



Black Economic Empowerment led transformation within the South African accommodation industry: The case of Clarens

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Abstract

In South Africa, the tourism industry has long been identified as one of the key drivers for economic development and the transformation of the economy. Although South Africa joined the world tourism stage after the democratic dispensation of 1994, the country to this day still contends with issues linked to its unjust past, such as poverty, inequality and severe unemployment, especially among the youth. To date South Africa remains one of the most unequal societies in the world. More specific and related to this study is the transformation of the accommodation sector within the tourism industry. Post 1994 the newly elected democratic government sought to rectify the unequal ownership of the economy via a transformation programme known as Black Economic Empowerment, followed by Broad-Based Black Economic Empowerment. More than a decade since the Tourism Charter, this article seeks to determine how transformation in small localities has fared since the tourism sector-specific targets were introduced. The results of this study are further made poignant by the newly coined term of Radical Economic Transformation, which is proposed as a more aggressive approach to Broad-Based Black Economic Empowerment. The study aims to explore and gain a deeper understanding of transformation within the tourism sector. This article specifically focuses on the accommodation sector in the village of Clarens in the Free State Province of South Africa. The article's ambition is to further highlight issues relating to the transformation of the accommodation industry.

Keywords: tourism, transformation, accommodation sector, Black Economic Empowerment, South Africa

Introduction

Since 1994, South Africa has been on a path towards transformation, more particularly the transformation of the economy. The economic redress to correct the social imbalances and racial divisions of the past has been a top priority of the government's agenda ever since the end of apartheid (Sanchez, 2011: 1). South African economic transformation programs such as Black Economic Empowerment (BEE) draw their rationale from injustices inflicted on black people during the apartheid era, which was a period of the exclusionary participation of black people within the economy by the then government. The political label 'black or previously disadvantaged' originally referred to the three 'non-White' groups of people (Blacks, Indians and Coloureds), in acknowledgment of their common discriminated status during South Africa's apartheid era (Bladini, 2001: 10). In 2008, a landmark ruling in the Pretoria High Court



grated Chinese South Africans the right to be classified as black, as they, by the apartheid government, were considered coloured and as such, were also discriminated against (English People, 2008). Paradoxically, Japanese were considered to be honorary whites in apartheid South Africa.

The apartheid government maintained the economic status of black people at a level below that of white people in South Africa (Dlanga, 2013). Essentially, the apartheid policy was actually black people disempowerment; it was devised in such a way that black people were destined to provide the cheap labour, a process that resulted in the deliberate denial of entrepreneurship development (Dlanga, 2013). The disparities in entrepreneurship development between white and black people were the consequence of the earlier economic policies. Redressing of the racial economic disparities have continued since the advent of democracy in South Africa. Black Economic Empowerment and its related programmes emerged as solutions to the lack of essential resources for the economic development of black people (Empowerdex, 2013: 15).

The transformation and redress programme introduced by the South African government was called Black Economic Empowerment (BEE), followed by Broad-Based Black Economic Empowerment (B-BBEE). The BEE programme and its subsequent amendments aimed at transforming (all sectors of the economy) inequalities that were the legacy of past injustices by affording previously disadvantaged individuals economic privileges which were previously not available to them (Horwitz and Jain, 2011: 298). One of the critical industries identified as needing reform and recognized as a catalyst for economic development and transformation was the tourism industry (Department of Environmental Affairs and Tourism (DEAT) 2005: 1, Zuma 2012). To aid BEE legislation in achieving transformation within the sector, the Tourism BEE Charter was launched in 2005 as well as the Tourism BEE Sector Codes of good practice in 2009. What became evident then and continues to be true today, was that a large proportion of the economy remains controlled by a white minority; they owned a large majority of South African businesses and the narrative was the same within the tourism industry (DEAT, 2005: 1; Giampiccoli and Mtampuri, 2014: 91; Siyaya, 2017: 1).

