THE THETA POPULATION: A DESCRIPTIVE STUDY OF NEEDS IN RELATION TO SKILLS TRAINING DELIVERY

A Presentation to THETA by the HSRC's IRRD and SAMM programmes

Presentation to the THETA report's sponsors.
THETA offices, Homestead Avenue, 5 Feb 2005

BACKGROUND AND BRIEF TO H S R C

Strategizing for national development, South Africa is **relying heavily on the tourism sector**. THETA as the tourism, sports and hospitality SETA is tasked with making **needed skills training** available, but uptake has been slower than hoped for. In the SETAS, a period of re-visiting assumptions is under way, and THETA needs planning data. This HSRC report asks, How can the skills development process in tourism be **more effectively targeted and delivered?**

THETA'S SCOPE

Seeking information about its **target universe**, THETA asked HSRC to expand its first proposal to include characteristics of all the enterprises in the **THETA population**. The number of tourism, sport and hospitality enterprises in South Africa has been estimated at 30 000, but their **distribution and profile** were not known. However, time to deadline and resources for delivery were very short.

TASK AND OBJECTIVES

The brief to HSRC's IRRD and SAMM sections addressed **both formal and informal** enterprises.

For both groupings, it included:

- **Demographic breakdown** of the industry
- **Literacy** levels and levels of **education**
- Levels of **qualification**
- Level of **economic development** of the major component sectors.

DELIVERABLES

Under the terms of reference, **deliverable products** include:

- **Literature review**
- **Initial GIS maps**, giving estimated distribution of reported enterprises in the THETA scope from the database
- **Interim report**, including field survey and qualitative field study
- **Final GIS maps**, including GPS distribution of sampled enterprises
- **Final project report**, summarizing the distribution of recorded enterprises in the THETA scope
- **Presentation** of the results to THETA, with Powerpoint

Due to delays, the final report, including the literature survey and final maps, will need to be delivered by 31 March 2005

THE RESEARCH TEAM

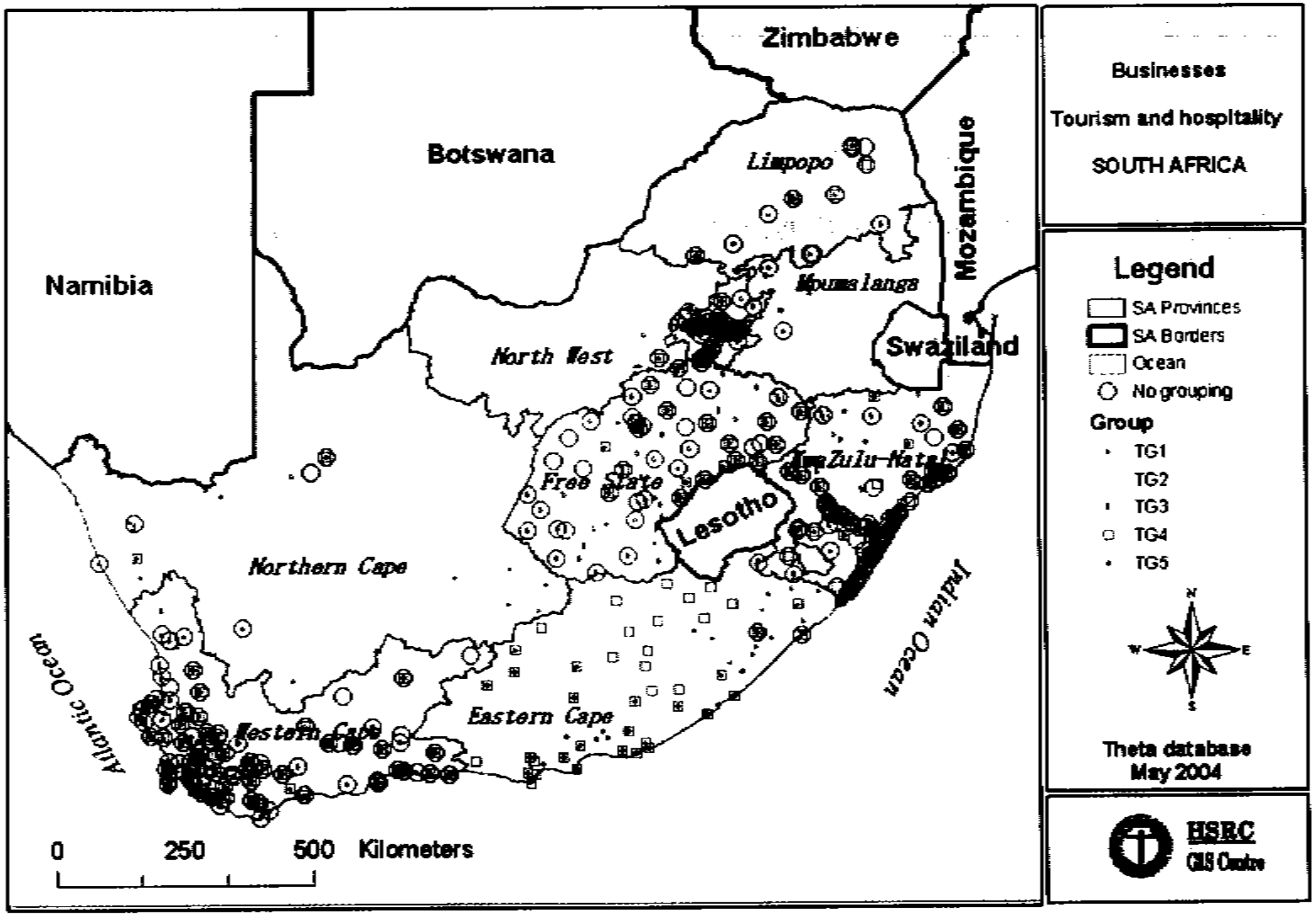
HSRC tackled the THETA brief with a team bringing expertise across all necessary fields:

- **Ms Catherine Cross**, IRRD: coordinator
- **Dr Khangelani Zuma**: HSRC chief statistician
- **Dr Stephen Rule**, SAMM: methods and survey
- **Ms Sibonile Zama**: SAMM: GIS mapping consultant
- **Mr Reuben Mokoena**: IRRD, database consultant
- **Ms Bongiwe Mncwango**: SAMM, fieldwork consultant
- **Mr Johan Viljoen**, tourism consultant

Thanks are also due to **Dr Simon McGrath**, labour training consultant, who advised on the questionnaire

SAMPLING THE THETA UNIVERSE

- **Research goals** as set by THETA included the best possible sample in the universe for which it is responsible
- No realistic **methodology** can guarantee to enumerate all THETA-relevant enterprises: there are no full lists for formal enterprises and none at all for informal enterprises
- HSRC worked toward an estimate, using **existing data sources** for the formal side and **field scoping** for the informal side to support a **survey approach**
- In addition to survey methods, several **qualitative** approaches were also employed
- Results are recorded on **GIS mapping** as well as **tables**


Businesses
Tourism and hospitality
SOUTH AFRICA
Namibia
Botswana
Zimbabwe
Mozambique
Swaziland
Lesotho
Limpopo
Mpumalanga
North West
Free State
KwaZulu-Natal
Northern Cape
Western Cape
Eastern Cape
Atlantic Ocean
Indian Ocean
0 250 500 Kilometers
Legend
SA Provinces
SA Borders
Ocean
No grouping
Group
TG1
TG2
TG3
TG4
TG5
N
W
E
S
Theta database
May 2004
HSRC
GIS Centre

THETA'S UNIVERSE: GIS ESTIMATE

- The initial map shows the location of **all 13 000 enterprises identified** in THETA's chambers
- By extrapolation from the final map, a rough **estimate can be made of the area density** for formal and informal enterprises in sample areas
- This information will be projected up to an estimate for the **size of the informal and formal THETA universe**
- Requiring about two weeks' work, this estimate is to be **included in the final report**

Research methods

- Both Quantitative & Qualitative research methods employed.

