The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
Foreword

The small business sector plays a crucial role in South Africa's development and is identified as a key tool for economic growth, job creation and poverty alleviation. The global recession holds significant challenges and opportunities for small entrepreneurs in general and even more so when viewed from a gender perspective. Women generally lack the necessary resources for starting and developing their own businesses and due to gender based barriers, Southern Africa women entrepreneurs often still remain on the periphery of the economy.

The International Labour Organization (ILO) is working to advance opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity. Its main aims are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue in handling work-related issues. The Small Enterprise Programme of the ILO has had a dedicated programme Women's Entrepreneurship Development (WED) for a decade. Through the Women's Entrepreneurship Development and Gender Equality (WEDGE) Project the ILO has developed and established a robust methodology and a wide range of tools for supporting women entrepreneurs and their service providers. This research is part of a WEDGE project funded by the Norwegian Agency for Development Cooperation (Norad). The WEDGE project follows a development and rights-based approach which aims to satisfy the practical needs of women entrepreneurs, to remove the socio-cultural, legal and political barriers for women entrepreneurship and to advocate for an enabling environment for business development and gender equality.

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International Labour Organization
Introduction

As part of the WEDGE South Africa project, four (4) separate pieces of research were commissioned and written by various consultants to assist the project team in implementation of the project from 2009-2011. This report consists of a compilation of these four research reports with the aim of further contributing to the body of knowledge in South Africa about women entrepreneurs. The reports have a specific focus on KwaZulu-Natal and the tourism sector; however, the findings and lessons of the research are relevant to other Provinces and sectors. This research should be utilized by provincial policy makers and business development service providers to better understand the operational and legislative and environment for women entrepreneurs in the KwaZulu Natal.

The responsibility for opinions expressed in these pieces of research rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.

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Chapter 1
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Prepared by Glen Robbins for ILO/WEDGE South Africa project

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### Acronyms

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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>B&amp;B</td>
<td>Bed and Breakfast establishment</td>
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<td>BBBEE</td>
<td>Broad Based Black Economic Empowerment</td>
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<td>DEDT</td>
<td>Department of Economic Development and Tourism</td>
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<td>Fedhasa</td>
<td>Federated Hospitality Association of Southern Africa</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEVCAL</td>
<td>Gender Equitable Value Chain Action Learning</td>
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<td>GOWE</td>
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<td>GSVCA</td>
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<td>NSSA</td>
<td>Next Stop South Africa</td>
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<td>AACI</td>
<td>South African Association of Convention Industries</td>
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<td>SAT</td>
<td>South African Tourism</td>
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<td>SATSA</td>
<td>South African Tourism Services Association</td>
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<td>SME</td>
<td>Small and Medium Enterprise</td>
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<td>TEP</td>
<td>Tourism Enterprise Partnership</td>
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<td>THETA</td>
<td>Tourism and Hospitality Education and Training Authority</td>
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<td>TKZN</td>
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<td>WEDGE</td>
<td>Women's Entrepreneurship Development and Gender Equality</td>
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1. Report purpose

The small business sector plays a crucial role in South Africa's development and is identified as a key tool for economic growth, job creation and poverty alleviation. Women's entrepreneurship has the potential to unlock economic growth for South Africa if more targeted support was made available to women entrepreneurs.

This report has been prepared to document emerging findings from research conducted into the presence and development needs of Growth Oriented Women Entrepreneurs (GOWEs) in KwaZulu-Natal's (KZN) tourism sector value chains. GOWEs included in this report include women entrepreneurs who have attained a minimum of a grade 12 education. Their businesses are established for at least one year, they are South African owned and it must be at least 50% owned or operated by women. The GOWe business must be registered as a legal entity and it must have a minimum turnover of R250 000. The report provides some background material and analysis into gender and tourism and then moves to examine the role of women owned small enterprises in KZN tourism more specifically. The report also provides a case study investigation into one sub-sector of KZN tourism, drawing on the International Labour Organization's (ILO) Gender Sensitive Value Chain Analysis (GSVCA) approaches.

The ILO, initiated the Women's Entrepreneurship Development and Gender Equality in Southern Africa (WEDGE-SA) project. The project aims to promote women's entrepreneurship, support women entrepreneurs to create decent employment, and to promote women's empowerment and gender equality. The project strengthens National institutional capacity of the Government of South Africa to redress existing gender imbalances in enterprise development through approaches and activities aimed specifically at women and small enterprise initiatives that are gender sensitive.

The objectives of the KZN tourism-related research were specified by the ILO, in consultation with its partners, as follows:

a. Rapid assessment of existing research/reports/grey materials on value chains within Tourism in KZN.

b. Identification of value chains which hold opportunities for SMME's and GOWEs in the tourism sector in KZN.

c. Recommendations to the WEDGE project to identify where the GOWEs are currently located and where the value chain requires upgrading to assist GOWE to create employment and increase current productivity.

d. Identification of market barriers and current market opportunities for SMME's and GOWE in the tourism sector and in the recommended value chains that are based on secondary research.

e. Present findings on the research to KNZ DEDT (Department of Economic Development and Tourism), WEDGE-SA Project and other key stakeholders.

2. Method/approach

The project brief specified largely desk research drawing on available documentation on value chains and gender in KZN tourism. However, it emerged that such documentation was, to a large degree, not available and the project method therefore adapted, in consultation with the WEDGE-SA project team, to one more reliant on stakeholder input through interviews (see annex 1). Possible candidates for key informant interviews were identified in discussions with project partners and a “snowballing” technique was used to follow up on other possible informant interview opportunities. This process provided content in available documentation on tourism in KZN and was used to inform the identification of possible sub-sector cases for further investigation. This was supplemented by two stakeholder meetings of key KZN tourism stakeholders where feedback on material gathered and possible sub-sector selection was secured.

The project brief required that where possible and appropriate the project research process would draw on training received by the researcher in Gender Sensitive Value Chain Analysis (GSVCA). In so doing considerable use was made of the Making the strongest links publication (Mayoux & Mackie, 2008) published by the ILO. The GSVCA approach sets out, in a participatory manner, to generate a collective understanding of the specific value chain under analysis and then to examine the specific gender-dimensions, both obvious and hidden, in the value chains. As the process is action oriented, it further seeks to empower participants at all levels to address factors which obstruct opportunities for marginalised actors, especially women, in realizing the full potential of the value chain.
This approach presented some challenges, both because of the lack of awareness of value-chain approaches amongst the informants as well as lack of access by informants to material on the gender-dimensions of KZN tourism and SMEs within the KZN tourism sector. To overcome this, where possible, interview candidates were provided with some materials in advance of interviews and some concept value-chain diagrams were used in the interview process to try and elicit feedback appropriate to the GSVCA approach. This exercise drew on the Gender Equitable Value Chain Action Learning (GEVCAL) value chain development cycle outlined by Mayoux and Mackie (2008) Key stakeholders were involved in contributing to preliminary mapping of activities making up the value chains but it should be noted that the research process did not involve in-depth participatory action learning. This was geared to providing a preliminary analysis and set of recommendations rather than actually initiating a value-chain upgrading activity. However, drawing on some of the techniques in the Mayoux and Mackie guide in some cases small focus groups as well as individual respondents were involved in contributing to proposed plots of the value chain as well as exploring power issues and constraints for women owned enterprises.

