country.
- ❖ Investment in the tourist industry is less attractive due to the risks created by seasonality. The returns on investment fluctuate depending on the season and variations in demand increase exposure to risk as a negative effect is amplified if it occurs during peak season.
- ❖ Sustainable job creation is hampered. Seasonal labour demand results in wages that are inflated during peak season. This results in a movement of workers away from sustainable jobs in other sectors to these high-paying jobs in an attempt to capture the wage increase. In effect, the fact that wages are driven up disturbs the labour market and can lead to job destruction.
- ❖ SMME's have difficulty dealing with fluctuating cash flows (Annual Tourism Report, 2002).

In addition black economic empowerment (BEE) and the development of small and medium enterprises (SMME's) is impeded by unequal access to markets and market knowledge, business finance and other resources (www.fairtourismza.org.za). National efforts to build, diversify and transform the tourism industry are underway. These efforts include, but are not restricted to, the establishment of fair wages and working conditions, fair distribution of benefits, ethical business practice and respect for human rights, culture and the environment. The following tables highlight that, despite the difficulties highlighted above, the tourism industry has still managed to show increases in the number of yearly visitors to the country:

Table 5: Overseas visitor arrivals to South Africa

| Year | Annual Arrivals | Change from previous year |
|------|-----------------|---------------------------|
| 1987 | 339,307 | 14.2% |
| 1988 | 388,102 | 14.4% |
| 1989 | 472,076 | 21.6% |
| 1990 | 498,712 | 5.6% |
| 1991 | 521,257 | 4.5% |
| 1992 | 559,913 | 7.4% |
| 1993 | 618,508 | 10.5% |
| 1994 | 704,630 | 13.9% |
| 1995 | 1,071,839 | 52.0% |
| 1996 | 1,172,394 | 9.5% |
| 1997 | 1,400,000 | 19.4% |

Source: Central Statistical Services (CSS) in Ahmed, Heller and Hughes, 1998

The average annual growth rate for international tourists dropped to 0.4% from 1998 to 2001 when there were 5.7 million tourist arrivals. In 2002, there was an 11% increase in numbers of international tourist arrivals, with 6.4 million tourists arriving in South Africa. The surge in numbers of international tourists arriving in South Africa was the after-effect of the war in Iraq, terrorism and SARS. - South Africa became a relatively safe destination. Of these, just over 1.8 million arrivals were regional African tourists (Preliminary assessment of the tourism sector, 2003). The figures for 2003 and 2004 are as follows:

Table 6: Total number of travellers visiting SA in Jan 2003/2004

| | Jan-03 | Jan-04 |
|--|---------|---------|
| Overseas Travellers | 170,216 | 168,897 |
| Travellers from Mainland Africa | 395,422 | 384,970 |
| Source: Statistics South Africa, 2004 | | |

The Labour Market in contemporary South Africa: Regulatory and policy issues

Regulatory Issues

Transformation has come in the form of two bold pieces of legislation, specifically geared towards addressing the issues of equity and skills shortages in the South African labour market. They are namely the Employment Equity Act (EEA), and the Skills Development Act (SDA). The aim of the EEA is to eliminate discrimination and establish specific measures to accelerate the advancement of designated groups (previously disadvantaged groups), through affirmative action. This Act prohibits the discrimination by an employer on the basis of race, gender, age, and sexual orientation among others. The EEA is also complemented by the Public Service Laws Amendment Act of 1997, which aims to achieve equality in public sector appointment and to be broadly representative of the South African population with regard to race, gender and equality (Moleke, 2003-2004).

- ❖ The aim of the SDA is the development of workforce skills, with particular emphasis on the previously disadvantaged. Ultimately the SDA aims to increase levels of investment in education and training in the labour market, improve employment prospects of the previously disadvantaged and to assist work-seekers in finding work, unlike the systems in place during the apartheid regime. These two acts in particular provide the legal framework with which to support the National Skills Development Strategy (NSDS).

Ultimately the NSDS is a comprehensive strategy that aims to bring a much broader view to skills development. It is guided by the ultimate outcomes of creating an economy with skills, which will enable

it to compete more successfully in the global economy, attract investment, enable individuals and communities to grow, to eradicate poverty, and to build a more inclusive and equal society (Moleke, 2003-2004). The key development in this transformation process is the role given to the Department of Labour, which is expected to be proactive in steering skills development and in ensuring delivery in training. However, analysis of key indicators and current available research has highlighted the need to actively implement transformation within the South African economy as a whole as well as within the tourism sector. Legislation and the effective implementation thereof, will be particularly important in ensuring that greater company compliance of the NSDS, the EEA and the SDA occurs.

Related to the tourism industry specifically, is the development of a tourism charter. In particular, the charter aims to increase black shareholding among hotel groups and tour operators, representation on the boards of parastatal authorities and participation in the industry at operational level. With the collaboration of SAT, DEAT and TBCSA (South African Tourism, Department of Environmental Affairs and Tourism and the Tourism Business Council of South Africa), the charter aims to redress the disparities created by apartheid. One of its core drivers is that transformation must traverse all spheres of the tourism chain.

Policy Issue - has the economy created jobs since Gear?

GEAR is the macroeconomic strategy adopted by the Department of Finance in June 1996 as a five-year plan intended to strengthen economic development, increase employment and redistribute income and socio-economic opportunities in favour of the poor (Knight, 2001). However many hold the view that the strict monetary and fiscal targets of GEAR are in conflict with the goal of creating jobs and a more equitable distribution of wealth. In fact, it is acknowledged that GEAR failed in terms of meeting these stated goals.

However, contrary to conventional wisdom, according to Borat (2002), the economy did create jobs between 1995 and 1999 but these were insufficient to accommodate new entrants to the labour market. Thus, whilst there was not jobless growth, the study ascertained that various groups of workers benefited more than others from this growth. Specifically, skilled and semi-skilled workers benefited at the expense of unskilled workers. In addition, the largest increase in employment occurred in the financial and business services sector, where employment grew by 61% over the five-year period. This trend is expected to continue in the medium to long run in South Africa.

Like many countries in the industrial world, South Africa has witnessed an increasing trend toward service sector employment while employment in the primary and manufacturing sector has declined. Part of the decline of manufacturing and the rise in tertiary sector employment has occurred because services are

increasingly being outsourced, hence the boundaries between the manufacturing and tertiary industries are being re-shaped (Stryker and Rajaratnam, accessed at www.eager.co.za, 6/04/04). The manufacturing sector, despite evident employment decline, can play an important role in expanding employment opportunities in the tertiary sector through inter-industry demand for service inputs and income-induced demand for various types of services.

In expanding its capacity to create jobs (thus fulfilling a stated GEAR goal), South Africa has a number of opportunities in tourism. Linked to tourism is the entertainment industry, which also shows potential for growth. South Africa can take advantage of the revolution in technology and communications and transportation to further expand the multitudes of services that can be traded internationally (Stryker and Rajaratnam, accessed at www.eager.co.za, 6/04/04). According to the World Travel and Tourism council, an average of 27000 jobs will be created per annum in the tourism industry between 1999 and 2010. Barring various leakage effects, the multiplier effects of this growth are substantial, as there is a growth spillover in other industries such as construction and manufacturing for example, in an attempt to deal with increases in demand (Pillay, 2003).

Partners in Tourism

A variety of organisations, governmental bodies and other institutions have committed themselves towards being actively involved in and supportive of tourism in South Africa. Alongside the Tourism Business Council of South Africa, which currently has in excess of 85 member organisations, other partners include SAT (South Africa Tourism); DEAT (Department of Environmental Affairs and Tourism); the Tourism Grading Council of South Africa (TGCSA); THETA; Sanparks; National Lotteries Distributing Agency- Arts Culture and National Heritage, NdoT (Aviation Policy Review Steering Committee) and RETOSA (Regional Tourism Organisation of South Africa).

The TBCSA, established in February 1996, is the umbrella body representing all private sector aspects of tourism. DEAT leads and directs tourism policy formulation and implementation in partnership with other role players. DEAT has also assisted in the development of a tourism safety and security communications strategy and has participated in the aviation policy review process that was driven by the Department of Transport. TGCSA facilitates the development and accreditation/grading of establishments, Sanparks focuses on environmental conservation of dedicated areas as well as tourism development and community empowerment. RETOSA deals with legislation, training and marketing issues as well as product and community development.

Development of Small and Medium Enterprises (SMME's) in South Africa

The World Travel and Tourism Council (WTTC) emphasises that governments have within their power, the ability to unlock the tourism industry's potential to create jobs and generate prosperity (Blueprint for New Tourism, 2003). Essentially, new tourism depends on government recognition of travel and tourism's multiplier effects for all sectors of the economy and population. The most effective policy responses are those that focus on core government tasks such as co-ordinating infrastructure, development and fostering of competitiveness and a decline in short-term protectionism and micro-intervention in market mechanisms. Private sector growth can be employed as a driver of sustainable development. Possible areas of impact are focussed upon:

- ❖ Market expansion whilst protecting natural resources and heritage.
- ❖ Bridging the gap between previously disadvantaged individuals and their white counterparts through the effective use of the Skills Development Act and the Employment Equity Act.
- ❖ Deciding upon and implementing quality standards at all levels and in all areas, including staff training.
- ❖ Transferring industry skills and best practise.
- ❖ More precise measurement of the sector's own activity to feed into strategic business decisions.
- ❖ Communicating more effectively with the world in which it operates (Blueprint for New Tourism, 2003).

The key emphasis behind putting a coherent partnership between the private sector and public authorities, is to ensure that whilst commercially successful products will continue to be produced and sold, it will be performed in a manner that benefits everyone - the intention is to generate benefits for the people who travel, but also for the people in the communities tourists visit and for the natural, social and cultural environments being experienced (Blueprint for New Tourism, 2003). In this regard, SMME's operating in the tourism sector are expected to make a substantial contribution to poverty alleviation and to black economic empowerment (BEE) (Preliminary assessment of the tourism industry, 2003). There are many opportunities for SMME involvement in the tourism sector.

New Developments

The Department of Trade and Industry has developed a strategic focus incorporating a number of programmes that will indirectly and directly affect the tourism sector. These include, but are not limited to:

- ❖ The SMME programme, which aims to ensure that the contribution of small and medium enterprises to the economy will be maximised. The programme will increase the rate of new small enterprise development, reduce failure rates and raise productivity of SMME's.
- ❖ Industrial and rural development programmes such as integrated development plans and spatial development initiatives and industrial development zones.
- ❖ Human Resource Development (HRD) aimed at guiding human capital investments by identifying the skills needed in the economy and facilitating the implementation of targeted interventions to address the identified needs.
- ❖ Technological programmes aimed at fostering and commercialising technology innovation to enhance industrial and global competitiveness of South African industries.
- ❖ Infrastructure and logistics programmes that will create an enabling policy environment and drive key strategic initiatives for a world-class, technology-enabled and socially responsible logistics and supply chain management cluster.
- ❖ Competitive Market Access aims to unlock and expand market access for all South African exports.

Another new development impacting on the tourism sector is the revisiting of the Sport and Recreation South Africa's (SRSA) order of priorities. Essentially, these changes aim to speed up delivery of services; to give effect to stated government policy of a better life for all and to get the nation to play. Sport and recreation facilities in disadvantaged areas will be upgraded and sports will be made accessible to the majority of the country's citizens. Ultimately, it is hoped that sports' profile will be raised and that there will be maximisation of the probability of success in major events, such as the 2010 bid, and that South Africa will be represented as a rightful contender in the global sporting community. The implications of this for the tourism industry are vast, not only increasing the amount of domestic tourists but also bringing in increased foreign and mainland Africa travellers. The multiplier effect of this is expected to give a much-needed boost to the economy.