Quantitative :

- Field survey (Face to face) & telephone survey
- Formal enterprise - database compilation
- Unregistered SMMES / field scoping

Quant. Research method

Limitations:

- Locating potential respondents from the scoping list.
- Low response rate from the telephone survey

Line Samples

Gauteng	300	
North West	150	
Limpopo	250	
Mpumalanga	250	
Free State	150	
KZN	300	
Eastern Cape	150	
Northern Cape	150	
Western Cape	300	

Sample

- Sample size = 5496

- Realisation = 1141 Formal
  824 Informal

REALISATION BY PROVINCE

Province	Formal	Informal
Western Cape	198	120
Eastern Cape	82	79
Northern Cape	111	22
Free State	101	77
KwaZulu-Natal	235	114
North West	44	67
Gauteng	156	120
Mpumalanga	142	155
Limpopo	72	70

[Reuben]

- 3 SLIDES

[Khangelani]

Qualitative Research method

Rationale :

- To gain greater insight into skills training needs of the formal & informal and tourism related businesses.
- To gauge their opinions & perceptions in relation to skills requirements and obstacles in their operations as tourist entrepreneurs.

Qualitative Research methods

Focus groups

- Follow ups were made with people who participated in the survey component of the study.
- A total of 10 FGs were conducted in 5 provinces (KZN, GP, LP, MP, WC).
- Two focus groups in each of the above provinces.
- Respondents were selected from different sub-sectors of the tourism and hospitality industry.

Interviews

In-depth qualitative interviews:

- 100 in-depth case study interviews (20 written case studies included in report)
- Respondents selected according to different SIC codes.
- Triangulation with the survey sample findings.

Qual. Research methods

- Seven key informant interviews with officials in the tourism and local government sectors whose responsibilities include tourism development and/or tourism training were held.

- Respondents in the official departments were asked to discuss their goals in relation to tourism & tourism related training (the target group they identified, the role of skills development & obstacles encountered).

- These were conducted in GP, KZN, MP & LP.

DATABASE FREQUENCIES: THETA'S CHAMBERS

THETA group category	*Number of listings*	*% of list*
Hospitality	6 704	64 %
Gaming and lotteries	36	1 %
Tourism and travel	1 464	14 %
Sport, recreation	1 320	12 %
Conservation, guiding	966	9 %
Uncategorized	2 406	19 %
Total N final listings	12 886	100 %

DATABASE FREQUENCIES: THETA'S SIC CODES, 1

SIC code category	*Number listed*	*% of list**
Guesthouses and guest farms	1 939	18 %
Bed and breakfast	1 566	15 %
Hotels, motels and inns	1 016	10 %
Recreation, leisure, outdoors	638	6 %
Timesharing, resorts, parks	637	6 %
Licensed restaurant, tearoom	613	6 %
Travel agencies and related	535	5 %
Cultural and heritage	459	4 %

*Categorized listings only

THETA'S S I C CODES, 2

SIC code category	***Number listed***	***% of list***
Tourism authorities, informn	359	3 %
Game parks, wildlife	310	3 %
Tour operators	288	3 %
Caterers	267	3 %
Sporting facilities and clubs	265	3 %
Caravan parks and camping	218	2 %
SIC codes with less than 200 listings	1 380	13 %
Total N categorized listings	10 490	100 %

DEMOGRAPHY: RACE, AGE AND GENDER, FORMAL

Age and gender in the tourism, sport and hospitality industry split strongly on **race**

- The very large **hospitality chamber** was **82 percent white-owned**, with much the oldest ages – it was family-oriented and 63 percent of managers were women
- Aside from gaming, owner-managers in **other chambers** also tended to be **white** – with more men, but not a majority
- **Sport** and **gaming** averaged much younger than hospitality
- **Tourism** and **conservation** fell in between for age
- But in **gaming,** owner-managers were **75 percent African** and relatively young – but this chamber was very small
- **Coloured** and **Indian** owner-managers were most often in sport and tourism, at 17 and 18 percent respectively