This article looks at whether the implementation of BEE has led to any significant changes in the accommodation sector within the tourism industry with regards to black participation and what the levels of black participation currently indicate in small tourism localities. There are many examples (Shome and Hamidon, 2009; Lee, 2010; Nel, 2011 and Uppal 2014) of the application of transformational policies around the world and this article will within the literature, highlight BEE, its aims, challenges, pitfalls and measure how transformation of the accommodation sector in Clarens, a small locality is advancing. This article is however only going to focus on three pillars of the Tourism BEE Charter, namely: ownership, employment equity and perceptions around preferential procurement. The findings of the research indicate a lack of transformation within the accommodation sector in Clarens. The dominance of tourism in Clarens motivated the undertaking of the study so as to monitor the progress of transformation in an area with reduced political influence.

Literature review

The impact of tourism in South Africa is substantial and tourism is a significant contributor towards job creation and economic development. According to Statistics South Africa (StatsSA, 2016) 8,9 million tourists in 2015 visited the country. The industry created 32 186 new jobs in 2015 and raised the tourism workforce from 679 560 individuals in 2014 to a total of 711 746 individuals. The annual spend on tourism in 2015 totaled R249,7 billion (approximately \$18 billion at the time).



BEE and tourism

Black Economic Empowerment is the cornerstone of the South African Government's effort to overcome the legacy of racial discrimination and was a necessary government intervention to address the systematic exclusion of the majority of South Africans from full participation in the economy (Department of Trade and Industry, 2003: 6; Sanchez, 2011: 5). The introduction of initiatives aimed at addressing racial, economic and social imbalances are by no means unique to South Africa. Countries such as the United States of America, Brazil, and Malaysia are but examples of a few countries that have introduced such redress mechanisms (Sanchez, 2011: 2).

In South Africa the initial emphasis of empowerment focused primarily on equity transfer through business transactions, however, this approach only created benefits for a handful of individuals who were politically connected (Sanchez, 2011: 3). The first phase of BEE did not go as intended as the benefits failed to filter down to the envisaged beneficiaries and in 2013 a revised form of BEE known as Broad-Based Black Economic Empowerment (BB-BEE) was introduced with the promise of reaching the broader disenfranchised masses and aimed to be more inclusive (Mputa, 2016: 13). Black Economic Empowerment is an all-sector policy and the tourism industry is also subject to the directives outlined in the policy.

The tourism industry recognizing its need to transform developed an industry charter in conjunction with the BEE Act as a guideline to facilitate transformation (DEAT, 2005: 1). Although in the last 25 years a portion of the previously disadvantaged black community has advanced economically, and black capitalists have become increasingly visible, the majority of black South Africans remain poor, with limited employment opportunities when measured against their white counterparts. This is made evident by the contrast in the unemployment rate (Uppal, 2014: 15).

A study by the Economist in 2013 found that unemployment amongst blacks stood at 28.5% compared with 5.6% for whites and if the stats were to include those who want to work but have given up looking for jobs, the unemployment rate becomes 41.6% for Blacks and 7.5% for whites (Uppal, 2014: 16).

South Africa is one of the most unequal societies in the world and furthermore, this inequality is divided along racial lines (Ford, 2017). In 2015 Statistics South Africa revealed that the average household income was R138 168, most strikingly was the fact that black South Africans earned an average of R92,898 (\$6875) annually in comparison with R444,446 (\$32,895) for their white counterparts (Ford 2017).

It is such alarming figures that informs the need to accelerate transformation within the tourism industry as it was seen as a catalyst for economic growth, empowerment, community development and poverty alleviation (Zuma, 2012; Koot, 2014: 4). The tourism industry is today one of the leading economic drivers and is believed to surpass mining in some areas (Giampiccoli and Mtampuri, 2014: 88).

Black business ownership

According to van Scheers (2010: 148), Black ownership within a company is defined as the percentage of shares owned by Black people within that company. Table. 1 indicates the various categories of Black ownership in the context of the BEE policy.