Social Issues

HIV/Aids and the South African Labour Market

HIV/Aids affects business, both large and small, because of:

- ❖ Reduced productivity due to increasing loss of experienced staff;
- ❖ Growing costs of employee welfare packages, including medical services and pension funds; and
- ❖ Loss of morale in the workforce when companies are unable to respond to the challenge of HIV/AIDS in their workplace.

There is a possibility that the hospitality industry is hard hit since the sector is labour intensive. Characterised by labour mobility, seasonality, casual labour, both rural and urban locations, staff quarters in certain areas, high levels of unskilled and semi-skilled labour, and sub-sectors that include significant elements of transportation, it is an industry that is likely to be seriously impacted on by HIV/Aids possibly to a great extent (Department of Health and HIV/Aids Hospitality Working Group, May 2003).

National government and the private sector have identified and prioritised the tourism industry as an important economic sector with good growth and employment creation potential for South Africa. A number of government and private sector initiatives, both in partnership and independently, are aimed at stimulating the growth, impact and benefits of the tourism industry for all South Africans, especially previously disadvantaged individuals (PDIs) and those residing in economically depressed areas. The report stresses the project's rationale as a result of the growing importance of tourism and hospitality sectors in South Africa since the onset of democratisation process in 1994, which is likely going to be negatively impacted on by the HIV/Aids epidemic.

Given the importance and potential of tourism it is therefore vital to gain a better understanding of how HIV/Aids is affecting the sector, the scale and the costs of the impact, how the tourism/hospitality industry is responding to the epidemic and what the future scenarios are in terms of the likely effect (Department of Health and HIV/Aids Hospitality Working Group, May 2003). Up to 2003, there was very little knowledge of the extent and impact of HIV/Aids in the hospitality and tourism sector. Although there is some activity in certain arenas, commentators in the industry suggested that employers are largely ignorant and inactive when it came to any aspect of understanding and managing the effect of HIV/Aids in their sector.

Prevention efforts have shown to work when information, skills training for protected sex and services have been made available. Countries that have vigorously implemented such a package have succeeded to stabilise or even reduce infection rates (UNAIDS – International Hotel and Restaurant Association). Through proactive HIV policies and prevention education programmes, employers will be able to protect their workforces, and this in turn will protect their businesses. Furthermore, they will be making important contributions to national and international efforts to slow down, and eventually contain, the HIV epidemic.

High levels of infection in the working population may result in a need for the replacement of formerly productive workers. However, the epidemic could also become a disincentive to training provision, resulting in inefficiency in this regard. These challenges have to be tackled both within and outside the labour market (Moleke, 2003-2004). High unemployment rates, the marginalisation of Africans and women, as well as the growing HIV/Aids pandemic need to be tackled through active labour market

policies. The government must take the lead in this regard as such policies will not and cannot be provided by private enterprises.

Global trends in tourism

According to research undertaken by the World Tourism Organisation (WTO) in 'Tourism 2020 Vision', 2000, Europe will remain the world's largest tourist region by a considerable margin even though it is slowly losing market share. It has been estimated that Europe's growth rate will stand at 3% during the period from 1995 to 2020 whilst other regions such as the Middle East, East Asia, and the Pacific or South Asia are expected to grow by 7.1%, 6.5% and 6.2% respectively.

Table 7

| 2004 Travel and Tourism Demand Market Share - % of Total World Demand | |
|--|-------------------|
| Country | Percentage Demand |
| Caribbean | 0.7% |
| Central/East Europe | 3.4% |
| European Union | 36.1% |
| Latin America | 2% |
| Middle East | 2% |
| North Africa | 0.7% |
| North America | 30.7% |
| Northeast Asia | 15.3% |
| Oceania | 2.1% |
| Other Western Europe | 2.5% |
| South Asia | 0.9% |
| Southeast Asia | 2.6% |
| Sub-Saharan Africa | 1% |

Table 8

| 2004 Travel and Tourism Demand (US \$ mn) | |
|--|----------------|
| Country | US \$ millions |
| Caribbean | 40,309 |
| Central/East Europe | 184,910 |
| European Union | 1,981,400 |
| Latin America | 108,540 |
| Middle East | 108,530 |
| North Africa | 38,775 |
| North America | 1,684,400 |
| Northeast Asia | 841,010 |
| Oceania | 116,487 |
| Other Western Europe | 134,580 |
| South Asia | 51,320 |
| Southeast Asia | 145,488 |
| Sub-Saharan Africa | 54,670 |

Source: The 2004 Travel and Tourism Economic Research

A general uncertainty regarding travel to America after the attacks in New York and Washington led to shifts in tourism demand. Overall, business and consumer confidences were negatively impacted. Consequently, major structural changes occurred in the air transport system (transportation by car, coach or train were favoured over air travel, leading to price cuts and revenue loss) and in general, consumer behaviours changed. For example, this was reflected in late bookings; trips closer to home; trips to familiar destinations and price sensitivity. Business travel costs were also reduced and travel was organised individually as opposed to utilising "organised" trips. Trends affecting tourism in the medium term include increased concerns for safety and security; more mature and experienced travellers; an ageing population, increased competition; stress on value for money and a shift from service to experience. As a result, permanent investment in quality is needed; as are a focus on sustainable development; incorporation of new technologies and public-private sector partnerships.

International Practice: Global Initiatives

Travel and tourism creates jobs. It is projected that a quarter of a billion people worldwide will be working in the travel and tourism industry by the end of this decade. Furthermore, travel and tourism means service to customers and a gateway to economic progress nationally and locally. Ultimately, the industry has the potential to improve the standard of living for people across the world (Blueprint for New Tourism, 2003).

Tourism is as an important source of wealth for countries regardless of their level of development. Developing countries in particular rely on tourism to provide them with concrete and quantifiable trading opportunities. It has been established for example, that tourism receipts in developing countries can account for as much as 20-80 percent of total revenues in those countries – for at least one third of developing countries, tourism receipts is the main source of export revenue (Benavides, 2002).

However, to maximise the benefits accruing to tourism, uneven distribution of benefits among nations must be overcome. The extent to which business operations of international tourism are linked – backward and forward – are factors that dictate tourism profitability and performance levels (Benavides, 2002). Examples of backward linkages relate to factors such as agriculture, manufacturing industries that provide articles required by tourism establishments (such as furniture) and transport whilst forward linkages include services such as security services, financial services and government services that keep national tourism providers integrated with international tourism flows.

However, developing countries face substantial inequalities in their dealings with developed countries. Two key issues affecting the profitability and performance levels of tourism in developing countries relate to leakages and anti-competitive practices. Leakage occurs when earnings generated by tourism are not retained by the tourist-receiving countries, but are repatriated to tourist-generating countries in the form of loans, repayments, imports and royalty remittances (Benavides, 2002). Many developing countries are faced with a lack of infrastructure and resources that would equip them to adequately serve an influx of tourists and hence, find it necessary to import goods and services from wealthier nations to compensate for sparse factor endowment or poor quality of locally-produced goods. Furthermore, developing countries have limited access to commercialisation channels in their target markets. Consequently, they are only able to offer base prices to intermediaries who then proceed to capture the mark-up on services. A form of leakage often not taken into account is leakage associated with resource damage or deterioration, which further depletes tourism-generated revenues.

Much of anti-competitive practices originates in and is controlled in two developed economies: the European Union and the United States of America (FFTSA: www.fairtourismsa.org.za). The capacity of dominant suppliers in all segments of tourism affords these suppliers the opportunity to prepare holiday packages and retail them through their own business networks. In addition, prices and conditions can be imposed on local suppliers in tourism destinations. As a result, these various communities are unable to capture the value inherent in tourism whilst unethical tourism companies underpay local workers and suppliers and exploit developing countries because of the latter's lack of capital, customers and business expertise.

Various undertakings have been and are being employed to decrease the negative impact of anti-competitive practices and leakage on developing countries. For instance, the GATS 2000 negotiations aims to assist developing countries increase their participation in the services trade and to expand their services exports through the strengthening of their domestic services and its efficiency and competitiveness (Benavides, 2002). The global Fair Trade Movement has taken steps to address inequalities through awareness raising, the creation of Fair Trade Labels, trading partnerships and trading initiatives.

The need for an umbrella body

Global practice has been executed at many levels, from those initiatives driven by governments, those by umbrella tourist bodies, educational institutions, large corporations and those done "on the fly" by smaller operators. Research undertaken by Wynne et al (2001) has found that the global tourism industry is changing rapidly and is increasingly organised at a global level. There are many other areas that Wynne's (2001) results provide further evidence for the need of an umbrella body:

- ❖ Industry is increasingly organised at global levels
- ❖ The industry is experiencing more frequent, shorter length tours
- ❖ Consumers are more knowledgeable and savvy regarding products and country offerings
- ❖ Reservations are increasingly 'last minute'
- ❖ The internet is increasingly being used as a source for finding supplier
- ❖ Umbrella bodies assist in setting up government – business partnerships
- ❖ Umbrella bodies co-ordinate and integrate tourism education and training
- ❖ Umbrella bodies assist in the monitoring of emerging market trend

However, even where there is no umbrella body, government should be making an effort to improve the training and knowledge level of service and product providers in tourism

A strategic workforce development plan

One of the most successful international moves towards tourist industry training and development is Australia's Strategic Workforce Development Plan. The SWDP aimed to encourage lifelong learning (a key goal of South African SETAs) by acting as an advisory board to take the initiative and ensure that skills development in Australia is demand led. These goals are achieved through aligning government and industry, utilising international best practice and forming partnerships between government, educational institutions, business and communities. The SWDP places the responsibility of workforce development on industry itself. This is similar to the SETA charter. SWDP is also a top down programme that requires the support and drive of government. Nevertheless, the SWDP demands training be conducted on two levels: both individual and business. Thus the individual's subsequent life skills and employability must be enhanced, rather than just business outcome variables such as productivity and profitability. Thus it is demanded of business that they provide their employees with a broader range of skills and through this a broader culture of learning within the organisation.

The business and individual skills do not remain vague and general in nature. The SWDP has as part of its programme an assessment of current skills, business goals and future industry trends. The current skill level amongst employees and future employees is then compared to business goals and industry future needs. This results in an alignment of training and industry objectives, and reduces shortages and skills gaps. A further requirement of the SWDP is that educational providers must use industry standards and the industry standards themselves are updated regularly through consultation with the industry itself. Another key benefit of SWDP is the focus on SMMEs. The programme realises that SMMEs need more sophisticated, customised and flexible programmes. Thus the SWDP has rejected the "one size fits all" approach to training and operates on three levels of intervention.

Ongoing research through an integrated tourism model

Ongoing research is vital for any country's tourism industry. The need to monitor trends and take cognisance of the global context in which tourism is promoted, to listen to consumers, to avoid conformity and cultivate differentiation from competitors goes a long way in terms of creating and maintaining a country's tourism image. Few countries though actively institute a central research body whose stated function is to perform research, strategise their findings and disseminate the results to the industry. Strategic data is of necessity to industry training. Future trends and profitability will stem from training the industry beforehand. For example, Wynne et al (2001) highlights the move towards experience tourism while Benavides (2002) stresses the need for developing countries to move away from mass tourism and towards adventure and eco-tourism, where more profit and fewer leakages lie. Thus ongoing research highlights key industry developments. These must be communicated to the

industry and training related to that research is essential so that the industry is prepared. This must be coupled with ongoing skills and training analysis of the education structure.