It should be noted, that whilst a fully fledged GSVCA was not possible, respondents were very interested in the technique and its possibilities for their work in tourism and generally found contributing to the analysis was aided by the discussion around specific value chain dynamics and their related plots in documentation used in interviews and meetings.

3. Tourism in KwaZulu-Natal

KwaZulu-Natal Province (KZN) stands out as a significant contributor to South Africa's tourism activities. After Gauteng and the Western Cape, KZN is the third largest contributor to tourism in the country and the Province is the major domestic tourism destination. The Province attracts about 1.3 million foreign visitors and 13.9 million domestic tourism trips on an annual basis. According to the KZN Department of Economic Development and Tourism (DEDT), in 2008 tourism activities generated 18.3 billion rand (ZAR) in direct contributions to the KZN economy and more than ZAR26 billion in indirect contributions to the provincial economy. The ZAR 18.3 billion figure is around 10 percent of KZN GDP (although there are suggestions that this might be optimistic e.g. hotels and restaurants contribute 1.7 percent of KZN GDP). Of some significance is that the estimates of the contribution of tourism to KZN's GDP are notably higher than the estimates of its contribution to the national economy as a whole with the KZN DEDT quoting the World Travel and Tourism Council estimate of 3.9 percent of gross domestic product (GDP) for South Africa.

Tourism is also important in terms of its contribution to employment creation. Once again reliable statistics employment and job creation are difficult to come by. As with GDP contributions much activity that is connected with tourism is captured within a range of sectors such as transportation, communication, financial services and retail. In this regard the levels of employment might be somewhat overstated. Nevertheless, DEDT figures suggest that in 2008 there were 83,000 direct jobs and 167,400 indirect employment opportunities in the KZN tourism sector. The 2004 KZN Industrial Strategy of the KZN DED estimated tourism jobs at 110,000 in 2001. The bulk of the jobs are those in the lower skill service category – often outsourced services such as cleaning, catering and security.

Tourism, for many core economic sectors functions as an important source of demand driving growth in revenue in activities such as transport, retail, property investment and entertainment. This is particularly important in KZN which has high levels of poverty, and a per capita income of almost half of Gauteng and only two thirds of those in the Western Cape. In this regard tourism has the potential to support the regional economy and it has the added benefit of supporting a measure of geographic spread of economic opportunities to rural areas that might otherwise have had little in the way of economic opportunities.

Tourism also lends itself to the formation and operation of small businesses in a variety of fields because in many cases the barriers to entry are low. This can be seen in KZN where significant numbers of emerging and established enterprises identifying themselves as directed towards the tourism sector.

In 2004, SA Tourism and subsequently also Tourism KwaZulu-Natal (TKZN), conducted market segmentation exercises for most of South Africa’s primary tourism source markets. Through this segmentation, certain meta market segments (that were of relevance to South Africa) were identified.
These included the following:

- Next Stop SA – NSSA – either the adventurous or the pampered
- Wanderlusters – upscale to the young
- Family Travellers – the cocooned or the adventurous
- Positive convertible
- Senior explorers
- Purpose travellers

The core focus for KZN in terms of international markets is on wanderlusters and NSSAs. KZN’s secondary focus is on family explorers, MICE and “new beach lovers”. In KZN the domestic focus is the “young and upcoming”, “independent couples” and families and “well-off homely”.

The following are some key points about the sector that impact very directly on enterprise opportunities and growth performance in the sector:

- Growth performance of the sector has been estimated to be above the average of the KZN economy as a whole. However, it is perhaps somewhat lower than might be expected considering the scale of the sector in the region. This suggests, and is supported by interactions with KZN tourism stakeholders, that the sector has not been growing to its potential. Whilst there has been an absolute increase in visitors in most years this has often been in terms of domestic visitors with a low spending profile who often stay with friends and families. It is notable in this regard that key visitor tourism attractions (e.g: beach, mountains, battlefields) in the Province have not necessarily held their own in rankings of both domestic and international visitors 'must see attractions'.
- A further point to raise with respect to the growth performance of the sector is the fact that the average length of stays by tourists in KZN is shorter than for some other Provinces. Length of stay impacts directly on the extent of financial impact of the sector on a variety of business activities.
- Many of the domestic and international visitors that come to KZN are relatively independent travelers and make their own choices of planning their vacations. This has an upside for smaller enterprises in that they have a better chance of more adventurous holiday seekers finding them. However, on the downside it does contribute significantly to fragmentation of the market, creates a measure of difficulty in predicting trends and can undermine attempts to scale up in smaller businesses in a context where a few larger enterprises already have a dominant – and therefore highly visible – presence.

4. Tourism institutions and stakeholders in KZN

The tourism sector is relatively densely populated with institutions and entities that occupy the institutional space. This reflects the high degree of interest from government as well as a relatively well organized set of role players that tend to organize themselves around offering shared support and engaging with other partners (e.g. government). The following is not an exhaustive list, but does suggest a significant level of institutional formation.

Government Departments

- KZN Department of Economic Development and Tourism (previously also the Department of Arts, Culture and Tourism)
- Municipal level units and entities

Statutory entities (created in law)

- Tourism KwaZulu-Natal
- Ezemvelo Wildlife
- Ithala Finance Corporation
- Trade and Investment KZN
- Tourism and Hospitality Education and Training Authority (THETA) (National)

Non-government/private

- Tourism Enterprise Partnership (TEP) – funded by Business Trust and National Department of Tourism
- South African Tourism Services Association (SATSA)
- Business Chamber committees
- Federated Hospitality Association of Southern Africa (Fedhasa)
- Tourism Business Forum (partnership structure in KZN with Government) Tourism Business Council of South Africa (TBCSA)
- Midlands Meander
- Various operator associations in geographic areas

Respondents in the KZN tourism sector
proposed a variety of responses about the degree of gender mainstreaming in KZN tourism institutions. With respect to voice the following comment was made:

- Women do serve in leadership roles in many of the institutions – but tend to see role as voicing the more general sector issues and not always as being a “voice for women”
- Specific attempts have been made to secure women’s enterprises input into policy and programme choices but men do dominate
- Issues of women workers in the sector tend to get marginal attention – although there have been some efforts through THETA.