Ownership	Percentage of ownership
Black enterprise	50 percent owned and managed by Black people
Black-empowered enterprise	25 percent owned and managed by Black people
Black-influenced enterprise	5 and 25 percent owned and managed by Black people, respectively
Engendered enterprise	At least 30 percent representation of Black women within the Black equity and management portion
Community or broad-based enterprise	Has an empowerment shareholder who represents a broad base of members

Table 1. Categories of BEE ownership

Source: adapted from Van Scheers (2010: 148)

The black majority in South Africa were methodically prevented from any meaningful participation in the economy from the second half of the 19th century till 1994. Furthermore, black people were deprived of ownership in industrial firms and denied responsible positions in the private as well as the public sectors (Hiam et al., 2017: 1370). As it currently stands, South Africa's economy today continues to be dominated by large, established companies, mostly white or foreign-owned (Siyaya, 2017: 1). According to President Zuma (2013), it is clear that South Africa faces a huge challenge in fostering black business ownership and developing an entrepreneurial culture among black people. Upward job mobility with the potential of business ownership isn't uncommon dreams for working people. For some people this dream can be described as possible, however, for others, particularly those from disadvantaged backgrounds, they are best viewed as improbable (Back et al., 2017: 2).

A study conducted by Biyela (2007: 35) identified constraints for black-owned tourism business as the following:

- The negative attitude of Black people towards the tourism sector. Tourism is considered as a "White peoples' thing";
- Lack of entrepreneurial skills;
- Access to finance remains a challenge;
- The material resources required to acquire ownership are expensive;
- Literacy level among Black people is low;
- Access to opportunities benefit politically connected Black people; and
- Corruption within the tourism industry.

In 2012 the National Department of Tourism (SA NDT) briefed the parliamentary committee that monitors and oversees work done by national departments, on transformation within the tourism sector. The NDT (SA NDT, 2012) indicated that transformation within the sector was not taking place as intended and much worse were the rural areas which recorded 2% - 3% transformation levels.

Employment equity

Although two decades have passed since the demise of Apartheid, the South African labour market continues to reflect racial inequalities in employment not only in terms of occupational disparities but also in terms of power relations (Thatlosi, 2010: 1; Mputa, 2016: 1). In this regard, a historical context is important. In 1948 when the National Party became government they enacted racially divisive laws which effectively enabled the overlooking of blacks for employment the official government policy. This later included the provision of a substandard education to blacks compared to their white counterparts. What this meant was that blacks found it near impossible to move into certain highly skilled or high-status occupations and professions (Mputa, 2016: 3). To redress the damaging effects of decades of racial



discrimination in the workplace, the Employment Equity Act (EEA) of 1998 was established (Meyer, 2014: 3).

The purpose of the EEA Act was to (South Africa, 1998: 12):

- Achieve equity in all sectors of the economy, tourism included, by promoting equal opportunities and fair treatment in employment through the elimination of unfair discrimination.
- In addition, the EEA focused on implementing affirmative action measures to redress the drawbacks in employment experienced by designated groups in order to ensure equitable representation in all occupational categories and levels in the workforce.

The fundamental and driving principle of the EEA is to promote the transfer of skills in order to attain adequate involvement of Black people in the operational, professional and executive decision-making processes in their entities of employment (South Africa, 1998: 12). Allowing active involvement of Black people in management fosters racial diversity and the introduction of novel and innovative business ideas (Smit, Cronje and Brevis, 2011: 268). The inclusion of blacks in top management positions is sadly lacking far behind, with the Department of Labour's 2016-2017 Commission for Employment Equity Report indicating 68.5% of top management is white, which is six times the economically active population (Labour, 2017: 12). According to Oosthuizen and Naidoo (2010), there has however, been criticism and reluctance by businesses to adhere to the EEA. The EEA is meant to guarantee macro justice, meaning justice between groups of people, but opposition frequently arises because of concerns about micro justice, regarded as justice for individuals. The blame repeatedly levelled at employment equity is that it is a form of reverse discrimination, that employment equity appointees are less competent than some of the other applicants (Oosthuizen and Naidoo, 2010).

Mputa (2010: 3) disagrees with the notion that employment equity is reverse racism in that, the injustices that blacks were subjected to resulted in them lagging behind their white counterparts in every aspect of life and the sudden openings of employment opportunities did very little to address inequalities in education and access to resources. As a result, the playing field was never levelled and preferential treatment for blacks was needed in order to address the radical imbalances in the workplace.