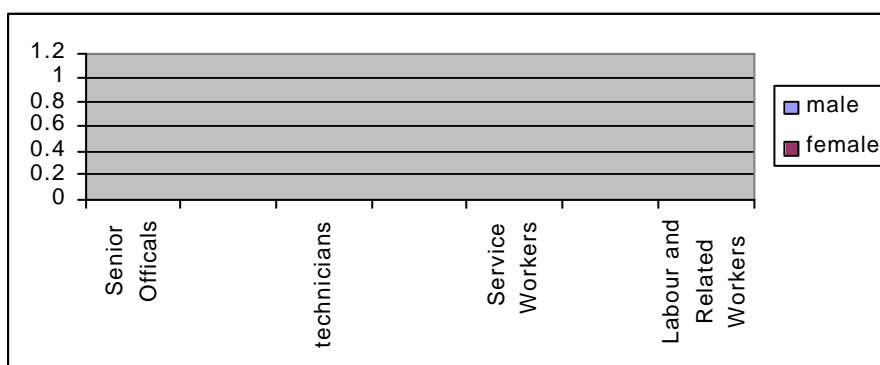
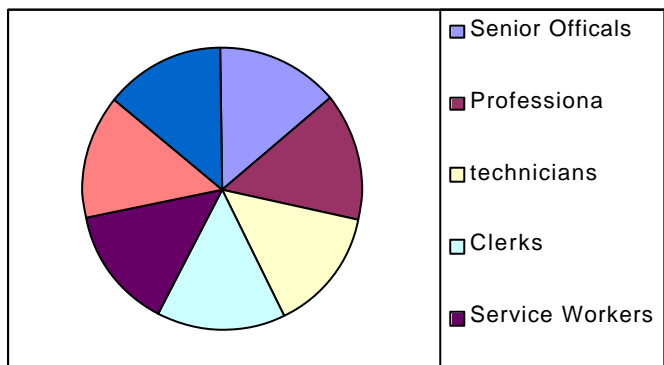
Chapter 2: Demand for Skills

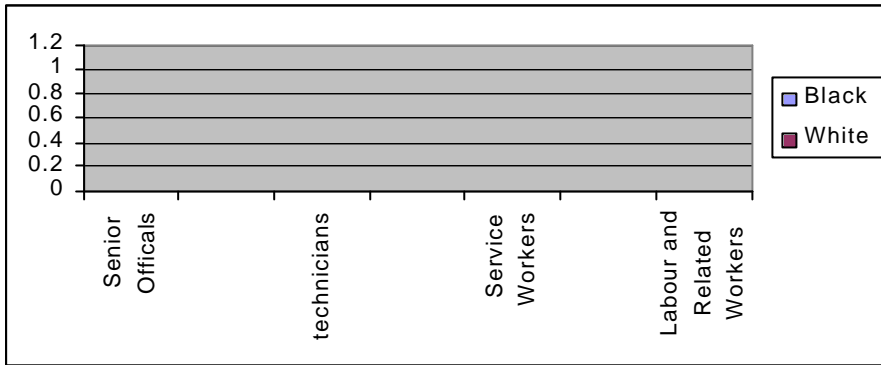
The purpose of this chapter is to describe the pattern of skills demand in the South African tourism sector. Since reintegration into the world economy, South Africa has once again become a destination on the international tourist map. Global tourism trends keep emerging, and the local tourism sector has to adapt its skill base in order to meet new requirements.

Current employment is the best approximation to the demand for skills in the sector, but it is based on historical information. A fuller picture of the demand for skills in the sector will therefore have to take cognisance of existing and emerging trends, in order to provide an indication of the pattern of skills demand over the next five years.

Current Employment

Chapter one provided a cursory description of current employment. This section will draw a more detailed and nuanced picture of current employment in the sector.





Demand Trends

Table/Graph: Practical Work skills, management skills, customer handling skills, time management skills, teamworking, numeracy, literacy, record-keeping, IT skills, other technical skills, communications and other skills needed.

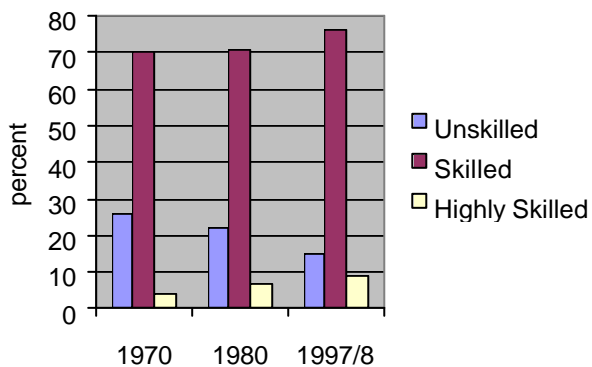
Table/Graph: Owner/Manager needs for any of the aforementioned skills.

Table/Graph: Categories of employees most in need of training

Table/Graph: Ability to obtain needed skills in past year.

Table/Graph: Problems/Drawbacks to promoting skills development.

Proportion of employees per level of skills



THETA conducted a series of focus group interviews – a total of eight sessions - with selected stakeholders in the tourism industry (85 stakeholders in total). More specifically, stakeholders represented each of the main sub-sectors within the tourism industry namely Hospitality, Tourism,

Guiding, Conservation, Travel, Gaming and Lotteries and Sport, Recreation and Fitness. Participants undertook a PESTEL analysis, in which they identified the political; economic; social; technological, environmental and legislative factors that had influenced training in the preceding 10 years. Furthermore, they were prompted to identify gaps and needs that could be filled by skills development initiatives during the next five-year period. Participants were also invited to indicate what they expected or needed from THETA in order to implement training at the scale required. The breakdown of attendance of stakeholders is as follows:

Table 9

| Sub-sector | No of Stakeholders |
|-------------------------------|---------------------------|
| Hospitality (2 Sessions) | 25 |
| Tourism | 7 |
| Guiding | 11 |
| Conservation | 8 |
| Travel | 9 |
| Gaming and Lotteries | 10 |
| Sport, Recreation and Fitness | 15 |

Some of the key issues to emerge from the focus groups centred on the following:

Interventions

- ❖ Four of the stakeholder groups felt that management and leadership development should be a core area of training within the industry.

- ❖ Retraining of target groups, such as unemployed graduates and teachers, was highlighted by all seven stakeholder groups as being vital to the industry. Other areas of training emphasised by three of the stakeholder groups focussed upon
 6. Assessor/moderator training;
 7. HIV/Aids training,
 8. Adult Basic Education and Training (ABET),
 9. Computer literacy/information technology training and
 10. Financial management skills.

- ❖ Specifically, stakeholders felt that the development and/or revision of unit standards were imperative. Out of the seven categories of stakeholders, five stakeholder groups emphasised this need. In addition, it was ascertained by four of the stakeholder groups that skills programs; learnerships and recognition of prior learning (RPL) receive more focus in terms of skills development (see “Interventions” for elaboration on skills programs).

- ❖ Provider development, provider capacitation and learning material development were rated by three stakeholder groups as being another core intervention.
- ❖ THETA Services such as THETA-convened industry forums to keep abreast of industry developments as well as a comprehensive guide to the THETA/SETA system were requested by three of the stakeholder groups (see Appendix for consolidated report).

Tourism and the Human Resources Management Challenge

Tourism is a service industry that is both labour intensive and capital intensive. THETA is primarily focused on enhancing the skills of the industry via training and education. A skilled workforce is expected to deliver higher quality customer service and thus bolster competitive advantage, however both in South Africa and abroad tourism based businesses are reluctant to invest in training or employ skilled (albeit more expensive) labour. Research conducted in the Western Cape found that many employers were sceptical towards formal training, believing that it was too theoretical and failed to impart practical skills. South African employers in the sector did not feel it was their responsibility to upgrade skills and exhibited a preference to employ cheaper, unskilled labour although they did admit that basic literacy and numeracy were often lacking. The World Travel and Tourism Council (WTTC) acknowledge the following global human resources challenges facing the industry:

- Most tourism workers are low skilled, low wage workers. Turnover is high in developed countries as tourism workers are lured to more lucrative industries, particularly information technology,
- There is a lack of training and advancement opportunities in the sector which coupled with irregular working hours, exacerbates turnover,
- The sector is characterised by a large number of SMMEs that lack funding or inclination to develop their staff, and
- There is a dearth of high calibre senior management.

The WTTC is in the midst of addressing these challenges, which may become serious impediments to competitiveness as consumers become increasingly sophisticated and demanding and the number of destinations increases. It is anticipated that a cohesive collaboration between industry and public authorities is essential to build a commitment to training and skills upliftment. Research commissioned by THETA indicates that many of the SMMEs in the South African tourism sector are too small to pay Skills Development Levies and thus cannot be incentivised to invest in training. THETA is contemplating a revision of the regulations pertaining to levies for SMMEs as well searching for other means to fund training in the sector.

Skills Needs and Deficit

Skills required in the tourism sector can be conceptualised as a pyramid in Figure 1. It is concerning that 20% of organisations in this sector do no training at all. Most do on-the-job training whilst more formal training is done for reservations and travel consultant staff. It appears that more effort is put into training when new or special skills are required. Less than half the enterprises in this sector expressed a keen desire to expand training. Most of the SMMEs in the sector discounted the value of training and formal qualifications. There was a strong preference for hiring unskilled staff and training them on-the-job. SMMEs thus save on labour costs and most of these employees require basic skills and can be easily and quickly trained. Employers do acknowledge that there is a need for basic literacy and hygiene training such as that provided by ABET programmes. There is promising scope for increasing ABET training in the sector. In addition training pertaining to Human Resources and Personnel, computers and travel and tourism knowledge were regarded as priorities. Employers were also interested in soft skills such as diversity training, motivation and work ethics.

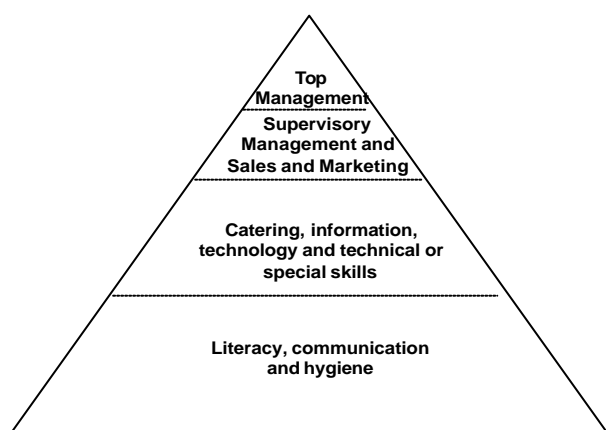


Diagram 1 Skills Needs Tourism Sector

Cultural diversity training emerged as a pervasive need. The WTTC also noted the need for cultural diversity training on a global level. The WTTC recommend that the travel industry should recruit diverse employees and implement training that encourages staff to appreciate differences. Mentorship programmes and professional associations for specific groups, e.g. women should be fostered. Internal communication and the corporate culture should demonstrate commitment to diversity and build a culture of inclusion. In particular management should receive training. The strategies envisaged for promoting diversity by the WTTC are similar to those promoted by the Employment Equity Act and Skills Development Act. THETA should contemplate promoting the importance of these Acts and sentiments to its sectors and highlight the acute need for cultural diversity in the tourism sector.

A research project undertaken in the Western Cape by Empower Ed and Grant Thornton found that there is a slight mismatch in terms of training needs between the industry and education and training providers. Table 12 compares the importance ranking between these groups for a range of skills or training areas (note that a low score indicates that the training area is relatively important).

Table 10 Rating of Skills/Training Needs

| Education and Training Offering | Rank by Education and Training Body | Rank by industry |
|---|--|-------------------------|
| Tourism knowledge (local and international) | 1 | 1 |
| Marketing | 4 | 2 |
| Client services skills | 5 | |
| Promotion and advertising | 6 | 4 |
| Language competence | 8 | 5 |
| Life skills | 11 | 6 |
| Communications | 3 | 7 |
| Market research | 12 | 8 |
| Languages | 7 | 9 |
| Planning (Strategic Business) | 10 | 10 |
| Accounting | 16 | 11 |
| Computers | 9 | 12 |
| Administrative procedures | 15 | 13 |
| Labour law | 13 | 14 |
| Financial | 18 | 15 |
| Legal | 14 | 16 |
| Costing | 19 | 17 |
| Government (tenders or licenses) | 17 | 18 |
| Business (knowledge and management) | 2 | 19 |

Source: Grant Thornton 2003

It appears that the industry is more interested in practical skills that enable employees to perform the work more effectively where as the institutions that provide education and training place somewhat more emphasis on subject areas with theoretical content, for example labour law, strategic planning and business knowledge and management.