5. Tourism policy in KZN

In March 2008 a KZN Tourism White Paper was published as the culmination to a process begun with a green paper some 18 months previously (KZN Department of Arts, Culture and Tourism, 2006 & 2008). The White Paper sets outs the vision for tourism in KZN as, “To position the Province of KwaZulu Natal as Africa's leading Eco-Cultural tourism destination, nationally and internationally.” The document records the mission as being, “To initiate, facilitate, co-ordinate and implement “Experience -based” tourism marketing, and “Demand driven” tourism development programmes in order to achieve the tourism growth objectives, and thereby, contribute to a shared and sustainable economic growth and development in the Province.” (KZN Department of Arts, Culture and Tourism, 2008).

In the document particular concerns raised around a number of fields and policy responses mooted. The priority issues include:

- SME development
- Geographic spread
- Broad-Based Black Economic Empowerment (BBBEE)
- Greater participation in tourism
- Participation of women
- Children's rights
- Human immunodeficiency virus (HIV) & Acquired Immunodeficiency Syndrome (AIDS)

Of particular note in the March 2008 KZN Tourism White Paper is a commitment to respond to issues facing women in tourism:

- “Women have emerged as a major employment force in the tourism private sector. They have demonstrated their ability to provide the levels of hospitality and service the sector requires. The BBBEE scorecard sets out targets for employment of women, and in particular, black women. To achieve these targets, there is a need for particular attention to training women for integration into the all hierarchical levels of the organisation;
- Women entrepreneurs seek support for access to finance, capacity building, access to markets, and mainstreaming of informal and rural women’s enterprises.
- The province can also leverage the support of women in regard to community development and tourism awareness;
- When dealing with women as stakeholders within the sector, it is also important that planning in tourism considers the multiple role and challenges, particularly, women in the rural areas face. The need for child care facilities is one such requirement.” (KZN Tourism White Paper, 2008)

In terms of policy visibility of women in the sector and related programmes the following comments were made by respondents:

- Few programmes have specific gender dimensions but issues are raised through Broad Based Black Economic Empowerment (BBBEE) agenda items.
- Women and women owned enterprises (WOEs) are often used to promote the sector in KZN (trade shows, advertising). This is sometimes seen as “window dressing”.
- The August 2009 conference on women in tourism has helped raise issues in policy terms and with relevant bodies.

6. Tourism enterprises in KZN

The TKZN database, as at 1 March 2006, listed 9,367 products and service providers: 38 percent of these were located in the Durban Metro (eThekwini) region followed by 12 percent in the Midlands and 10 percent in the Drakensberg. Accommodation made up 28 percent of this database followed by Historical, Religious and Cultural Assets at 11 percent. In a survey conducted with the TKZN database, drawing on suppliers from 72 Towns/Cities and organisations across the Tourism supply chain results confirmed that:

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Accommodation continues to be the dominant sub-sector.
The tourism industry is young in terms of industry life-cycles/maturity cycles.
The tourism industry is run by people who are, in general, new to the industry.
The supply side is dominated by micro firms (71 percent).
Most employ less than 10 people.

Beyond this not a significant amount of data is available on KZN tourism firms. From interviews conducted the following additional points were raised:
- Tourism enterprise formation has been very significant. It has been urged as a sector for entrepreneurs to become active in by government representatives and has been the recipient of considerable development support (enterprise development, marketing, product development).
- Although the most influential businesses remain largely in the hands of white business owners, there has been a significant growth in Indian and African enterprise ownership in the sector. However, the bulk of these enterprises remain relatively marginal businesses with operations that traverse tourism as just one sector opportunity.
- In a context of new enterprises entering the sector in recent years some observers pointed out that there had been a deterioration of operating conditions due to a measure of oversupply. With more products on the market, key intermediaries such as inbound operators could have more bargaining power. The lower entry barriers in tourism tend to aggravate this.
- Major access constraints exist for enterprises wanting to operate in and around major must-see attractions with the public sector tending to crowd out potential operators from the private sector.
- Enterprises that have shown some growth have been hotels, transport providers, conferencing and eventing and retail, however, this has in part come through consolidation activities by key businesses.
- The Fifa 2010 World Cup was seen by many to offer an opportunity to raise the profile of the area and to gain for some increases in visitor numbers. However, most felt that the enterprise benefits had been overstated by the event promoters.
- Of critical importance for this project and for policy making the absence of sex-disaggregated data is a problem.

As part of the next stage of the project some additional data from the Tourism Enterprise Partnership (TEP) is analysed with the aim of assessing the validity of some of the findings outlined above. Of reference benefit it is worth looking at the 2008 KZN Tourism White Paper which lists the following challenges facing SMEs in KZN's tourism sector:
- Access to finance;
- Access to information;
- Sustained market linkages;
- Technical support;
- Capacity building;
- Business support;
- Integration into the tourism mainstream.

The 2004 SAT – Monitor study noted that with regard to tourism enterprises it was important to recognize, (a) that their barriers to entry were generally low (due to limited licensing requirements, generally lower minimum capital requirements; the potential for entrepreneurs to leverage local relationships and networks and a limited technological constraint). The report also lists barriers to growth that are deemed significant:
- The need for a business track record
- The level of negotiating power
- Financial barriers relating to deposits and guarantees required.
- Working capital requirements e.g. providing service and getting paid later
- Need to be able to guarantee large volumes to get sizeable contracts.

Both the above sources offer no particular assessment of gender dimensions of enterprises in tourism. This once again raises the issue of the need for this to be attended to by key stakeholders included those at a national level who play a critical signaling role in policy terms to actors at a sub-national level.

7. Women in KZN tourism

Establishing information on the gender dimensions of tourism in KZN is difficult as very little documented work is available. Most records simply present absolute numbers of present them with some spatial filter. This section, drawing from a combination of
stakeholder perspectives and limited data analysis seeks to provide some insights. Before going into further detail on the material it is worth emphasising the value of gathering this base information, whether it be quantitative or qualitative, to inform any understanding of the existing and potential role women entrepreneurs and enterprises might play in a sector such as tourism. It is not uncommon to find that official statistics provide little in the way of sex-disaggregated data. The present an obstacle but should not prevent further enquiry as it is likely that some sense of the gender profile of the sector can be obtained by more in-depth questioning of respondents and data mining in other sources. It should also be pointed out that the lack of specific information is not merely an issue of official data sources but also carries through into organisations of the private sector in terms of their membership.