One pitfall of governments EEA programme according to Oosthuizen and Naidoo (2010) is that in spite of opportunities made available, the system falls victim to abuse by the authorities because of comradeship under the pretext of employment equity in the sense that unqualified people fill positions where they are inept in dealing with the tasks required for those positions. Lee (2010: 272) also argued that the government's programme faces the pitfalls of trying to rapidly advance the previously disadvantaged by placing undue weight on racial representation which leads to the hiring of unqualified or underqualified individuals and the grievance of those that are overlooked simply because they fall outside the designated group.

Smit et al. (2011: 268) denote that organisations in South Africa have generally not been highly successful in managing diversity in the workplace. Proof of this is the fact that black people are clustered at the lower management levels. This indicates that they are not progressing and that their full potential is not being utilized. Managing issues of diversity and multiculturalism are crucial to organisational success (Mputa, 2016: 24). A report by Taal (2012: 12), for the Labour Research Service, focussing on the Hospitality sector, corroborates Smit's sentiments regarding the employment of blacks in lower management.

Solidarity (2008: 5) a trade union in South Africa however, presents a counter-narrative to the arguments advanced above, it noted that affirmative action or employment equity in South Africa is seriously flawed. The way in which affirmative action has been defined in South Africa



does not help to achieve employment equity. Since its inception, it has defined the group that must be helped by affirmative action, not as the poor, but along racial lines and according to the principle of representation.

The result is that correction is only made on job levels where whites have been over-represented. Thus, Solidarity (2008: 5) argued that there is, in fact, such a seriously small number of whites in the workplace relative to the larger designated group in South Africa that, it would make little difference to simply correct the over-representation of white people. White people were only over-represented on management level jobs, which means that correction would mainly be focussed on managerial positions. Thus, Solidarity (2008: 6) posits that affirmative action is an effective instrument in helping a minority, but it would be an extremely inefficient instrument when it comes to helping the majority. If 4,5% of the population is expected to correct 95,5% of the population, it would lead to feelings of alienation within the minority along with feelings of unfulfilled expectations among the majority. Despite this, Mputa (2016: 25) denotes that the loss of privilege and power has brought about anxiety within the dominant businesses group, which are mostly white males and this has caused them to tighten their grip on the economy, which has resulted in the lack of its transformation.

Preferential procurement

Preferential procurement is one of the seven instrumental pillars that make up the BEE framework and was enacted in the Preferential Procurement Policy Framework Act No. 5 of 2000 (South Africa, 2000). Preferential procurement can be referred to as the use of the states buying power in order to achieve its socio-economic objectives such as skills development, job opportunities and the economic empowerment of black people (Beukes, 2011: 23). In South Africa, preferential procurement is used as a transformative tool for black people by encouraging and assisting emerging black-owned businesses to gain access to government contracts wherein black people are the preferred bidders (Beukes, 2011: 23). Prior to 1994, public procurement in South Africa was primarily geared towards large and established contractors, making it difficult for the participation of new contractors in governments procurement process (Ambe and Badenhorst-Weiss, 2012: 242).

The challenges relating to the preferential procurement policy have largely been focused on implementation. Unlike what is stipulated in the legislation, suppliers weren't punished for low scores on the generic scorecard. White-owned firms continued bidding and securing tenders from public and private sector-owned enterprises (Mokakala, 2010: 39). Mokakala (2010: 39) argues that there is anecdotal evidence which suggests that the preferential procurement aspect of BEE is largely benefiting businesses that provide non-essential services, these entities render services rather than supplying goods. Black Economic Empowerment firms supply services such as cleaning, security, catering, and gardening.

Ambe and Badenhorst-Weiss (2012: 250) highlight challenges facing public procurement in South Africa as, but not limited to the following:

- lack of proper knowledge, skills, and capacity;
- non-compliance with supply chain management policy and regulations;
- inadequate planning and the linking of demand to the budget;
- accountability, fraud, and corruption;
- inadequate monitoring and evaluation of the supply chain management;
- unethical behaviour;
- too much decentralisation of the procurement system; and
- ineffectiveness of the black economic empowerment (BEE) policy.

Although there has been significant progress made by the government since 1994 regarding



transformative legislation, broader transformation cannot be achieved without the private sector. According to the Black Businesses Forum (Bara, 2017: 1), the lack of private support for black businesses appears to come from big business, black consumers and black businesses who believe that the service standards and quality of black businesses are below minimum.