The areas valued by industry which are not given emphasis by education and training providers in the Western Cape are:

- Local national and international tourism knowledge,
- Promotion and advertising skills,
- Marketing skills,
- Computer skills,
- Market research skills,
- Accounting skills,
- Administrative skills,

- Financial skills, and
- Costing skills

Overall the primary training needs for the sector are for generic skills such as communication, customer service, health and safety, hygiene and computers. It may be possible to address these skills needs with ABET training. There are also needs for supervisory and management training. An opportunity area to be considered would be business management, marketing and customer service training aimed at SMME managers or owners. If such training can instil the value of customer service as a competitive advantage to SMMEs they may be more open to promoting training for their staff.

Chapter 3: Supply of Skills

Stocks of skills

The September 2003 Labour Force survey estimates that the official unemployment rate is 28.2%. The term *official* denotes those people within the economically active population (age 15-65) who did not work during the seven days prior to the Labour Force Survey (LFS) interview but who want to work and are available to start work within a week of the interview. Trends in the labour market indicate that across all population groups, the majority of workers were employed in the formal sector whilst a relatively small proportion was employed as domestic workers. The African population dominated employment in the informal sector as opposed to the formal sector relative to other racial groupings. For instance, the percentage of Africans employed in the formal sector totalled 61.1% as opposed to approximately 90% amongst the other racial groups. Similarly, Africans accounted for 25,5% of employment in the informal sector whilst the other racial groups did not exceed the 10% employment mark (Labour Force Survey, September 2003).

Table 11: Employment in the formal and informal sectors by industry, September 2003

| Industry | Formal | | Informal | | Domestic | | Total | |
|--|---------|-------|----------|-------|----------|--------|---------|-------|
| | N (000) | % | N (000) | % | N (000) | % | N (000) | % |
| Agriculture | 832 | 10.0% | 350 | 15.6% | | | 1,197 | 10.3% |
| Mining | 500 | 6.0% | 2 | 0.1% | | | 503 | 4.3% |
| Manufacturing | 1,432 | 17.3% | 198 | 8.8% | | | 1,634 | 14.1% |
| Electricity | 84 | 1.0% | 2 | 0.1% | | | 86 | 0.7% |
| Construction | 360 | 4.3% | 259 | 11.5% | | | 626 | 5.4% |
| Trade | 1,532 | 18.5% | 909 | 40.4% | | | 2,451 | 21.1% |
| Transport | 438 | 5.3% | 120 | 5.3% | | | 563 | 4.8% |
| Business Services | 1,000 | 12.1% | 74 | 3.3% | | | 1,079 | 9.3% |
| Community Services | 2,082 | 25.1% | 176 | 7.8% | | | 2,265 | 19.5% |
| Private Households | 7 | 0.1% | 155 | 6.9% | 1,022 | 100.0% | 1,185 | 10.2% |
| Other/Unspecified Industry | 26 | 0.3% | 3 | 0.1% | | | 34 | 0.3% |
| Source: Statistics South Africa, 2003 | | | | | | | | |

Trends in the labour market are reflective of general global trends –the table above highlights that community services, trade, manufacturing and business services account for the bulk of employment in the formal sector. As is apparent, the larger numbers of individuals employed in these industries is evidence of the growth of the services sector and related demand for skills (table 12).

Table 12: Workers (employers, employees and self-employed) by main occupation and sector

| Main Occupation | Formal | Informal | Domestic | Unspecified | Total |
|--|--------------|--------------|--------------|-------------|---------------|
| Total | 8,293 | 2,249 | 1,022 | 58 | 11,622 |
| Legislators, senior officials and managers | 698 | 86 | | * | 786 |
| Professionals | 493 | 23 | | * | 521 |
| Technical and Associate professionals | 1,097 | 93 | | * | 1,192 |
| Clerks | 1,169 | 28 | | * | 1,201 |
| Service workers and shop and market sales workers | 1,056 | 305 | | * | 1,367 |
| Skilled agricultural and fishery workers | 74 | 254 | | * | 331 |
| Craft and related trades workers | 946 | 462 | | * | 1,445 |
| Plant and machine operators and assemblers | 1,051 | 104 | | * | 1,163 |
| Elementary occupation | 1,664 | 893 | | 16 | 2,574 |
| Domestic workers | — | — | 1,022 | — | 1,022 |
| Other | 11 | * | | * | 12 |
| Unspecified | * | — | | * | * |
| Source: Statistics South Africa, 2003 | | | | | |
| *For all values of 10 000 or lower, the sample size is too small for reliable estimates | | | | | |
| Due to rounding, numbers do not necessarily add up to totals | | | | | |

According to the survey of employment and earnings for the quarter ended December 2003, the number of people employed in the formal non-agricultural business sector of the South African economy increased by approximately 32 000 people from June 2003 to September 2003. An additional increase of 62 000 people was reflected from September 2003 to December 2003 but much of this employment increase is explained by the need for contract and other work during the festive period. However, the year-on-year comparison reveals that there was an overall decrease of 2.2% or 141 000 employees between September 2002 and September 2003.

With regards to the wholesale and retail trade, repair of motor vehicle, motor cycles and personal and household goods; hotels and restaurants industry, there was an annual decrease of 27 000 employees in December 2003 relative to December 2002. The quarterly increase of 9 000 employees in December 2003 was largely as a result of an increase in workload and expansion of businesses. The electricity, gas and water supply; transport, communication and storage; financial intermediation, insurance, real estate and business services industries all reflected annual decreases of employment in December 2003 relative to December 2002. Similarly, these industries reflected *quarterly* increases in employment in December 2003 from September 2003, for reasons related to the festive period and the increased need for contract and other work as a consequence. The boom in tourism during the December period also contributed to the increased demand for services.

The mining; manufacturing and community social and personal services industries were the only three industries to reflect annual increases in employment. The manufacturing industry experienced growth as a result of a demand for products. Specifically, products such as wood, paper, printing and publishing, food, beverages and tobacco, transport equipment, non-metallic mineral products, basic metals, fabricated metal products, machinery and equipment and office accounting and computing machinery were increasingly demanded. This is partially linked to the boom in tourism and its associated demand for various products as a result of backward and forward linkages to other industries (Benevides, 2002).

With regards to average monthly earnings, trends in the *labour market* reveal that – taking all industries into account – there was a quarterly decrease of 4.3% in February 2003 relative to November 2002. This was mainly due to the appointment of higher paid employees, the retrenchment of lower paid employees, less commission and bonuses paid and less hours and overtime hours worked (Statistics South Africa, 2003). However, average monthly salaries and wages showed an annual increase of 10.0% at February 2003 compared with February 2002.

Table 13: Average monthly salaries (incl. bonuses and overtime payments), at current prices

| Industry | Feb 2003 (R) | % change between Nov 2002 and Feb 2003 | % change between Feb 2002 and Feb 2003 |
|--|---------------------|---|---|
| Mining and quarrying | 5,604 | -1.8 | 11.1 |
| Manufacturing | 5,488 | -3.8 | 13.3 |
| Electricity, gas and water supply | 16,277 | 1-1.4 | 34.8 |
| Construction | 3,987 | -0.1 | 21.1 |
| Wholesale trade, retail trade, motor trade and hotels | 4,483 | -3.8 | 11.2 |
| Transport, storage and communication | 7,156 | -4.8 | -4.5 |
| Financial Institutions | 11,770 | -16.4 | 17.5 |
| Community, social and personal services | 7,681 | -2.7 | 7.4 |
| Total all selected industries | 6,294 | -4.3 | 10.0 |
| Source: Statistics South Africa, 2003 | | | |

Between February 2002 and February 2003, average monthly salaries and wages (including bonuses and overtime payments), at current prices, paid to employees in the *wholesale trade; retail trade; motor trade and hotels industry* increased from R4, 033 to R4, 483 reflecting an annual increase of 11.2%. However, a quarterly decrease of 3.8% was reported in the average monthly salaries and wages, at current prices, paid to employees in this industry for February 2003 compared with November 2002. This is indicative of a seasonal trend, with November to January being a peak tourist season, demanding additional labour in the form of overtime, part-time; temporary and contract work to accommodate the tourism boom.

Unemployment and Education

According to the General Household Survey, July 2002, of individuals aged 20 years and above and no longer attending any educational institution, 31.1% left school with some education but before finishing grade 12. 20.6% had completed grade 12 and 8.2% had qualifications greater than grade 12. Generally, the lower the level of education, the less likely it is for the individual to be employed in the formal sector. The same applies conversely: that is, the higher the education, the more likely it is that the individual will be employed in the formal sector.

**Table 14: The unemployed by highest level of education, population group and gender
(Official definition of unemployment)**

| Highest Level of Education | Black African | | | Other | | | Total | | |
|---|---------------|-------|--------|-------|------|--------|-------|-------|--------|
| | Total | Male | Female | Total | Male | Female | Total | Male | Female |
| Total | 3,988 | 1,898 | 2,090 | 582 | 289 | 292 | 4,570 | 2,187 | 2,382 |
| None | 136 | 72 | 64 | * | * | * | 145 | 75 | 69 |
| Grade 0 to Grade 3 | 126 | 71 | 55 | * | * | * | 134 | 73 | 61 |
| Grade 4 | 111 | 61 | 51 | * | * | * | 122 | 68 | 54 |
| Grade 5 | 139 | 79 | 60 | * | * | * | 149 | 84 | 65 |
| Grade 6 | 189 | 100 | 89 | 24 | 11 | 13 | 213 | 111 | 102 |
| Grade 7 | 310 | 154 | 156 | 39 | 20 | 19 | 349 | 174 | 175 |
| Grade 8 | 365 | 176 | 189 | 55 | 28 | 27 | 420 | 204 | 216 |
| Grade 9 | 337 | 168 | 168 | 67 | 38 | 29 | 404 | 207 | 198 |
| Grade 10 | 413 | 199 | 214 | 92 | 45 | 48 | 505 | 243 | 261 |
| Grade 11 | 506 | 219 | 287 | 42 | 23 | 19 | 548 | 242 | 306 |
| Grade 12 | 1,111 | 495 | 616 | 186 | 88 | 98 | 1,297 | 583 | 714 |
| NTC I - NTC III | 25 | 16 | * | * | * | * | 29 | 17 | 12 |
| Dipl./cert. With Grade 9 or lower | 23 | * | 17 | * | * | * | 25 | * | 19 |
| Dipl./cert. With Grade 12 | 150 | 60 | 90 | 23 | * | 13 | 173 | 70 | 102 |
| Degree/higher | 27 | 12 | 15 | * | * | * | 36 | 17 | 19 |
| Other | * | * | * | — | — | — | * | | * |
| Unspecified | 19 | 11 | * | * | * | * | 20 | 12 | * |
| Source: Statistics South Africa, September 2003. | | | | | | | | | |
| *For all values of 10 000 or lower the sample size is too small for reliable estimates | | | | | | | | | |
| Other includes Coloured, Indian/Asian, white and unspecified population groups. These groups are aggregated due to the small sample size | | | | | | | | | |

As is evident, the South African Labour market is experiencing slow growth rates. The rate of unemployment is extremely high, encompassing nearly a third of the population if using the official definition of unemployment. The formal non-agricultural business sector also reflects an annual decline in

levels of employment across all industries barring the mining; manufacturing and community social and personal services industries. However, annual average monthly salaries and wages are increasing across all industries except the transport, storage and communication industries. This is suggestive of a trend of appointing higher paid employees whilst retrenching lower paid employees.

A link between educational level and employment has already been established (Table 14). Furthermore, there is a correlation between the level of educational attainment achieved and income (Table 15). Generally, the higher the educational qualification, the greater the income. Thus, persons currently employed in the formal sector are more likely to be skilled workers and earning higher salaries.