DEMOGRAPHY: RACE, AGE AND GENDER, INFORMAL

- The **informal** tourism and hospitality enterprises were **83 percent African-owned**, and 13 percent white-owned – the formal tourism enterprises averaged 10 percent African
- But white owner-managers dominated in informal **conservation**, at 64 percent, vs 28 percent African
- 58 percent of owner-managers in the informal THETA sector were **women**, close to the formal side at 61percent
- *But* this results occurs because **women dominate in the very large hospitality chamber** – all other chambers were extremely small but more often managed by men
- Informal tourism owners were much **younger on average**, at 43 percent under 35, vs 29 percent for the formal side
- Informal **sports** owner-managers tended to be the oldest

EDUCATION LEVELS: FORMAL AND INFORMAL

Despite advances by black youth, education levels also diverged for the race groups:

- **86 percent** of owner-managers in the white-dominated formal THETA sector had **Grade 12**: just 5 % were below literacy
- **Sport** and **conservation** were the most highly educated formal chambers, with 25 and 22 percent holding a **degree**
- 21 percent of **formal hospitality** operators had a degree
- On the **informal** side, 9 percent had no schooling and 26 percent were at levels **below literacy**
- **35 percent** of informal operators had achieved **Grade 12**
- Only **2 percent** of THETA's informal operators had a **degree**, and less than 2 percent in the hospitality chamber

QUALIFICATION LEVELS: FORMAL ENTERPRISES

For the formal enterprises, FET followed closely on formal education levels

- Up to **41 percent** of formal owner-managers had **a** diploma, certificate or postgrad qualification
- 9 percent overall **did not have Grade 12** but had some diploma or certificate – highest in **gaming** at 11 percent
- 32 percent had **Grade 12 and a diploma or certificate** as well – highest in **tourism** at 36 percent
- 17 percent had a **postgrad qualification**, reaching 25 percent in **conservation** and 22 percent in **tourism**
- The dominant **hospitality chamber** recorded **slightly below average** levels of FET qualification

QUALIFICATION LEVELS: INFORMAL ENTERPRISES

FET qualifications were more scarce on the informal side

- Overall, **up to 21 percent** had some further education or training qualification – highest in **sport** and **conservation**
- About 5 percent had improved on an education level **below Grade 12** with a diploma or certificate
- About 11 percent had a **diploma or certificate on top of Grade 12**
- Just over 5 percent claimed a **postgraduate qualification**, but only 2 percent claimed to have a degree – some of these may be post-Grade 12 graduation
- As on the formal side, informal **hospitality** tended to **slightly below average** levels of qualification

ECONOMIC DEVELOPMENT LEVELS: FORMAL

The **economics of the formal enterprises** were closely related to demographics

- With less than half reporting, the large **hospitality chamber** indicated monthly turnover most often at **R 4000-R 30 000,** and averaged 3-4 staff
- These businesses often had **no expansion path** – 43 percent were run by middle-aged or older whites, often retired, and not likely to be ambitious or risk-tolerant
- Qualitative case studies show many hospitality enterprises as **mature businesses,** not well located and under-capitalized, **without means to promote trained staff**
- Formal **tourism, sport** and **conservation** were usually **run by younger whites**, and had lower turnover at **R 4 000-20 000**, averaging 5-10 staff
- Formal **gaming** was the exception – it turned over **R 30 000-R 150 000 and up**, and 20 percent of gaming enterprises had **51+ employees**
- Businesses run by **ambitious younger people with careers** still ahead may be **easier to reach with training** than older managers who are risk-averse

ECONOMIC DEVELOPMENT LEVELS: INFORMAL

Smaller informal SMMEs also concentrate in hospitality, are mainly run by women and make wide use of **unpaid family help**, but suffer with very severely limited resources

- **Informal hospitality** entrepreneurs were younger and often determined but 29 percent report **turnover under R 500** and 46 percent turned over less than R 1500 per month: 13 percent reported R 4000-R 10 000
- Informal **tourism and sport** were very much smaller chambers but recorded turnover ranging from R 1500-R 30 000
- Informal **conservation** reported highest turnover, with 17 percent below R 4000 and **22 percent over R 75 000**
- Informal hospitality generated **little permanent work**, with 69 percent having 0-1 workers and 4 percent more than 25 employees
- Most **informal regular work** was in sport and conservation, followed by gambling and tourism
- Use of **unpaid helpers** was more common for SMMEs than for formal enterprises, at 72 percent against 63 percent, mainly in hospitality and gaming