The importance of gathering generalised information on the role of women in the sector is important in that it allows for a better understanding of the context in which SMEs and WOE specifically operate. It also allows for some measure of comparison against norms in other regions or contexts which could allow for some further insight into the way in which specific historical, cultural or other factors might have impacted on the relative presence of women in a particular sector whether it be as workers (formal or informal) or in their capacity as business owners.

Before discussing the specific of the KZN sector, it is worth briefly touching on some global dimensions of women in tourism. Drawing from a range of sources the following points have been made which suggest that there is some validity in understanding unique dimensions of how women might interact with tourism processes. These factors lead to, more often than not, women being in the majority in terms of tourism-related employment but not in the majority in terms of enterprise ownership across many tourism sub-sectors. The factors driving this are also noted to be driven by varied influences which range from society-wide perceived capabilities and relations of power which have the result of limiting choices women might be able to make. These are also noted to vary substantially by country. Some of the more notable factors include the following drawn from a variety of sources:

- There are lower entry barriers to tourism employment around skills and experience – which due to social inequality women often lack
- The character of the work is often labeled as “women’s work” in that it fits many societal stereotypes such as: cleaning, cooking, serving, advising as jobs suited to women (an advantage being that women might more easily find employment in the sector)
- Work is often seasonal, has irregular hours, is short term and can be seen as flexible employment which can lower entry barriers but has also in part been designed to accommodate societal “norms” of women being able to continue managing many household tasks whilst engaging in some paid employment – for workers and enterprise owners
- Women are often seen to appear to customers to be a more caring and friendly “front-end” to tourism services
- Women are seen to be better at multi-tasking which often seen to meet tourists expectations (e.g. tours, tours, accommodation, services, food)
- Tourism is also linked to activities which commodify women in many different ways presenting both opportunities for employment but little access to decent work (opportunities for men and women to obtain work in conditions of freedom, equity, security and human dignity) and which could subject them to exploitation for example through forms of gender stereotyping in the promotion of tourism, or through exploitation in field such as so-called “sex-tourism”
- Senior management in large scale enterprises in tourism are often men, although these trends are changing
- Collaborative and networking skills that women often have to develop to ensure enterprise survival carry some considerable value in a complex sector where interactions are needed across many different categories of activity.

Vandegrif (2008), when drawing on a host of literature, makes the following point about the deeply embedded gender relations in much of contemporary tourism which generates particular processes and impacts that might be quite different from other economic sectors: “The tourism sector possesses unique factors influencing women’s work. While tourism
shares with other global commodities a sensitivity to price (Crouch 1991), women must also produce experiences for tourists that meet expectations for authenticity (MacCannell 1999) and leisure (Urry 1990). Like other industries and structures of the global economy (Acker 2004), these pressures of low cost, authenticity, and leisure appear gender neutral yet are firmly embedded in patriarchal structures (Enloe 1989; Sinclair 1997a, 1997b).

Experiences that provide leisure, low cost, and authenticity emerge from work coded as feminine, such as nurturing tourists through guided experiences or cooking authentic foods. The production of leisure requires someone to clean rooms, cook meals, and create comfort, for tourists. The demand for friendly reproductive labor in a multinational context, in which tourist, tour guide, cook, and cleaner are all from different countries, necessitates acts of translation, care work, cultural performance, and leisure-creation distinct from other forms of transnational production (Levy and Lerch 1991).” (Vandegrift, 2008: 779)

In terms of the market KZN is largely a domestic family destination with the result that male/female visits are relatively even although business tourism is biased towards male visitors. Limited information is available on what influence women have on choice making in holidays. Some respondents speculated that women were increasingly influential in such choices and independent travel for women was a growing business.

It is, however, through figures on the employment of women that one can really appreciate direct impacts on women in tourism. Informed by estimates from tourism stakeholders it is suggested that around 65 percent of direct employees are women (53,950) and some suggest that up to 75 percent of indirect employment (125,550) made up of women. The latter is seen to be higher as increased outsourcing activity, which is more likely to not meet decent work standards, has helped drive up employment of women who tend to be overrepresented in this category for a variety of reasons (lower skill demand, requirement for flexible work, lower wages offered etc.). Women who are employed are more likely to be employed in lower skill, lower wage service oriented work but there are some notable exceptions (e.g.: Conference organisers and travel agencies). Significant numbers of women are employed in mid-skill administrative and sales categories (travel agents, backroom admin and client admin). Tourism is transaction and therefore administration intensive – a category of work that has for some time been seen as “women's work”, although perceptions are changing with, for example, increasing numbers of men being employed in call centres for example. Interestingly, according to respondents and some other sources tourism shows a higher level of women present in management roles than in many other sectors, however, in many activities within tourism men continue to dominate at the senior levels.

In terms of enterprises the lack of data presents a problem for those seeking to enhance gender equity (such as policy makers and activist organisations) in order to optimise the social returns from growing tourism activity. Respondents suggested that the bulk of women-owned enterprises (WOEs) were concentrated in accommodation (especially B&B), hospitality, catering, travel administration, design supply, outsourced cleaning, craft, retail, conferencing and eventing. Respondents also stated that there was an emerging presence in tour guiding, transport, marketing and lodges. Two respondents suggested that women owned enterprises made up the majority of tourism enterprises but were often small and micro and many tended to fall within the informal category. This is of significance in that informal enterprises are often, though by no means always, very vulnerable to shocks and their operators are often exposed to considerable risks. The scale of involvement of WOE in the sector is also borne out by the fact around half of enterprises participating in KZN Provincial support programmes are WOEs.

The figure which follows (Figure 1.) provides a conceptual sense of the location of women enterprises in the KZN tourism sector. This illustrates the point that many activities where there are higher numbers of WOEs tend to have low employment and lower contributions to GDP. Where the enterprises have higher number of women employees, the WOE tend to be in the minority. Some of the core tourism activities that have little in the way of WOEs (such as hotels) tend to be amongst the larger contributors to Provincial tourism GDP. The graphic below (figure 1) illustrates high levels of unemployment of women in non women owned enterprises and their contribution to GDP.