Table 15: Workers (employers, employees and self-employed) by highest level of education and monthly income

| Highest level of education | None | R1 - R500 | R501 - R1000 | R1001 - R2500 | R 2501 - R8000 | R8001 or more | Unspecified | Total |
|---|------|-----------|--------------|---------------|----------------|---------------|-------------|-------|
| Total | 31 | 129 | 337 | 670 | 1325 | 610 | 676 | 3778 |
| None | * | 14 | 27 | * | * | * | * | 54 |
| Grade 0 to Grade 3 | — | * | 16 | 12 | * | — | * | 43 |
| Grade 4 | — | * | 17 | * | * | — | * | 38 |
| Grade 5 | — | 12 | 23 | 15 | * | — | * | 56 |
| Grade 6 | — | * | 33 | 22 | * | * | * | 75 |
| Grade 7 | * | 14 | 38 | 47 | 15 | * | * | 120 |
| Grade 8 | * | 16 | 41 | 65 | 36 | * | 16 | 176 |
| Grade 9 | * | 12 | 30 | 64 | 46 | * | 18 | 175 |
| Grade 10 | * | * | 26 | 92 | 147 | 28 | 52 | 359 |
| Grade 11 | — | * | 18 | 53 | 49 | 13 | 19 | 157 |
| Grade 12 | 15 | 18 | 55 | 221 | 601 | 205 | 292 | 1407 |
| NTC I - NTC III | — | * | * | * | 34 | 22 | 22 | 86 |
| Dipl./cert. With Grade 9 or lower | — | * | * | * | 24 | 12 | 11 | 54 |
| Dipl./cert. With Grade 12 | * | * | * | 32 | 216 | 122 | 101 | 482 |
| Degree/higher | * | * | * | 15 | 132 | 201 | 123 | 479 |
| Other | — | * | — | * | * | * | * | * |
| Unspecified | — | * | * | * | * | — | * | 12 |
| *For all values of 10 000 or lower the sample size is too small for reliable estimates | | | | | | | | |
| Other includes coloured, Indian/Asian, white and unspecified population groups. These groups are aggregated due to the small sample size | | | | | | | | |
| Due to rounding numbers do not necessarily add up to totals. | | | | | | | | |
| Source: Statistics South Africa, 2003 | | | | | | | | |

When looking specifically at the wholesale trade; retail trade; motor trade and hotels industry in the formal non-agricultural business sector, it is apparent that the industry conforms to general labour

market trends as described above. The industry is experiencing a steady decline in employment levels whilst reflecting average annual monthly salary and wage increases. It is also apparent, based on analysis of demand and key labour market indicators that skilled work within this industry is lacking.

Training Providers, NQ's; projects and Accreditation

NQ's were first established in the Hospitality sector for accommodation, front house, food preparation and cooking and food and drink, ranging from NQ1 to NQ4. By June 2000, 8000 candidates had obtained 9800 NQ's. THETA, by August 2003, had registered 38 qualifications with SAQA across four of the five sub-sectors within the tourism industry. A further 13 qualifications are awaiting registration or in public comment, 7 new qualifications are in progress and 7 qualifications were developed but withdrawn by the SGB's (Appendix 1) THETA also achieved the following in light of set targets:

Table 16

| Action | Achieved by 30 September 2003 | Target for 30 June 2004 |
|--|--------------------------------------|--------------------------------|
| Training practitioners trained | 290 | 700 |
| Assessment practitioners trained | 290 | 1,000 |
| Employer learners achieved hospitality unit standards | 8,500 | 12,000 |
| Employed learners achieved skills programmes | 2,873 | 6,000 |
| Employed learners to have achieved qualifications through learnerships | 1,923 | 3,000 |
| Unemployed learners registered for learnerships | 2,349 | 5,000 |

The bulk of the NQ's obtained in 2000 were obtained in Gauteng and the KwaZulu-Natal. Given the tourist boom in the Western Cape this province appeared to be lagging behind significantly in terms of training in 2000. Research on Tourism in the Western Cape by Grant Thornton indicates that this could have been due to confusion or ignorance concerning the NQ framework and THETA in general. At the time, NQ's had been registered with SAQA for travel, tourism, sport, hospitality, gaming, guiding and nature conservation. Fitness and recreation was the only area for which NQ's were outstanding. In terms of learnerships, the Tourism Learnership Project (TLP) in conjunction with Business Trust was expected to make strides in improving training. This project incorporated 15 000 learnerships that would take place over a four year period at a cost of R115 million. By May 2003 3500 learnerships were registered with THETA. In addition, SA Host is a programme that was instituted in 2003 to provide customer service training to 5000 learners.

Currently, NQ's have been developed for travel, hospitality, gaming, guiding, nature conservation and tourism. The deficit in terms of developing and registering NQ's in the fitness and recreation industry was

addressed (Appendix 1). During the course of 2003/2004, the following categories of workers were beneficiaries of various training programs:

Table 17

| Occupational class | African Male | African Female | African Disabled | Coloured Male | Coloured Female | Coloured Disabled | Indian Male | Indian Female | Indian Disabled | White Male | White Female | White Disabled |
|--|--------------|----------------|------------------|---------------|-----------------|-------------------|-------------|---------------|-----------------|-------------|--------------|----------------|
| Agricultural and Fishery workers | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 | 0 |
| Apprentices and section 18(2) learners | 147 | 165 | 0 | 64 | 86 | 0 | 1 | 1 | 0 | 48 | 68 | 0 |
| Clerical/Administrative workers | 444 | 511 | 1 | 192 | 376 | 1 | 70 | 114 | 0 | 232 | 680 | 7 |
| Labourers | 722 | 1544 | 5 | 133 | 189 | 0 | 4 | 26 | 0 | 61 | 84 | 0 |
| Plant/Machine operators and assemblers | 60 | 22 | 0 | 10 | 2 | 0 | 2 | 0 | 0 | 18 | 5 | 0 |
| Professionals | 83 | 46 | 0 | 19 | 8 | 0 | 8 | 13 | 0 | 157 | 127 | 0 |
| Senior Officials and managers/Owner managers | 190 | 117 | 0 | 56 | 47 | 2 | 43 | 11 | 0 | 510 | 442 | 9 |
| Service workers | 1304 | 1178 | 3 | 398 | 494 | 0 | 50 | 22 | 0 | 292 | 318 | 0 |
| Skilled workers | 331 | 206 | 1 | 156 | 62 | 0 | 28 | 13 | 0 | 55 | 22 | 0 |
| Technicians | 118 | 102 | 0 | 28 | 51 | 0 | 25 | 12 | 0 | 159 | 231 | 0 |
| Total | 3455 | 3891 | 10 | 1056 | 1315 | 3 | 231 | 212 | 0 | 1539 | 1977 | 16 |

Table/graph: Age/gender/race for above categories who have received training

Table/Graph: On-the-job training, mentoring, in-house formal training, outside training, registered apprenticeships, learnerships, SAQA/NQF training, other nationally or internationally recognised training, other.

Table/Graph: Number of salaried and unsalaried staff.

Table/Graph: Number of salaried staff receiving training in any of the above categories.

In addition, THETA is managing three main projects in addition to a number of other concurrent learnerships (Appendix 2). These three projects are the South African Tourism Institute (SATI) project, the Tourism Learnership Project (TLP) and the Integrated Nature-based Tourism and Conservation Management project (INTAC). The SATI project, assisted with donor funding from the Spanish government, aims to upgrade teacher skills in tourism-related subjects, such as hospitality and to develop learning material. Partnerships were entered into with the National Business Initiative (NBI) to provide support to teachers and pupils of 541 schools offering travel and tourism. Furthermore, the National Student Financial Aid Scheme (NSFAS) was and is used as a mechanism through which SATI distributed bursary funding to 106 students to study tourism or hospitality at technikons.

The TLP is currently drawing to a close. The span of the project was from January 2000 to June 2004 and the aim was to improve productivity and service standards in the tourism, hospitality and conservation sub-sectors as well as to improve knowledge and skills and ultimately the employability of learners within these sub-sectors. In order to achieve these aims, the TLP team set out to achieve a number of targets and deliverables (bearing in mind budget constraints of R115 million) including registration of learners for learnerships; completion by learners of full qualifications; completion by learners of skills programs and the assessment of learners according to hospitality unit standards. To support these objectives, the TLP team was to develop, submit and register NQ's with SAQA; support employer providers; provide learning material and provide incentives to learners to participate in the TLP.

A total of 211 employers/lead employers/lead providers at 414 sites participated in the TLP. An accurate estimate of the total number of learners could not be ascertained and is expected to fall within a range of 3722 – 6888. Research undertaken by Prodigy and Grant Thornton indicate that a number of issues detracted from the potential of the TLP to fulfil stated objectives. Some of the main issues include internal THETA project mismanagement; inadequate analysis of demand for skills within the tourism industry; employer and training provider issues such as limited mentoring and inadequate support of learners in the post learnership period; skewed learner selection and geographical distribution and placement; inadequate workplace exposure and learner defection from one learnership to another with no interim employment. However, despite these problems; from an employer's perspective, the TLP provided the following benefits:

- ❖ Improved learner service levels
- ❖ Improved learner knowledge
- ❖ Improved learner productivity
- ❖ Improved employment opportunities for learners

Nonetheless, employers and providers had been unable to provide extensive precise examples of how service levels and productivity improved, highlighting the necessity of effective project management, ongoing stakeholder support and efficient monitoring of trends. INTAC aimed to facilitate the training of 6500 people from communities adjoining or within nature-based tourism development areas with a view to improving socio-economic conditions within these communities. The main goals of the project were to produce competent people to staff wildlife and tourism infrastructure; contribute to the improved sustainability of tourism SMME's; train new entrepreneurs in tourism and assist in the training of community public and private partnerships. The pilot phase was implemented in ten sites:

- ❖ Northern Cape – Kgalagadi Transfrontier Conservation Area
- ❖ Eastern Cape – Greater Addo Elephant National Park
- ❖ Eastern Cape – River Rangers
- ❖ Eastern Cape – Thunga-Thunga Tourism Route
- ❖ Free State – River Rangers
- ❖ Kwazulu-Natal – Greater St Lucia Wetland
- ❖ Mpumalanga – Blyderivierspoort Game Reserve
- ❖ Limpopo – Great Limpopo Transfrontier Conservation Area
- ❖ Limpopo – Waterberg Biosphere
- ❖ North West – Madikwe Game Reserve

Additional sites will include sites within Gauteng and the Western Cape to allow for the training of 5000 more people. To date, 1000 people have been trained across the aforementioned sites.

Aside from learnerships, technikons, technical colleges and schools provide additional training. Presently 2000 schools offer Travel and Tourism as a subject for grades 10 to 12. The South African Tourism Institute (SATI) has been largely responsible for training these educators. There has been some concern that the courses run by tertiary institutions are too long and lack practical application. Tertiary institutions must address industry needs more adequately and do so in formats that are accessible to industry and its current employees. These issues should be addressed in the in NQ framework and accreditation of the relevant institutions. Training is also available in private colleges (e.g. hotel or chef schools) and from enterprises that provide their own training programmes. However, private institutions also tend to offer full-time programmes and are not geared to provide for current employees' skills needs or NQ gaps on a large scale. THETA is responsible for accrediting these programmes and incorporating them into the NQ framework. Accreditation will extend to on-the-job training to incorporate this and recognition of prior learning into the NQ framework.

The study conducted in the Western Cape found that out of forty-two education providers interviewed only seven were accredited by THETA. There seemed to be widespread confusion concerning THETA and the operations of the NQ framework. Only half the institutions were aware of THETA and the NQ framework, awareness of learnerships was poor and the vast majority of education providers cited difficulties in contacting THETA and obtaining information. The tourism industry in the Western Cape appeared equally uncertain about accreditation and it may be that the lack of demand for accredited courses from industry has not provided the impetus for education and training providers to seek accreditation.