In 2013 a report by the South African Supplier Diversity Council (SASDC) noted that the average BEE spend reported by top 50 Johannesburg Stock Exchange-listed companies averaged R1,83 billion in value. Small businesses accounted for 9%, black-owned business received 6% share and 1% went towards black-women-owned businesses. This indicated a bias towards larger businesses in procurement practices and highlighted the lack of access to small black businesses (SASDC, 2013: 2).

The South African Supplier Diversity Council (2013: 3) highlights the following perceptions held by large private sector businesses regarding procurement from small black-owned businesses:

- We can't find these SMME's;
- They do not have the capacity to supply according to our requirements;
- SMME's are risky and unreliable suppliers;
- They do not have the financial muscle to compete;
- Our role is to procure for our internal customer and not to develop suppliers; and
- There is no benefit that we derive from buying from SMME's.

With regards to the tourism industry, the former Minister of Tourism, Mr. Hanekom (SA NDT, 2016) indicated that transformation remains a major challenge facing the tourism industry and many other sectors of our economy. The minister highlights that despite many Government interventions aimed at overcoming economic disparities, entrenched inequalities continue to stifle growth, economic development, job creation and poverty eradication. The minister noted a study that found that about one in four large enterprises were owned by Black people in 2010. About 12% of large enterprises had attained 50% Black representation as board members, directors, and management. Only 4% of large enterprises achieved the target of ensuring that 25% of their directors were Black females. About one in five large enterprises had succeeded in procuring 50% of their goods and services from Black or women-owned enterprises (SA NDT, 2016).

The procurement of goods and services from businesses to small black-owned business needs to be accelerated if transformation is to truly be achieved.

Methodology

The Dihlabeng Local Municipality is situated within the boundaries of the Thabo Mofutsanyane District Municipality in the eastern Free State in South Africa. The geographical area consists of the towns of Bethlehem, Clarens, Fouriesburg, Paul Roux and Rosendal (Statistics SA, 2017). Clarens has a total population of 6 379 inhabitants (751 in the suburb of Clarens and 5 628 in Kgubetswana, which is an adjoining black township) since the last national census of 2011 (Statistics SA, 2011).

The former Minister of Tourism, Mr. van Schalkwyk (SA NDT, 2013) described Clarens as an area that boasts diversity, natural, cultural, and historical tourism product offerings. A town endowed with many Art and Craft shops which offer visitors a wide range of curios and original South African artwork. It furthermore offers 4x4 routes, fly fishing, and white water rafting. One other feature which adds to the picturesque atmosphere of the village is the many sandstone buildings. Clarens has come to be known as the "Jewel of the Free State", it acts as a gateway



to the Golden Gate Highlands National Park, it is home to ancient San rock art, and dinosaur fossils, which attracts thousands of tourists annually (SA NDT, 2013). Clarens was established in 1912 and was mainly a retirement town sustained by agricultural activities (Hoogendoorn and Visser, 2004: 108). The town largely retained its original character till the mid-1980's, never exceeding a population of more than 200 residents. The character of the town changed in 1990 with the development of the Lesotho Highlands Water Scheme, the massive infrastructure development saw an influx of international workers, which led to the establishment of accommodation facilities and restaurants to service their leisure needs. Those were the origins of a tourism industry in Clarens (Hoogendoorn and Visser, 2004: 109).

This study made use of a qualitative research approach. Qualitative research is regarded as an approach for exploring and understanding the meanings ascribed by individuals or groups to a social or human problem. Those who use this form of inquiry support a way of looking at research that honours an inductive style, it focuses on individual meaning and the importance of rendering the complexity of a situation (Creswell, 2014: 4). Maxwell (2012: 2) also asserts that qualitative research is flexible rather than fixed, and inductive rather than following a strict sequence or is derived from an initial decision. The main focus in qualitative research is to understand, explain, explore, discover and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people (Kumar, 2011: 103).