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
Drawing on further discussions and feedback to the conceptual framework above a preliminary table has been prepared to try and convey additional information about some of the selected tourism sub-sectors. Once again, in a context of limited data and documentation this has been prepared drawing on respondent insight and some limited analysis of other sources. Discussions with private sector entrepreneurs drawn from different fields as well as those organizations working with these entrepreneurs have been useful in preparing table 1 below:

Table 1. KZN summary profile of KZN tourism sub-sectors informed by discussion with industry stakeholders

<table>
<thead>
<tr>
<th>Category</th>
<th>Share of Women owned enterprises</th>
<th>Share of employment of women</th>
<th>Growth performance prospects</th>
<th>Growth in employment prospects</th>
<th>Some identified needs for WOE (preliminary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;Bs/Guesthouses/Lodges</td>
<td>&gt;50%</td>
<td>&gt;65%</td>
<td>Uneven growth, consolidation (even contraction?) post 2010</td>
<td>Limited</td>
<td>Finance smoothed revenue flows diversification improved margins access to market</td>
</tr>
<tr>
<td>Hotels</td>
<td>&lt;5%</td>
<td>&gt;50%</td>
<td>Steady growth (in boutique and chains)</td>
<td>Steady growth</td>
<td>Poorly developed attractors</td>
</tr>
<tr>
<td>Conference organisers</td>
<td>&gt;50%</td>
<td>&gt;50%</td>
<td>Fast growth but unstable</td>
<td>Erratic but positive (short term etc)</td>
<td>New entrant support Seasonality</td>
</tr>
<tr>
<td>Eventing companies</td>
<td>&lt;10% (short term)</td>
<td>&gt;50%</td>
<td>Fast growth but unstable</td>
<td>Erratic but positive (short term etc)</td>
<td>Seasonality finance Networking Dependence on public sector</td>
</tr>
<tr>
<td>Tour guides</td>
<td>&lt;20%</td>
<td>&lt;20%</td>
<td>Uneven growth, consolidation (even contraction?) post 2010</td>
<td>Limited</td>
<td>Smoothed revenue flows Diversification Improved margins Access to market Access to products</td>
</tr>
</tbody>
</table>

Figure 1: Conceptual chart illustrating concentration of women’s enterprise ownership and employment in different tourism-related sub-sectors.
### Integrated tour companies/travel agents

<table>
<thead>
<tr>
<th>Category</th>
<th>Share of Women owned enterprises</th>
<th>Share of employment of women</th>
<th>Growth performance prospects</th>
<th>Growth in employment prospects</th>
<th>Some identified needs for WOE(s) (preliminary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel agents</td>
<td>&lt;20%</td>
<td>&gt;65%</td>
<td>Uneven but strong with some consolidation</td>
<td>Limited (likely to be consolidation and greater use of technology)</td>
<td>Signing up product owners Contracts from dominant inbound operators Diversification without excessive risk</td>
</tr>
<tr>
<td>Transport providers</td>
<td>&lt;10%</td>
<td>&lt;5%</td>
<td>Uneven but strong with some consolidation</td>
<td>Limited</td>
<td>Finance Dealing with seasonality Access market</td>
</tr>
<tr>
<td>Tourism retail</td>
<td>&gt;25%</td>
<td>&gt;65%</td>
<td>Top performers and niche operators to grow at expense of smaller independents</td>
<td>Growth potential does exist</td>
<td>Seasonality Access to sites Security Managing supply chain Fragmented market</td>
</tr>
</tbody>
</table>

Once again the relatively flat growth performance of the KZN sector comes through with few categories deemed to be significant high growth categories in the present context – despite the Fifa 2010 World Cup. It should be noted that the constraint notes in the final column are listed with limited detailed investigation, with the exception of B&Bs and Integrated Tour companies that were subject to some additional investigation as part of this report.

### 8. Tourism enterprise development in KZN

It is noteworthy that a core focus of regional tourism policy and action relates to enterprise development – especially SME development and BBBEE (as outlined in the Tourism White Paper). All core institutions have some measure of focus on SMEs and BBBEE with some also responding in terms of employment equity plans (public and private). There is a notable attempt to facilitate coordination between private and public sphere through the Tourism Business Forum involving both public and private sector representatives, however, the degree of private involvement is a concern.

From the public sector side these are some of the programmes:

- **TKZN** – starting your tourism business information and weekly workshops. Also affirmative procurement.
- **KZN DEDT** – partnerships with TEP on tourism clusters and mentorship programmes, variety of ad hoc initiatives including working with municipalities and SEDAs. Also promotion assistance (eg trade events) and affirmative procurement.
- **Ezemvelo Wildlife** – supplier development and affirmative procurement
- **SEDAs** – generic business establishment and linkage to other forms of support

Private activities include:

- **TEP** – a range of tourism focused business development courses and specific enterprise diagnosis support (+ Mentorship and cluster programme partnership with KZN DEDT)
- **Individual businesses** – contribute to THETA and BBBEE commitments related to procurement etc
- **Fedhasa, KwaBaba and SATSA** – specific training interventions for membership
Estimates vary about the exposure of enterprises to various forms of support. Officials from the public sector refer to a variety of data bases that are drawn from and these range in number from around 150 to 300 with some overlaps. TKZN and SEDA offer support to potential entrepreneurs and it if difficult to confirm numbers but TKZN would estimate that a total of around 200 individuals would participate in their weekly programmes throughout the year.

Looking at these activities through a ‘gender lens’: it is generally accepted that no consistent approach has been focused on particular needs of women entrepreneurs. There is widespread recognition and awareness of high prevalence of WOE and there are additional efforts to make sure women enterprises are included in generic enterprise development processes and through BBBEE agendas. Over and above these there are ad hoc initiatives with a focus on women entrepreneurs and WOE but respondents were not confident that these were mainstreamed. In terms of participation it was also recognised that the selection of enterprises for support was often reliant on existing networks or enterprise self-selection and did not always demonstrate a reach to WOE. Furthermore, training initiatives and organisations tend not to incorporate specific gender awareness imperatives in structure and content of training. Design issues of training were not necessarily influenced by the particular needs of women (e.g. in terms of timing or childcare). As one training provider said, in an unintentional gender-blind statement “It is something we are aware of and there are always women involved at all levels but in the end all enterprises have the same common issues whether they are run by women or men.”

It was noted that there were some programmes, sponsored by Provincial government and some local governments which did reach women-owned micro enterprises – many of them operating informally. Both Provincial and local government officials indicated that these enterprises could have some growth potential in fields such as catering, tour-guiding, B&Bs and transport. In many cases there are explicit attempts – such as the 2009 and 2010 conferences on women in the tourism sector - to draw women-owned enterprises into activities.

9. Value chains and tourism in KZN

“A value chain is a sequence of target oriented combinations of production factors that create a marketable product or service from conception to the final consumption.” (ILO, 2006)

KZN DEDT has, at various times drawn on value chain expertise in economic strategy processes (e.g. auto and furniture sectors) but no significant attempt has been made to use this in tourism. Officials from TKZN did however point out that they paid considerable attention to the SAT funded Monitor work which had used some technical value-chain related approaches in its very influential work.

At the local level there has been use of value chains in specific geographic Local Economic Development (LED) projects with an overlap into tourism (GTZ backed Participatory Appraisal of Competitive Advantage – PACA). However, these tended to be limited in scope. For the Province this means that many stakeholders are not familiar with the concepts and there exists no resource of work done which can be reviewed from a perspective informed by gender.