The majority of tertiary education providers in the Western Cape were optimistic that tourism would grow and consequently demand for their services would increase. On average the cost of completing a course at tertiary institutions is estimated at R2500 per person. Given the costs involved it is evident that such tuition is beyond the reach of many historically disadvantaged persons and this may hamper the job creation and skills enhancement potential of tourism. This is confirmed by the fact that 75% of learners studying tourism at tertiary level are white. Furthermore the majority of these institutions is concentrated in the Cape Metropolitan, Boland and Southern Cape and thus does not cater for people in outlying areas.

The potential for formal training is therefore limited and it is essential to accredit on-the-job or employer in-house training in this sector. Many of the SMMEs in the sector cannot afford to send staff on formal training and rely on more informal methods. In the Western Cape most tertiary providers have small teaching staff complements, one third have less than five teaching staff members and few (30%) have links with industry and are thus not able to place students as interns to get practical training. Thus the value of on-the-job training should not be underestimated.

It is recommended in the Grant Thornton 2003 report that THETA considers the viability of mobile training units (MTU's). These units will be able to provide training and education pertaining to tourism, information on funding and general information on tourism to the rural areas where it is most needed. THETA should select accredited training providers in specific regions to help design the content and materials of the mobile courses. The courses will thus be specific to tourist needs in particular regions. MTU's can also assist rural communities in production and marketing of local crafts. There are various NGO's that could assist THETA in this endeavour. The involvement of rural communities in arts and crafts is a viable alternative for generating income and ensuring that the producers of the crafts and arts derive a fair share of the profits.

Chapter 4: Skills Development Priorities

This chapter discusses the employment and skills needs in the sector presently experienced and likely to be experienced in the future. As such it brings together the salient points from the preceding chapters. In addition, this chapter will also point out the constraints that may contribute to skills shortages and gaps. These constraints may be at the level of the individual workplace or at the level of the institutional system in operation in the sector.

Priority Training Areas

The approach adopted for the analysis of skills development priorities is an economic approach. The Sector Skills Plan is a tool to guide the allocation of limited resources and effort to the best possible use. The best possible use is simply the one that yields highest output or return per Rand spent. The implication is not that we need to go and measure the output per Rand, rather the implication is one of finding a balance with regard to the different types of training that can be pursued. Simply identifying a particular area of shortage does not mean that the bulk of resources have to be used to reduce this shortage. As more resources are used for a particular purpose, so the impact of those resources will diminish, and another area of resource allocation may emerge as yielding a higher impact.

In skills training this principle is easily recognisable. Even if a particular skills shortage is in evidence, only a certain portion of funds will be directed towards it. Another portion will still have to be used even in areas where there is no shortage otherwise a shortage will unfold.

Accordingly, this skills plan considers various categories of training objectives all or most of which will absorb to varying degrees some of the resources available for training. The following seven training and education objectives have been identified:

Table 18: Objectives for education and training

| Objective | Motivation | Description |
|-------------------------------------|-----------------------------|--|
| 1. Maintain Skills base | Do the basics right | Training that will ensure that we continue to be able to do in the future what we have done in the past. |
| 2. Eliminate skills shortage | Do more of the right basics | Train more individuals, often newcomers to the industry, in areas where there is a shortage |

| | | |
|-------------------------------|-------------------------------------|--|
| 3. Fill skills gaps | Become better at what we have to do | Train existing employees in areas where they are inadequately proficient |
| 4. Keep up with trends | Be on top of the game | Train employees and newcomers to the industry in areas where there is likely to be future growth |
| 5. Innovation | Be ahead of the game | Train for new tourism products, markets, and ideas |
| 6. Transformation | Let others share in our success | Provide training that will help achieve more widely spread participation in the sector |
| 7. Eliminate wastage | Don't penalise others | Avoid areas where there is a surplus |

The sector as a whole performs well in terms of the services delivered in the industry. Accordingly the strategic implication is that the greatest impact per Rand spent on training is likely to be had in terms of keeping up with trends and innovating. Nonetheless the right balance must be found, and the existing skills base must not only be maintained but also improved.

Below are specified skills priorities for each of the different objectives.

A. Maintain Skills base

Future Outlook: At present we have a sound overall skills base, and by most accounts service delivery in the industry has improved in the past decade. Nonetheless our skills base is under threat. Average life expectancy in South Africa has been reduced to below 50, mostly as a result of AIDS. HIV/Aids related diseases have affected efficiency too. Emigration has a minor impact on the sector; since there is a substantial two way flow of skills.

Priority Training Area: HIV Training

Evidence: Focus group sessions, Literature Review

Rationale: HIV awareness is the first line of defence against infection. Staff retention, rather than recruitment, is the predominant enterprise strategy to keeps its staff and it follows logically that it is in the enterprises' interest not to lose their staff to HIV/Aids.

Sub-sector: All

B. Eliminate skills shortage

Future Outlook: While lower skills levels seem to be adequately provided, technological advancements places a premium on higher skills levels. It is a sad reality in South Africa that despite high levels of unemployment, there is a shortage of qualified and skilled personnel. The tourism industry is no exception to this, and the skills shortage at this level is likely to be exacerbated by a higher Aids mortality rate, coupled with the expected absolute growth of the industry.

Priority Training Area: IT

Evidence: p 47, table on priority training based on HSRC, National Skills Survey KNC study, Southern Gauteng Department of Labour, viz. IT training having highest impact on income, Focus Groups, Literature Review.

Rationale: The labour demand pattern shows clearly that the industry requires an increasing proportion of skilled employees. It is especially the increasing prevalence of IT in the industry that is driving this change. IT is a crucial systems backbone that affects efficiency. Where clients expect efficiency, be it at the front desk, booking terminal, on the website, or anywhere else, sound IT systems and operators is a pre-requisite.

Sub-sector: Travel & Tourism services

Priority Training Area: Management training for new entrants

Evidence: focus groups and table on p. 48 referring to management as the priority occupational group for upgrading (based on based on HSRC, National Skills Survey).

Rationale: See discussion on management training in section below on skills gaps.

Sub-sector: Hospitality

C. Fill skills gaps

Future Outlook: In a world of rapid change, enterprises are expected to continuously adapt to a changing situation, and employees are often required to upgrade their skills. This affects the tourist sector not only in terms of changes in technology, but also in terms of a diverse and often sophisticated set of tourists. Furthermore, one of the legacies of apartheid is that employees may lack skills that should really be presupposed elsewhere. Indeed, it has been one of the objectives of the NSDS to counteract this historical reality.

Priority Training Area: ABET

Evidence: Focus Groups

Rationale: Not all components within the ABET type of skills training are equally in need of upgrading. The HSRC data (P 47, table on priority training based on HSRC, National Skills Survey) suggest that communication skills are high on the list, while numeracy and literacy skills are not a development priority in the sector. Training programmes should accordingly be adapted to the specific requirements in the sector.

Sub-sector: All

Priority Training Area 2: Management skills upgrading

Evidence: P 48, table on priority training based on HSRC, National Skills Survey, Focus Groups, and Literature Review.

Rationale: The National Skills Survey has clearly shown that management is the one area where enterprises believe that its employees need skills upgrading. Associated with this is also the fact that there is a scarcity of management skills in the sector, which implies that managers are not such recruited, but are 'made' in-house. Mostly, however, as they assume the management posts, these employees may not as yet have adequate experience and skill.

Sub-sector: Hospitality, leisure, sports

Keep up with trends

Future Outlook: Many important trends have been listed in chapter 1, and they describe a customer in this sector as increasingly taking advantage of freely available information to choose their destination, to do so at short notice, to visit more destinations, and to expect quality service. This is part and parcel of an increasingly globalised economy. The global economy is driven by business, and international organisation, and an important trend associated with this is the growth of business travel.

Priority Training Area: MICE (meetings, incentives, conventions and exhibitions)

Evidence: WTTC Tourism Report on South Africa, as discussed in chapter 1 of this report (Literature Review).

Rationale: Internationally MICE is a high value added and growing area of travel and tourism. South Africa has been a latecomer to the field, but has already attracted a lot of attention, but there is a lot of scope for further expansion. However, it is a relatively sophisticated segment of the market that requires dedicated skills.

Sub-sector: Hospitality

Innovation

Future Outlook: It may not be possible to train individuals to be innovative, but training can be provided in support of innovative services and products in the industry. On many occasions South Africa has shown that it can come up with offerings unique to the country, or copied by others. It is a matter of identifying what are these products, and then developing the skills required to keep up with the innovation. From an economic point of view, these types of products are often high value added, and training in support thereof may have unusually high returns.

Priority Training Area: Conservation

Evidence: Focus groups

Sub-sector: Conservation

Priority Training Area: Cultural Tourism

Evidence: Focus group

Sub-sector: conservation, hospitality

Rationale: South Africa has a unique offering of conservation products. The high quality infrastructure, the Southern hemisphere location, the people, the wildlife and natural beauty all combine to create a non-repeatable destination. Conservation and cultural experience related tourist products, lead the way to a uniquely South African experience and training related to these will pay in the medium to long run.

Transformation

Future Outlook:

Priority Training Area: Black management

Evidence: Employment Equity Statistics, i.e. sample below. While Black employees constitute the vast majority of employees, their representation at managerial level may be significantly less, in some instances less than 10%. The problem seems to be especially pronounced in large hotel groups, and to the extent that these are the largest employers in the sector, it is also reflected in overall industry statistics and Literature Review.

Table 19: Black management within the tourism industry

| | Management as % of total employees | Black employees % of total employees | Black executives, senior and middle managers |
|------------------------|---|---|---|
| 1. Travel Agent A | 9% | 59% | 56% |
| 2. Tour Operator A | 4% | 35% | 12% |
| 3. Aviation Company A | 4% | 72% | 49% |
| 4. Independent Hotel A | 5% | 83% | 50% |
| 5. Independent Hotel B | 9% | 74% | 17% |
| 6. Hotel Group A | 3% | 87% | 38% |
| 7. Hotel Group B | 6% | 81% | 24% |
| 8. Hotel Group C | 5% | 70% | 9% |
| 9. Wheels Operator A | 1% | 60% | 4% |

Sub-sector: Hospitality

Priority Training Area: SMME

Rationale: This sector encompasses a very large number of SMMEs, they are finding the environment difficult, yet they are important to job creation. Perhaps resources should be mobilised to further their cause in the sector. The

SAIBL programme for HDE SMME development may serve as a model or even potential partner.

Eliminate wastage

Just as the economic principle can suggest what training areas ought to have additional resources, so too it can spell out which areas to avoid. The cost of valueless training is not just the sum of all training cost, but also the opportunity forgone. Beyond that, it can also have a demoralising effect on trainees, and may affect negatively their future participation, or absence thereof, in the labour market.

Priority Training Area: Avoid low-level skills learnerships

Evidence: TLP evaluation

Rationale: The TLP evaluation has indicated that a significant portion of learners have not received a placing. There seems to be little demand for the skills acquired. More precisely, it is not so much that there is no demand for these skills, but there are just so many individuals with the required low-level skills, that learners have little in term of distinct advantage, and therefore attract little attention.

Table 20: Priority training areas – skills needed across occupational categories in the sector

| | Communi- -cation Skills | Customer Handling skills | General IT user skills | IT prof. skills | Literacy skills | Mgmt skills | Numeracy skills | Problem solving skills | Team working skills | Technical and practical skills |
|---------------------|-------------------------------|--------------------------------|---------------------------|--------------------|--------------------|----------------|--------------------|------------------------------|---------------------------|---|
| Group 3 (11-50) | 2.4 | 2.1 | 2.5 | 2.7 | 2.3 | 2.2 | 2.3 | 2.3 | 2.1 | 1.9 |
| Group 4 (51-100) | 2.5 | 2.1 | 2.3 | 2.7 | 2.1 | 1.9 | 2.1 | 2.3 | 1.9 | 2.1 |
| Group 5 (100+) | 2.9 | 2.3 | 3 | 3.1 | 2.1 | 2.8 | 2.2 | 2.7 | 2.5 | 2 |
| Group Total | 2.4 | 2.1 | 2.5 | 2.7 | 2.2 | 2.2 | 2.3 | 2.4 | 2.1 | 1.9 |

Source: HSRC National Skills Survey, 2003

Across each group level, the three highest scores are highlighted. These reflect the most important training needs. As is evident from the table, IT, communication and problem solving skills rank amongst the commonly demanded skills.