The research approach for this study was to explore and gain a better understanding of the human problem (Creswell, 2014: 4). According to Clarens Tourism/ Clarens Destination Management, there are roughly 200 accommodation establishments in Clarens and its surrounding areas. This study, however, only focused on accommodation establishments concentrated within the central business district of Clarens. The population for this study comprised of businesses actively operating registered tourism accommodation establishments in Clarens. The study intended to select a maximum of 10 accommodation establishments within each of the 6 categories identified in the tourism charter, namely; hotel, resort and timeshare, bed and breakfast, game lodge, guesthouse and backpackers. However, in cases where there were less than 10 accommodation establishments in any of the specific categories, the maximum number of available establishments were used. Due to the lack of accommodation establishments in certain categories as well as the non-participation of others, the final sample size for the research was twenty-two (22). Data was collected in the form of a non-structured-non-disguised questionnaire and analysed using the Microsoft Office package.

Findings

In research conducted by Sanchez (2011), regarding the implementation of BEE policies in South Africa, and critical to assessing its achievement, she noted a black middle class as one of the positive outcomes and setbacks largely attributed to implementation, structural and attitudinal challenges. This research seeks to determine how transformational BEE policies have been executed regarding ownership, employment equity, and preferential procurement.

Ownership

The establishments polled indicated a 100% white ownership status with 41% of the establishments female owned, 50% male owned and 9% of the businesses had joint ownership. The nature of the business were 60% sole traders, 36% close corporations, and 4% private companies. Of the businesses polled, 73% were established after 2004 and 27% of the businesses existed prior to the introduction of the Tourism Charter.

Employment Equity

Managers operated 64% of the businesses whereas the remaining 36% were owner run and managed. The establishments polled had a staff complement of 139 people, 47 of whom were employed in maintenance, 65 as cleaners/housekeeping, 3 as clerks/reception, 2 in sales and reservation and 22 in management. Crucial to employment equity is not only a diverse workforce but rather a management structure that demonstrates an adequate involvement of black people in the operational, professional and executive decision-making processes. Figure 1 further breaks down and illustrates the composition of the staff.

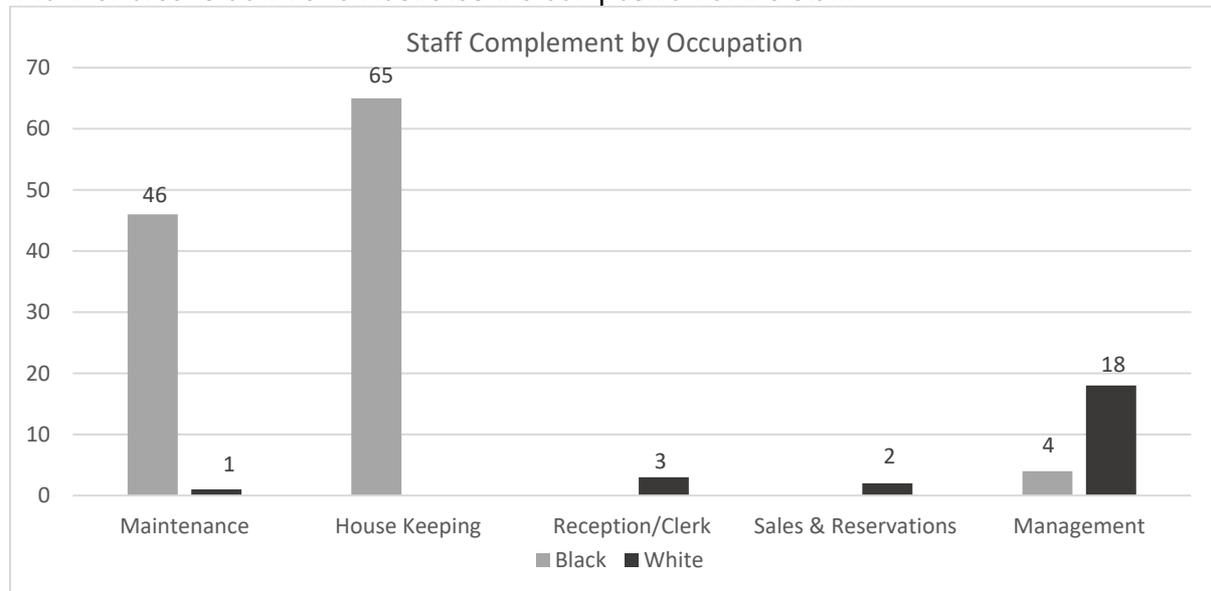


Figure 1: Staff complement by occupation

The respondents were asked whether they support employment equity or whether they thought it was preferential treatment and 23% were in support of employment equity whereas 77% of respondents thought it was preferential treatment. Respondents opposed to employment equity indicated that “people should hold positions based on their merit and not on their racial composition” whereas those in support denoted that “employment equity is necessary to address the past injustices of racial exclusion”.