Therefore in order to create the basis for some further enquiry using this framework it is necessary to work to build some basic concepts around what value flows in tourism services might look like and to illustrate these with an example.

A key challenge in preparing any tourism-related value chain is the complexity of the activities which fall under the very generous banner of “tourism”. The excerpt from a workshop presentation (below) provides some of the detail in terms of activities that a generally captured under tourism.

Figure 2. Activities commonly considered as part of a tourism value chain

- Source country tour wholesalers
- Travel agencies
- Domestic tour operators (“ground handlers”)
- Hospitality and accommodation
  - Hotels
  - Timeshare
  - B&B and guest houses
  - Game lodges and game reserves
  - Self-catering holiday resorts

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1 Incorporating a gender perspective in tourism programmes to ensure the different situations and needs of men and women are understood and addressed.
- Restaurants, bars, entertainment venues
- Transport activities
  - Air travel
  - Airports
  - Car hire
  - Tour buses
  - Rail and sea travel
- Tourism site
  - Natural
  - Cultural and casinos
  - Gambling and casinos
  - Conferences
  - Adventure
- Destination marketing entities
- Retail informal and formal meg crafts etc.
- Government regulators
- Event organisers
- Training providers
- Support sectors
  - Architects

- Interior designs
- Furniture/Fittings & Equipment
- Advertising and sales
- Quantity surveyors
- Contractors
- Skilled labor
- Quality food supplies
- Building material manufacturers
- Finance
- Insurance
- General retail
- Security
- ICT industry (web sites, call centres)

Source: Produced by the author as after discussion with industry stakeholders and drawing on Foreign Investment Advisory Service (FIAS)/International Finance Corporation, 2006.

It is possible to try and find ways to organize these activities under particular categories to try and understand how they might cluster around major activity themes. This is illustrated below in work done for SAT by Monitor.

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**Figure 3. Interaction between possible tourism sub-sectors**

Source: Durban Metro Council and Monitor Company, 2000
Each one of these subsectors could be subjected to value chain analysis. However, doing an aggregated value chain of tourism becomes almost impossible at anything other than the conceptual level due to the level of complexity. In order to make sense of value flows in tourism it becomes necessary to follow particular sub-sets of transactions. The following illustration, driven by flows of transactions common in tourism services, provides a sound basis at of trying to understand the sector. It should be noted that unlike many other services and products it is very common for the tourist themselves to be exposed to the stages of the value chain a number of times and not simply to be a recipient (consumer) of a product or service at the end. Thus the customer has agency in a form that is not common in other fields – although there are examples where such agency might be limited. Nevertheless, the fact that the customer can elaborate (or curtail) the tourism experience as they interact with it generates some complex and yet important dynamics.

The example below, drawn from a Foreign Investment Advisory Service (2006) report on Mozambique demonstrates the scope for using a value chain analytical framework to examine transactions such as those related to a particular segment of the tourism market. It is notable that the report mentioned makes the following statement that should be kept in mind, “The tourist experience consists of a series of individual experience points provided by multiple different entities from air carriers and hotels to restaurants and tours (ref 26) Failure to provide a good experience at any point may undermine the entire experience and accordingly destroy the competitiveness of the destination (ref 27). A country’s competitiveness in the provision of tourism services is, therefore, complex and requires the harmonization of a diverse set of inter-dependent industries and the public sector. Understanding the nature of constraints confronting the tourism industry itself, therefore, requires a rigorous assessment of the role of each value chain component in the overall tourism experience, the linkages to other agents, and the performance of the service providers, industries and institutions.” (FIAS, 2006, 18)

However, before proceeding to explore the potential of the tool in KZN tourism, it is worth taking another look at the conceptual foundations related to how tourism transactions work. Figure 5 below provides a useful, if perhaps somewhat simplified organization, of groups of related processes and transactions that are common of the tourism value generation process.

As depicted different activities are interacting with customer experiences and making choices along the tourism experience. It is important to note that the tourist interacts with the value chain all the way through. In fact one could see the tourism as the product being transformed by exposure to a variety of activities.
Small and medium enterprises that are too big to benefit from pro-poor support initiatives abut are too small to benefit from national policy considerations and support.

10. Identifying KZN Growth Oriented Women Enterprises / Entrepreneurs

In Table 1 a matrix was presented to try and highlight categories of tourism where women play a role in a significant manner and further sought to try and identify possible growth orientations of such enterprises. The matrix is presented again below for ease of reference.

The information presented in the matrix above suggests that in general terms finding a match between enterprises that are run and owned by women entrepreneurs and that have the potential to grow turnover and employment in the foreseeable future is a real challenge. However, respondents did provide subjective to suggest that cases of such enterprises that might exist in a number of the sub-sector categories. Nevertheless, it is worth keeping in mind that the bulk of Women-Owned Enterprises (as opposed Growth Oriented Women’s Enterprises) as suggested by the bulk of project informants, are not showing particularly strong turnover and employment growth prospects. This is in part because they have tended to concentrate in lower-entry barrier activities that tend to be oversubscribed in the present tourism climate in KZN. The notable Growth Oriented Women's Enterprises that were highlighted as exceptions in various interactions tended to be the kinds of enterprises that were probably outside the scope of immediate interest to the WEDGE programme in that observers felt they would not be seeking forms of public or multi-lateral support. A number of respondents pointed to what they labeled a “missing middle” (Kauffmann, 2005) of enterprises and suggested a range of reasons for this including:

- Finance, network, product access constraints when seeking to grow;
- Dominance of larger players able to capture the markets that might have otherwise been serviced by a missing middle layer of enterprises;
- Market segments in terms of visitors that did not provide sufficient market demand for mid scale services that meet a need that was neither an extreme niche (e.g. luxury golf and game) or a mass service (hotel rooms for large scale conferences).

Looking closely at some of the candidate sub-sectors the following comments were made.

- **B&Bs**
  - Fastest growth category of registration is accommodation establishments with strong presence of women ownership BUT sector economic growth not match growth in supply
  - Growth of B&B’s driven by:
    - 2010 optimism and projections of 50% KZN room bed shortfall
    - Economic conditions requiring households to supplement income
    - Lower entry barriers
    - Home-based allowing alignment with other home enterprises and commitments
    - Possible entry point to lodge development?

1 Small and medium enterprises that are too big to benefit from pro-poor support initiatives abut are too small to benefit from national policy considerations and support.
A brief discussion was held with an informal network on Berea B&B owners (4) and telephone discussions were held with 5 other B&B owners as well as tourism-related officials. Because of a dearth of research against which to test these findings, it cannot be claimed that these are highly representative of B&Bs beyond the sample.