Table 21: Priority training areas – occupational training needs

| | Mngers | Prof. | Technicians | Admin/ Secretaries | Service and sales workers | Agricultural/ Fishery workers | Craft/ skilled trade workers | Print/ machine operators | Elementary workers/ Labourers |
|-------------------------|--------|-------|-------------|-----------------------|---------------------------------|-------------------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| Group 3 (11-50) | 2.6 | 1.7 | 1 | 1.9 | 3 | 3 | 2.7 | 2 | 2.6 |
| Group 4 (51- 100) | 2.3 | 1.9 | 3 | 2.3 | 2.6 | | 1 | 1 | 2.8 |
| Group 5 (100+) | 3.2 | 2.6 | 2.6 | 2.9 | 3.1 | 3 | 2.6 | 2.6 | 3.1 |
| Group Total | 2.6 | 1.9 | 2.1 | 2.1 | 2.9 | 3 | 2.5 | 2 | 2.6 |

Source: HSRC National Skills Survey, 2003

Across each group level, the three highest scores are highlighted. These reflect the three most important training needs. Occupational training needs reflect that the skills/occupations in greatest demand are management, elementary workers/labourers, service and sales workers, admin/secretarial and craft/skilled trade workers.

The table below summarises the various trends at work in the sector, the training objective that needs to be addressed in response to the trend, and the training priority area proposed to meet the objective with regard to the identified trends. It summarises from above and adds additional material (To be completed)

Table 22:

| Sector Trends | Employment and Training Objectives | Skills Development Priorities |
|---|------------------------------------|---|
| Increasing mortality Rate | Maintain skills base | HIV awareness training |
| South Africa 2010 | | Event Management |
| Employment Equity legislation | Transformation | Black management training |
| Increased Customer knowledge and sophistication | | IT training |
| Nice Markets | Innovation | <ul style="list-style-type: none"> ▪ Eco-tourism ▪ Cultural tourism |
| Increased customer care and efficiency | Skills gap | Management training |

Constraints

In addition to the need for skills training for the purposes to eliminate shortages, gaps and others discussed above, there are also specific skills needs that occur as a result of constraints in the workplace and in the environment

Systems constraints

The following are recognised as institutional or systems constraints:

- Qualification framework
- Provider capacity
- Learning areas
- SMME growth

Qualification framework Standards and qualifications are to be generated. Content of learnerships and skills programmes developed in accordance to needs and recognition of prior learning.

It is imperative to convince the industry that accredited training and education programmes are worthwhile. This can be achieved by marketing accreditation to both the industry and tourists as a mark of service quality. For example in Britain, tour guides belong to a professional guides association that accredits them and gives them a badge to signify their accreditation. Service providers especially in the hospitality industry may be able to utilise the accredited qualifications of their staff as a competitive advantage to indicate quality or service excellence. Accredited training can be used to build credence for small operators in the tourism and hospitality sector.

Provider capacity: There is a continued need to develop and upgrade the capacity of assessors to monitor and accredit workplace training so this can be incorporated into the NQ framework. In focus group meetings major concerns were expressed about the quality of training and education offered by providers. Delays in establishing the ETQA functions of the Seta had a negative impact on training provision. In some sub-sectors there were no accredited providers.

Funding:

An area of great concern is THETA's lack of finance. The current legal system prevents THETA from being able to adequately fund itself because many of the organisations within the tourism industry are exempted from paying levies due to their small nature. THETA expressed a need for legislature to be re-worked so as to allow the SETA to obtain levies from previously excluded organisations. Furthermore, the inability of THETA to trace whether levies are going to be received or not, adds to the general uncertainty

surrounding the receiving of monies. From monies already received, 10% goes to SETA administration costs out of which 14% of this figure is payable to Value Added Tax (VAT). In the upcoming five years (2005 – 2009), THETA aims to find a means that will allow them to avoid this VAT payment, and thus, retain a greater proportion of received monies to assist with THETA costs.

The low amount of monies and donor funding received by THETA impacts on THETA's ability to perform many of its core functions as optimally as it would like. For example, without sufficient financial capital, THETA is unable to develop the organisation (such as creating a better infrastructure, support system and embarking on human resource development). This also limits THETA's ability to engage in projects – such as learnerships – and to engage in ongoing research within the tourism industry as a whole.

From a broader perspective, it was felt that Department of Labour (DOL) support was lacking, as was private sector and donor funders' buy-in to THETA and its initiatives. There was a deficit in THETA-stakeholder relationships. This was perceived as being a consequence of THETA mismanagement and expressed itself in a lack of stakeholder trust and willingness to work with THETA. It was recommended that THETA establish better networks with stakeholders in the tourism industry to overcome industry resistance to the SETA and for THETA to keep abreast of changes.

Workplace Constraints

It is essential to convince SMME employers that it is in their interest to have their training accredited. Skills grants can be used as incentives to encourage co-operation from employers. Employers may obtain grants upon approval of their workplace skills plans, which are submitted to THETA. Additional grants are available for employers that assist historically disadvantaged individuals to obtain training.

SMME Development Constraints

Self-employed entrepreneurs or small SMMEs are the growth engines in the tourism and hospitality sector. THETA should target both established SMMEs as well as emerging SMMEs in rural areas. The training needs of the segments are likely to vary. Established SMMEs may be open to training that enhances their capacity to grow. They may be interested in acquiring management or marketing skills to improve their businesses. The growth of these SMMEs may increase employment and commitment to staff training as SMMEs strive to become more competitive.

- Poor infrastructure limits access to outlying areas, particularly for rural SMME's
- Lack of finance to develop their offering, and
- Lack of tourism knowledge and marketing and management skills to develop viable business ventures.

The primary barriers inhibiting SMME's from obtaining access to funds is ignorance regarding the availability of funds, lack of collateral, lack of linkages, and difficulties encountered due to application booklets and processes that are not user-friendly. This is especially pronounced for SMME's in rural areas. THETA can co-ordinate training programmes that inform and train rural SMME's in particular but also SMMEs generally, in the processes of obtaining finance. Secondly the SMME must be given access to training to acquire tourism and general business skills. Finally THETA should mediate in partnerships between the SMME and formal sector tour or hospitality operators. THETA can liase with tourism promotion bodies to market these new attractions.

Chapter 5: Strategic Plan

The World Travel and Tourism Council's report on South Africa (WTTC, 2002) recommends that the sector places a high priority on Education and Training; "Given the projected growth in travel and tourism demand, it is important to plan ahead to attract sufficient numbers of employees with the appropriate skills" (WTTC, 2002, 41). The purpose of this Sector Skills Plan is to meet this very requirement.

In meeting these requirements, however, we will meet not only the demands of a growing sector, but will pursue a host of other objectives of optimal skills development:

- To align our global competitiveness in tourism with the best
- To ensure long term sustainability of the industry
- To create long term better paying jobs
- To redress the inequalities of the past
- To accelerate the economic growth

The twin pillars on which the sector will ride to 21st Century success are those of growth and participation:

Growth: Hospitality, tourism and sport are all seen as major growth areas for this Century with attendant contributions to GDP, work opportunities and conserving and replenishing national resources.

Participation: Issues of participation are set to become either major stumbling blocks to growth, or alternatively if solved, major release points for energy and growth.

Areas for Strategic Alignment

This chapter presents the strategic plan, the implementation of which will allow the sector to develop the skills needed to take advantage of future prospects in the sector.

The strategic plan is aligned to two broad areas:

- Meeting the needs of consumers in the sector
- Meeting the development needs of the country

Meeting the needs of consumers. The needs (existing and future) of the client in the tourism, travel, leisure, gambling and sports sector are indicated by the trends in the industry. Some of the important ones have been identified as follows:

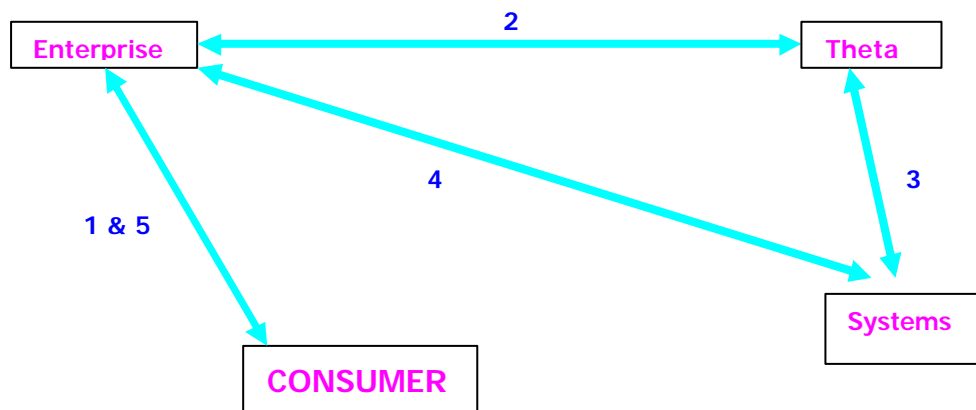
- Industry increasingly organised at global level
- More frequent, shorter length tours
- Consumers with greater knowledge regarding products and country offerings
- Reservations increasingly 'last minute'
- Increasing use of internet as a source for finding supplier
- Accelerated growth in the meetings, incentives, conventions and exhibition (MICE) businesses

Meeting the Development needs of the Country.

- NSDS objectives and targets
- Growth and Development Summit objectives
- SMME development
- Employment Equity
- Transformation
- Quality Assurance

THETA is only one cog of many in the wheel that achieve the customer needs and the development needs of the country. On its own and in isolation from other players, (as identified earlier) it cannot achieve much. A strategic use of resources implies that THETA should provide inputs that have the greatest possible impact, in conjunction with those of other role players, towards meeting the various development and client needs.

Consumer-driven skills demand and related structures in the Tourism Industry



Explaining consumer-driven skills and related structures in the Tourism Industry

1. The consumer is the driving force behind the product/service that is offered. Ultimately, the type of training enterprises provide to their employees, is based on an understanding of the consumer and what their demands are. The quality of the final product/service offered to the consumer is dependent upon a variety of factors, of which the level of education and skills of the employee are important considerations. Employees have direct contact with the consumer and therefore, it is imperative that staff be adequately trained as to how to best meet the needs of their consumers.
2. One of THETA's roles is to continuously liaise with stakeholders in an attempt to keep abreast of demand/supply trends and changes in industry. There is thus a close interaction between THETA and stakeholders.
3. Based on this interaction, THETA will develop systems/structures that will enable stakeholders to provide training geared to meet consumer needs. THETA will assist in the development and accreditation of training programs (amongst other functions) leveraging internal management structures to do so efficiently.
4. Stakeholders, guided by these systems/structures, will identify relevant programs and beneficiaries and incorporate industry-demanded training courses into their training programs.
5. Stakeholders will monitor and evaluate their training programs on a number of factors. Levels of customer satisfaction will provide one indication as to the degree of effectiveness of training programs on employee productivity. Interaction between stakeholders and THETA will guide the refinement of training programs to ensure that they are maintaining upkeep with demand and associated quality levels.