Preferential procurement

The respondents were asked if they fully understood what BEE was and what it sought to achieve and 91% indicated that they fully understood what BEE was and what it was aimed at. One respondent said “BEE means that I must have a black partner in business” whilst another stated that “businesses who wish to engage with the government as a client are required to have a certain percentage of black ownership if the business turnover is more than a specified amount annually”.

The respondents were asked whether their businesses were in support of the B-BBEE programme and the results indicated 59% of the respondents approved of the policy whereas 41% disagreed. Reasons given in support of the legislation were that “there’s no reason for one not to support an initiative that seeks to empower others and advance the country” and “if it is implemented correctly, it would benefit the less privileged”. Reasons for not supporting the B-BBEE policy were that “the policy is biased and it is not skills oriented but rather race orientated” and that “it is never a good idea to base employment and ownership on race”.

Regarding procurement, respondents were asked whether their businesses procured goods for the running of their establishments from BEE compliant suppliers and 73% of businesses



indicated that they bought goods and procured services from compliant suppliers. Lastly, the respondents were asked whether the government mechanism in place allowed for transformation to take place in a fair manner and 77% of the respondents said no and 23% believed that the transformation mechanism in place were fair. One of the respondents who make up the 77%, said that “the programme thus far has only benefited a few individuals and not the broader community” and that “the government is a perfect example of it not working. Transformation will take place when essentials such as education are improved and transformation is based on skills and not on race”.

Discussion and inferences

The results gathered from the data collection suggests that transformation led by the government’s BEE programme has not had the desired results in the accommodation sector. The establishments polled had an overwhelmingly white ownership structure. Upper and middle management positions have also revealed that many of these positions are occupied by whites whilst blacks exclusively make up lower management and lower skilled jobs. However, it must also be highlighted that due to the small nature of the businesses, upper and middle management roles can be inextricably intertwined. The results indicated that all business surveyed were BEE compliant. This complete compliance can be largely attributed to the income clause in the BEE legislation that exempts and confers automatic BEE compliances status to any business with a turnover which was less than R2.5 million but amended to R5 million with the 2015 Amended Tourism BEE Sector Codes. Such companies are classified as exempted micro enterprises (EME) and as such do not require a formal B-BEE audit, they merely require an affidavit confirming turnover and the percentage of black ownership (Grant Thornton, 2016; DTI, 2015).

Clarens is a small quaint town with a thriving tourism industry, the bulk of whom are individuals taking private vacations, including the visiting friends and family market and less of the business tourist. This is important to highlight as this could suggest that government would have less of an influence on the industry. Accommodation establishments in larger cities/metros tend to comply with government regulations as they seek to form part of government’s procurement database. Where the government has limited sway on private businesses, compliance would be optional as opposed to necessary.

The results do, however, indicate that a majority of the polled businesses procure their goods from BEE complainant suppliers. The accommodation sector by nature procures a substantial amount of its operational goods from retail stores. The largest retail groups in South Africa e.g. Massmart, Edcon, Woolworths, Pick ‘n Pay, Shoprite and Checkers are BEE compliant and these groups command a significant portion of the retail sector from which accommodation establishments procure their goods. On that basis alone, inferences can be drawn in support of the results. Large accommodations establishments commonly outsource services such as cleaning, landscaping, and maintenance, however, small enterprises which are the case in the surveyed enterprises, insource those services as much as possible.