- Suppliers to tourism establishments
  - Catering, cleaning, design and furnishing
  - Tendency of business benefiting from BBBEE policies in public sphere to diversify into tourism
- Conferencing and eventing
  - Key public sector subsidised activity
- Craft
  - Direct and indirect sales to tourists are a significant market
  - Women involved in production and informal sales in a number of key categories (weaving, beadwork)
- Travel and tourism retailers (travel agencies)
  - Women worked through the ranks to run these businesses – although not always have ownership

The project thereafter explored the subsectors in further detail. The selection was informed by a combination of factors including, willingness and availability of relevant and accessible stakeholders to participate in interviews; presence of some information suggesting an existing or growing presence of women-owned enterprises; and the availability of some additional information sources.

These focus sectors were:
- B&Bs
- Meetings, Incentives, Conferences and Exhibitions (MICE)
- Ezemvelo KZN Wildlife and its suppliers
- Midlands Meander and its membership as a case of a spatially organised “route association”

Where possible some attempts would be made to introduce some of the Gender Sensitive Value Chain assessment techniques promoted under the WEDGE programme. The above sample was selected based on some initial feedback from respondents, including from a meeting of KZN tourism stakeholders. The process to be followed with each involved interaction with an appropriate industry body, a scan for supporting documentation and 3-6 enterprise interviews supported by some background discussions with other industry role players. In each case attempts were made to interact with an established and/or dominant role enterprise, an established women owned or operated enterprise and an emerging business with interests in the field. Due to project resource constraints, the bulk of the interactions were with people based in and around Durban and Pietermaritzburg.

11. GSVCA in B&Bs – a limited scale pilot investigation

As has been noted previously, the bulk of tourism enterprises in KZN are found in the B&Bs and guesthouse categories. Official definitions describe B&Bs as having up to 3 rooms whilst Guest Houses having between 4 and 16 rooms. However, there is considerable blurring in how enterprises label themselves and how they might be recorded. It is not uncommon for B&Bs to expand from 3 rooms or less to 4 rooms or more and retain the B&B label and there are Guest Houses with less than 4 rooms. Lodges are another category that fit into this mix. Estimates suggest that there are between 2600 and 3000 B&Bs and guest houses in KZN. These range from a host of micro-enterprises charging less than R100 a night through to high-end accommodation providers that might charge as much as a five start hotel.

Ownership details are not easy to come by. It is generally accepted that as much as 90% of these establishments are operated by women in that they handle the bulk of the commercial activities around the facilities. However, it is more common for the property to be in the name of a man – more often than not the spouse of the B&B operator where operations take place on a residential property. Of the B&B and Guest House establishments that participate in TEP programmes 57 percent of those that provided ownership details listed themselves as being women owned and another 12 percent as being a male/female partnership. Notably, it appears from initial analysis that establishments owned by men are on average larger than those owned by women.

It was confirmed by B&B owners spoken to that of the four main core B&B-related activities, namely commercial management, host management, sales/administration and domestic often done by women although there are a greater likelihood of men being involved in commercial management (including finance, business reporting, contract signatures etc.). Employment has tended to be generated in domestic services and at times sales/administration and hosting – although in a traditional B&B set up these would be handled by the women operator of the B&B.

A brief discussion was held with an informal network on Berea B&B owners (4) and telephone discussions were held with 5 other B&B owners as well as tourism-related officials. Because of a dearth of research against which to test these findings, it cannot be claimed that these are highly representative of B&Bs beyond the sample.
The rationale for B&B establishment varies quite substantially from subjective information provided. This is important to be aware of in relation to support efforts as not all operators are likely to respond to the same approaches. Some of the common establishment reasons given were:

- A supplement to household income
- A replacement for lost income
- A challenge
- Do something with an empty nest
- A first step in a more ambitious business plan
- Add sales value to house
- Semi-corporate B&B owner with multiple venues seeking to grow into larger operator or to avoid high regulation of hotels etc

In terms of choice of the B&B sector as opposed to other sectors, respondents from WOE gave the following feedback: in the first instance people were attracted by the low entry barriers – able use existing resources and within skills and knowledge range; and secondly it was noted that a women could operate a B&B and carry other employment or unpaid household-related work functions. In terms of obtaining advice and information there was a view that for many the source would have been government training programmes but for others they would have sourced information and advice from their partner/spouse, another operator or the media. The accommodation marketing entities also provided some assistance and information.

An official involved in training B&B owners stated that up to 50% of B&Bs folded or ceased operations within 2-3 years or changed ownership. The time period on this was a bit longer than the standard SME figures as enterprises were not always exposed to major risks and they could “hibernate” with reduced business for an extended period. As such where fixed costs are low the opportunity costs of unbooked rooms is relatively low for many enterprises.

It is widely reported that B&B’s tend to survive on lower business frequencies than hotels or entities with high fixed costs. Larger B&B’s and guest houses need to have higher occupancies to sustain their operations but can also influence their flow of customers through offering conference facilities and the like that smaller operators might not be able to do. Average B&B occupancies reported in Durban were between 40-50 percent although it is said by tourism officials that it is not uncommon to have figures of 20 percent reported. Occupancies were better during higher seasons and when there major conferences or events. Outside these periods business travelers were important. More established B& Bs relied on more than 50 percent of the bookings coming from indirect sources (web aggregators/online marketers, travel agencies etc.) whilst micro enterprises tended to have a majority of direct bookings (although these tended to be irregular). For established B& Bs repeat visits were crucial especially for business visitors.

Entrepreneurs tended to struggle to immediately identify gender dimensions of their operations, nevertheless the following were listed by various respondents as being of some significance:

- Dependence on spouse owned home and bond finance
- Carrying household duties and/or doing other paid work whilst running B&B is expected
- Ability to leverage family time and labour as well as existing domestic staff in raising profitability/lowering costs
- B&B enterprises tend to be “pigeon-holed” as household income supplementing and not as “proper” business (“my wife’s little business”)
- Women identified limitations on their influence on reinvestment choices – income used for household consumption
- Emerging security issues – fraud, theft, gender violence placing women at risk
- Lack of financial literacy exposure in past impacts on control of business and choices
- Limited time for training because of above factors
- Crowding in of B&Bs into the market by policy makers an easy route to claim gender empowerment successes but market dilution effects not taken account of.
- Key product and attractor assets in hands of business and government, which is dominated by men – investments not take account of in-depth understanding of B&Bs as businesses and as women operated businesses e.g. choice to increase marketing spend on package holidays with little return to B&Bs
  - However, on a more positive angle women reported that being women helped them:
• Draw on networks for support (other women B&B operators)
• Avoid risks associated with a standalone business registration and/or property ownership
• Generate a measure of independence with own income source and enhance status in home and society in terms of decisions.