INTERVIEWS WITH TOURISM OFFICIALS

Seven officials were identified who were willing to be interviewed on tourism-related skills delivery – these represented:

> Gauteng Tourism Authority, KZN Tourism Authority, Mpumalanga Department of Economic Development and Planning, Mpumalanga Department of Tourism, Limpopo Tourism and Parks Board, and Umngeni Municipality in KZN

Main themes on skills delivery addressed SMMEs and included:

- Lack of **basic business training** and lack of understanding of business demands on the part of owners/entrepreneurs
- Basic understanding of the **tourism market**
- Lack of public knowledge of the **assistance programmes** available, and **how to reach them**
- Need to **provide training holistically**, packaged along with other kinds of support

ENTERPRISE INTERVIEWS WITH OWNER-MANAGERS

In addition to the focus groups, 100 in-depth interviews were carried out in Gauteng, KZN, Western Cape, Mpumalanga and Limpopo. For the smaller businesses, **main themes** overlapped with those of the officials, and included:

- Concern over basic levels of **business skills**, and expressed need for **skills training**
- Lack of public **knowledge of the tourism industry**
- Lack of **knowledge of the tourism market** at community level
- Lack of information at enterprise level on available **govt assistance** and **how to obtain it**

There was also concern for **financial needs** and **marketing issues,** for which skills training is not the only need

SOME POSSIBLE CHALLENGES TO THETA

- Results of the study help to confirm the correctness of THETA's emphasis on promoting the **skills-based development of the SMME side** of these industries. This is a crucial challenge at a point where South Africa's Second Economy can start to come inside its first economy.
- At the same time, THETA faces a second challenge in helping to promote **skills development among employees** at the low end of the large but conservatively managed **formal hospitality chamber**, where there may be limited incentive to upskill employees
- A third challenge is that of **reaching enterprises in the other formal THETA chambers**, where demographics suggest potential for greater dynamism and more commitment to the future

TOWARDS RECOMMENDATIONS, 1

- The **marketplace for tourism skills development**, and the linked markets for hospitality, sports and the other THETA sub-sectors, are **rapidly developing and changing**. Skills are being supplied into this marketplace from a number of directions, often on a holistic basis, as one-stop shopping
- **Active skills delivery agencies** in THETA's universe include CSIR and several provincial Departments of Economic Development, various Tourism and Information Offices, the airlines and travel associations, the Meat Board and the Museum Association, among many others.
- In this complex environment, what can be said about **some of the possible options** open to THETA in responding to its different challenges?

TOWARDS RECOMMENDATIONS, 2

The SETA model of training delivery was widely liked by respondents, but there was often a gap in outreach and communications obstructing actual delivery. The potential market here is very large, but not yet fully realized.

Some possible options include:

- ***Promoting greater diversification for SMMEs through skills provision:*** A skills analysis of business niches for SMMEs might – by means of training – promote branching out from overtraded lines
- ***Taking up the holistic approach to skills delivery:*** Partnerships with some of the banks working on new financial products for poor clients could combine marketing skills delivery with better access to finance
- ***Partnerships for increased client outreach:*** Pro-active visiting models of client contact for low-end enterprises might be promoted through NGO/CBO partnerships around outreach
- ***Staff development for improved client contact:*** In line with national calls for greater civil service engagement, internal staff training might assist over-burdened local staff to stay in contact: otherwise, THETA may need more staff

THE WAY FORWARD? COMMENTS ON THE REPORT

- Finishing the report is now urgent for HSRC, because of HSRC's **budget cycle**
- **Available HSRC funding** for completion work will dry up as of 31 March 2005
- **Comments from THETA** on the interim draft will allow work to be completed in terms of the contract
- **Deliverables** not yet fully covered to be provided with the final draft in terms of the TOR