In meeting consumer demands and strengthening the product offering in various manners – one of which is improved employee productivity achieved through human resource development – it is essential that the core issue of transformation is not lost in the process. Transformation is not divorced from the ability to generate economic growth. Rather, without transformation, the increasing gap between rich and poor will prove to be an impediment to future economic growth as a whole. THETA, working within the framework of the National Skills Development Strategy (NSDS), has achieved and exceeded a number of its set targets in its attempts to guide transformation within the tourism industry.

Alignment to the NSDS

Strategic intent is the element of strategy that sets the general direction and vision and becomes an anchor for consistency over the long term. It is a given in this strategy determined by national skills

development strategy goals and targets and the sector goals and targets as laid out by the Department of Labour.

Table 23: Developing the Country: 2002/2003 THETA performance March 2005 indicators

| Objective to be achieved by March 2005 | Target: 2002/2003 | Achieved 2002/2003 |
|---|--------------------------|---------------------------|
| Objective 1 | | |
| 70% of all workers have a level 1 qualification on the NQF | 17.5% | 46.25% |
| 15% of workers must have embarked on a structured learning programme, of whom at least 50% will have completed their programme satisfactorily | 25% and 1% | 450% and 185% |
| Objective 2 | | |
| 75% of enterprises with more than 150 workers are receiving skills development grants and the contributions towards productivity and employer and employee benefits are measured | 20% of enterprises | 33.8% of enterprises |
| 40% of enterprises employing between 50 and 150 workers are receiving skills development grants and the contributions towards productivity and employer benefits are measured | 10% of enterprises | 100% of enterprises |
| Learnerships are available in every sector | 100% | 100% |
| All government departments assess and report on budgeted expenditure relevant to public service, sector and departmental priorities | 50% | 75% |
| Objective 3 | | |
| 20% of new and existing registered small businesses to be supported in skills development initiatives and the impact of such support to be measured | 5% | 0 |
| Objective 4 | | |
| 100% of the NSF apportionment is spent on viable development projects | 100% | 100% |
| The impact of the NSF is measured by project type and duration, including details of placement rates, which shall be at least 70% | 100% | 0 |
| Objective 5 | | |
| A minimum of 80000 people under the age of 30 have entered learnerships in all sectors | 13% | 257% |
| A minimum of 50% of those who have completed learnerships are within six months of completion, employed in full-time studies or further training or are in a social development program | 50% | 0 |
| Source: Tourism Business Council South Africa, 2003 | | |

It must be noted however, that in some areas the objectives have not quite been met. These include the support of SMME's through skills development initiatives and the measurement of the impact of such support. During the course of 2002/2003, THETA did not achieve its target of providing support to 5% of SMME's (see table overleaf). In addition, whilst THETA embarked on numerous learnerships – exceeding the targets identified in terms of placing learners in various learnership programmes – the employment of learners was significantly low.

Strategic Interventions

In furthering the implementation of strategic intent embodied in the NSDS, while keeping in mind severe existing resource constraints, three strategic interventions are proposed for the sector. These are:

1. Strengthening the System
2. Leveraging Change
3. Role Modelling Best Practice

While the specific activities associated with these interventions are summarised in the table below, it may be necessary to discuss briefly the two principles, which underpin the interventions:

- a. Stretch and Leverage
- b. Strategy as Knowledge Creation

Stretch and Leverage: This refers to the strategic component that looks at the mismatch between a system's resources and its ambitions. Once again THETA has been mandated a system with huge ambition but relatively few resources for the achievement of the ambition. This necessitates a strategy of: (1) concentrating resources more effectively around strategic focal points, (2) accumulating resources more efficiently, (3) complementing one kind of resource with another, (4) conserving resources wherever possible and (5) recovering resources from the marketplace in the shortest possible time.

Strategy as Knowledge Creation: Increasingly, evidence from planning points to too much time spent on over-ambitious planning approaches that lead to strategic plans that collect dust on shelves whilst the exigencies of implementation pass them by. The antidote to this problem is to create dynamic strategy; both as a vehicle and as an environment in which knowledge is enhanced, shared and deployed into strategies, policies and plans. This allows for emergence to be harnessed towards successful implementation.

This report has attempted to create strategy at a level that will speed the implementation of national and sectoral policies. It focuses quite extensively on sharing best practice where such exists, or building it where it hasn't yet flourished. In addition, it focuses on capacity building as a mechanism by which

various key role-players can continue to build their own respective strategies for adapting and implementing the system.

Table 24 Three Strategic Interventions

1. Strengthening the system

- a. There is growing recognition across the country that insufficient resources have been invested in building the capacity of new and multiple macro systems intended to improve the human resource base of South Africa.
- b. It is the view of THETA that until and unless substantial further resources are invested in the architecture of the macro system, the NSDS and the NQF are both in danger of failing in this sector.
- c. It is for this reason that one of the key thrusts of the next five years will be to substantially invest in years one and two with a tail off over years three to five, in two areas of system capacity building: provider development and ETD practices.

1.1. Provider development

Originally thought to be a function of the market, the inability of substantial numbers of providers to adapt to the new systems has hampered quality delivery of every form of ETD in the sector, but perhaps most notably that of learnerships.

Provider development will entail four key activities:

- a. The speed-up of accreditation by ensuring that providers have more assistance to get into the system.
- b. A customer focus that pays more attention to where providers are coming from, as a skilful mechanism to moving them towards desired end-states.
- c. Massive customer information dissemination.
- d. An active programme to build black providers in the sector and to ensure that procurement of black providers becomes a priority issues for the sector.

1.2 ETD practices

This intervention is focused at both numbers of available practitioners as well as at the quality of practice.

Activities will include:

- a. Intervening into the quality of training programmes for ETD practitioners in the sector
- b. Investing in assessor, mentor, trainer, moderator and evaluator training for the sector
- c. Investing in training packages, including curriculum, for specified learnerships

and skills programmes.

- d. Requiring approved curriculum frameworks as pre-requisites for specified training interventions

2. Leveraging change

Given that the aims of THETA stretch way beyond the resources made available to it, the leveraging of change in the sector must seek out the 80/20 principle in which 80% of outcomes are achieved with 20% of the inputs. THETA has to find that 20% and this intervention is aimed at doing precisely that. Five key areas for action are envisaged.

2.1 Skills development capacity

The workplace equivalent of ETD practice, this area is pivotal to the success of the system.

Activities here will include:

- a. Toolkits for large enterprises for workplace skills plan development & training reports.
- b. Training for Workplace Training Forums members. Particular attention will be paid here to enhancing the capacity of employees to participate in the WSP development
- c. Training for large enterprise SDFs designed on best international practice HR and accredited within higher education.
- d. Training for small enterprises in building the capacity of their staff as an integral part of small business management and development.

2.2 Management capacity

Many enterprises across the sector are battling to fill middle management posts and in particular are battling to fill posts with strong black candidates. This is a 'bottleneck' to change in the sector not just on demographic but also on organisational culture grounds.

Two key activities are envisaged:

- a. Bursaries for a specified number of black students to attend hotel school. This will ensure a supply of well-trained management candidates across the sector.
- b. The development of 2 to 3 year learnerships in in-service management training. This will allow succession planning linked to employment equity to take place in a number of enterprises.

2.3. System governance

A number of parastatal structures have been given mandates to implement systems without being given sufficient up-front capacity. Their links to the NSDS put them in danger of becoming weak links in a strategy chain, and, at their request, attention and energy will be put into assisting them. The smooth functioning of these structures will qualitatively improve practice in the sector.

Activities will include:

- a. Support for and liaison with tourism authorities
 - b. Support for and liaison with Gaming Boards
- Support for and liaison with Tourism guiding registrars

2.4 Small enterprises

Small enterprises are not currently benefiting from or contributing to the NSDS in this sector. Given that small enterprises make up the majority of enterprises in the sector this situation must clearly change.

This intervention is aimed at 'piggy-backing' on existing training for small enterprises by drawing enterprises into a relationship with an enterprise support centre. The support centre will assist enterprises with business development issues while at the same time gathering data on activities.

2.5 ABET

3 Role-modelling best practise

At another level from the other two legs to the strategy is that of role-modelling practice. There are a number of 'new' initiatives that are or should be occurring in the sector. It is not within the scope of THETA's resources to 'make' these happen, but it is seen as desirable that working models should be put in place that can act as rolemodels for enhanced practice elsewhere in the sector.

3.1 Disability employment brokering

An initiative will be launched in consultation with disability organisations to broker

employment opportunities with training and placement. Such initiatives do exist in other sectors and best practice will be imported to this sector.

Activities will include:

- a. Meeting with large employers in the sector, including parastatal bodies to gather information on employment equity plans with reference to opportunities.
- b. Consulting with disability organisations regarding needs priorities and desirable actions.
- c. Arranging training as an intermediary action to connect disabled people with work opportunities.

3.2 HIV/AIDS

Critical to this sector and uniquely played out – as it is in any other sector – the pandemic must be dealt with by strong leadership in skilful initiatives.

A toolkit for the sector is already in place. This intervention will arrange for the dissemination of the toolkit and for macro levers to be put in place.

3.3.3 Co-operative training

Internationally there is a growing trend for competing firms to co-operate in training initiatives that span areas of common required competence. This initiative will investigate the opportunities for modelling this practice in three areas of the sector that have indicated some interest in this trend.

- a. Hospitality
- b. Gaming
- c. Nature conservation

THETA's focus in this plan is to concentrate on building those elements of the system that will allow the system to deliver its own determined needs. Better quality providers, competent and plentiful assessors, more skilful workplace training forums and better crafted workplace skills plans are just some examples of a better functioning system. With these in place, key actors in the sector will be better able to articulate demand and be better placed with a supply to fulfil that demand.

Over the five-year period of the plan the emphasis will gradually shift from systems architecture to more pointed interventions to meet skills shortages. By year four of the plan almost no funding should still be going into systems architecture. Key players should be strongly in place and THETA able to revert to its original intended function of facilitator of skills development and quality manager of skills supply.

Preconditions for strategy

The successful implementation of the sector skills plan presupposes that certain conditions hold. The key conditions singled out here relate to:

- Stakeholder needs and involvement
- Finances
- THETA performance

Stakeholders

Better and more meaningful stakeholder participation in implementing the strategy is a prerequisite for success. The process of drawing up this sector skills plan has perhaps been the beginnings of this increased participation. Two concerted strands of continuation are required.

Customer Focus

THETA needs to more clearly analyse its customers – from government ministries to enterprises and to delineate more skilfully their expectations, their needs and their respective roles in the system. Based on this analysis all transactions need to be made conscious of the answer to the question, “How does THETA add value to any specific transaction with a customer?”

These equations are made conscious of the fact that THETA is not a private sector service provider driven solely by customer demand. THETA in fact straddles a difficult terrain involving leading customers to a place they may not naturally choose to be, while adding value to their journey. A customer focus template and customer relationship management tools are seen as necessary supports to the broader strategy.

Network Management

THETA needs to create communities of practice that can strengthen new ways of operating. This will involve creating more forums in which THETA can listen to its customers, forums in which sector stakeholders can listen to and learn from one another, and forums in which the entire sector can learn from best practice elsewhere in the country or in the world.

Finances

Quite simply put the mathematics of the DOL mandated goals do not add up. The outcomes required of the THETA are not achievable with the inputs created via levy and other incomes. THETA will have to lever resources from the NSF and other sources if it is to have any possibility of success against government scorecards.

An efficient THETA

In order to achieve the strategy laid out in this section, THETA will need to function seamlessly as an efficient, effective 21st Century organisation. The sector skills plan will need the full and public support of the Board and the optimal assignment of resources in budgets and operational plans, plus a strong CEO-directed operationalisation of the strategy within structures.

Full co-operation and constant communication between all functions within THETA is also a prerequisite. Any tendencies towards silo operations or compartmentalisation will be fatal to success, as well as to customers' perceptions of success.

Creative, non-bureaucratic and innovative ways of operating are the final internal ingredient for success. Management and all staff of THETA should beware of recourse to rules and paper-focused processes to the detriment of sector change.