An important piece of information also collected from the data indicated that a majority of the businesses were established within the last 10 years, and the tourism sector-specific charter was first introduced in 2005. This indicates that despite all government-led interventions to reform this sector, black people are just not engaging in entrepreneurial activities where this sector is concerned. Therefore, transformation cannot be achieved by merely reforming existing businesses but rather by the development of new emerging black entrepreneurs entering the sector.

There are a number of challenges that impact black business participation within the accommodation sector, none so more than the lack of start-up capital, as most SMME’s in South Africa meet their demise within the first 3 years of operation (Bruwer et al., 2017: 1;



Leboea, 2017: 3). However, perceptions may play a larger role as a deterrent to black business participation in this sector. Tourism is perceived as a sector with limited financial rewards as compared to other sectors such as agriculture, construction, and mining.

Black Economic Empowerment has a largely negative view not because it has achieved nothing over the last decade but because of perceptions as well as attitudes towards the policy. Black Economic Empowerment is believed to have entrenched elitism and that the majority of benefactors are the politically connected. Where employment equity is concerned, a lot of black professionals have been empowered, however, in this area government has not achieved major results. This is as a result of government's failure to properly implement what has been proposed on paper. This has further hardened perceptions that BEE is made worse by focusing on race instead of skills.

Recommendations

Based on the above, a number of propositions to better advance transformation are proposed:

- The South African government needs to focus on the systematic and concerted development of new entrepreneurs if it wishes to realize their transformation and ownership targets.
- A serious criticism of BEE over the years has been the "forced" employment of black people in positions where their skills did not match the position occupied. The South African government needs to focus on providing quality education and upskilling young people so they are able to add value to the positions they occupy.
- One of BEE's increasing problems is that of fronting. Fronting makes it difficult for procurement objectives to be met and provides a distorted view regarding transformation. This challenge can be overcome by making the tender process that currently exists, transparent and open to public scrutiny. This will allow for proper verification and vetting by the public and interested institutions. The secrecy behind tender processes and awarding can lead to tender process mismanagement.
- A suggestion on how empowerment can also be accelerated is to pursue the enforcement of equal pay for the same job, irrespective of gender and race. The South African government has in the area of equal pay been doing fairly well however, the private sector has been found wanting in this regard. The government needs to look into the issue of fair pay, in many cases, women are remunerated less for the same type of job as their male counterparts and studies have found that black people are paid less for the same type of job as their white counterparts (Bosch, 2015, Peyper, 2016, Agence France-Presse, 2017, Mgodlwa, 2017, and Fisher, 2017). Employees who occupy the same position should be on the same pay scale.
- Lastly, the government will need to look into setting a timeline as to when they plan to eradicate the BEE policy. The main reason for this is to ensure that the country will move away from race-based employment policies and shift towards skills-based employment policies. This will also signal the fact that government is cognisant of what it wants to achieve and not allow for the current policy to be in place indefinitely, which would indirectly begin to discriminate against White South Africans and will harden racial perceptions and stereotypes as opposed to building an inclusive society.

Conclusion

Based on the lack of transformation within the accommodation sector, it is evident that a more concerted effort to reform the sector needs to be applied. However, transformation can't be pursued simply through the reform of former white businesses into black businesses but rather, it should be pursued in the development and growth of more black-owned businesses, more especially where SMME's are concerned. The South African government has over a



decade presented policies from the Reconstruction Development Programme, Black Economic Empowerment to Broad-Based Black Economic Empowerment and now seeks to pursue “Radical Economic Transformation” but has fallen short in properly implementing existing policies to the benefit of the broader majority. The government’s transformation agenda rests on effective implementation of existing policies if proper transformation is to be achieved. In spite of the challenges and opposition, South Africa remains in need of transformational policies in order to address the unequal ownership of the economy. The systematic dispossession and disempowerment of black people that has defined and will continue to define South Africa for generations, requires an equally systematic response from the government in order to achieve proper redress. In addition, transformation needs to be based on proper supply and equal access to essentials such as quality education as well as health services.

Due to time constraints and a limitation of resources, the study was confined to a small geographic area with a narrowed focus. Future research could expand the study. Comprehensive research concerning transformation of the tourism sector in South Africa is certainly welcome in order to continue the examination of the extent of transformation with the purpose of finding new and innovative solutions towards addressing the legacy of an unjust past.

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