Drawing on the gender sensitive value chain method it was identified that there were two value chains of some relevance. In the first instance there was a value chain related to the initial establishment of a B&B enterprise. This is outlined below for information but was not discussed in detail in favour of a value chain looking at ongoing operations. It is worth noting that women operators reported often struggling with these processes because of bureaucratic intransigence and there was a sense that they were not taken seriously by authorities and service providers.

The value chain which follows is one crafted by the report author on the basis of some discussion with a range of respondents. The material generated during discussions fed into the categorization of activities or transactions. Procedural limits related to the research have prevented this material being taken back to rest with respondents although some feedback has been obtained from other tourism stakeholders. The image aims to illustrate the rising level of influence B&B operators have over the value chain as it progress from the left to the right. Highest influence is where the B&B operator has direct influence in terms of hosting activities. However, critically, there is reduced influence over some key processes such as those related to contracting and sourcing of leads (although there were some exceptions). In very general terms one might also want to suggest that women have less influence in the earlier stages and as such tend to be market “takers” rather than “makers” – but then there were exceptions once again.

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6 This is a rather generalised description as the value chains are likely to be somewhat different according to their market segment and at times in terms of geographic location too.
From the original discussions with B&B operators and other stakeholders a number of key challenges facing women operators were listed:

- Access to capital
- Horizontal and vertical integration (e.g. transport, tours)
- Low occupancies and seasonality
- Security
- Influence over leading sourcing
- Financial and ICT literacy
- Networking for improved collective benefit (consumables, downstream, marketing, scale contracts) A more in depth and participatory research process might have allowed for more specific enquiries being made about specific gender-related challenges within each element of the value chain (see appendix 1).

Respondents were also asked about their perceptions of support and training. It is worth noting that there was some degree of suspicion about the value of training and the cost/benefits of attending specific training with a preference stated for networking events that could lead to business yields as being a greater priority. Private sector endorsed specialized initiatives were seen to be more attractive.

Whilst almost all the respondents spoke of were confident that enterprises could be found that had been operating for more than a year and had a turnover of higher that R250 000 a year (as per GOWE criteria) it was unlikely that these enterprises would grow employment rapidly and furthermore post 2010 the likelihood of any sustained enterprise growth was likely to be somewhat curtailed by structural constraints in the KZN's tourism sector. Nevertheless, the high concentrations of women-owned tourism enterprises in this sub-sector as well as the growth prospects that exist for accommodation-related business in the future suggest that policy makers would do well to examine the potential for future support.

Enabling smaller businesses to grow into the guesthouse, lodge and boutique hotel sectors are an important dimension of public programmes.

12. GSVCA in Meetings, Incentives, Conventions and Exhibitions (MICE) – a limited scale pilot investigation

Stakeholders in the sector reflected that the sector has been strong for a number of years but pointed out that the recession had impacted on the business context substantially. In the past decade the key driver for much of the sector had been that related to the International Convention Centre (ICC) which has given a major boost to the opportunities of the sector. Initially this was in the form of significant public sector events which boosted opportunities for new suppliers. However, it is private users that are the most regular users at present (although public events generally bring scale). The Province has, in its advantage, a wide range of hosting venues allowing for the emergence of niche markets (specialized events). The bulk of events tend to stick to the major centres along the coast and N3 axis but there has been steady growth in facilitation of MICE activities in other regions.

The employment in convention and events organiser firms is not substantial as the firms are generally quite small and rely substantially on outsourcing. However, the sector is a significant contributor to short term employment needed to service major events and supports major outsourced activity in fields such as transport, catering and accommodation.

Globally, meetings, incentives, conferences and exhibitions (MICE) market accounted for at least 25 percent of long haul outbound tourism travel or some 36mn tourists in 2005. The share of the value of long haul tourism was much higher – some 41 percent or R606 billion. In 2005, some 404 000 business tourists visited South Africa. Of these some 115 000 were long haul tourists. The value of this market was some R2.3bn. The most important component of the business tourism market is the meetings market. This market accounts for about 89 percent of the global long haul business tourism market to SA although not all in conferences and conventions (SAT, 2007). For ICC Durban and KZN government related events are a significant source of business. South Africa gained from post-94 euphoria as a host centre – especially for major global events, although this has died down a bit. Demand is cyclical and seasonal (especially long-haul related visits) which can create challenges for new entrants and smaller firms.
In supply terms the pioneering ICC in Durban has been a major asset to support the growth of the sector. The ICC’s facilities are unsurpassed on the continent. In recent years private entities have responded with the bringing on stream of a range of establishments from large to small to accommodate MICE activities. Factors that challenge the competitiveness of the local supply include limitations on direct flights to Durban for international visitors as well as the poor perception as a destination. Durban’s ICC is known to win bids on technical merit but loose them on destination appeal for prospective conference goers.

In enterprise terms there has been growth of new enterprises benefiting from government procurement and BBBEE processes in conferencing and events. This has supported a range of related opportunities in fields such as catering and transport. The poorer economic conditions have led to some measure of consolidation amongst firms and a tendency to try and integrate vertically and horizontally. This can challenge smaller firms access to business opportunities but entrepreneurial firms continue to gain opportunity and to bring fresh angles to their products.

The rough value chain below sets out some of the key value adding steps that are followed in securing and executing an event successfully. Large enterprises tend to seek to do many of these in house whilst smaller enterprises seek to specialize in one or other aspect. Many of the steps have very low margins which tend to drive businesses to try and add value or to capture more parts of the value chain in house if they can.

In figure 8 below the conference and hosting companies take responsibility for the full chain but are in some cases price/service level takers and in other cases price/service level influencers. This is impacted by many different conditions (economic climate, demand for venues/destinations, degree of integration) Larger entities work to leverage ownership and alliance connections whilst smaller entities deal with contract complexity and more fragmented arrangements.

In gender terms the sub-sector is dominated by women employees and with significance of women owned and women operated enterprises. It is also notable that some of the leading business owners are women. It is recognised that larger corporatised entities (often divisions of larger companies) do at times have men leading them but many of key roles filled by women. Furthermore, outsourced and linked services generally have high levels of women in employment (link to part time, flexible work with stereotypes of alignment to customer service industry and hosting).

Stakeholders suggested that access to key meeting owners (often men are decision makers) can be a challenge due to a lack of access into networks but women staff seek to overcome these with good links with mid-level women staff with influence in other organisations. One factor that does present challenges for women staff and business owners is that the business requires irregular bursts of 120% commitment.

Figure 8. Outline value chain of the sub sector 4: convention and conference industry

<table>
<thead>
<tr>
<th>Package development</th>
<th>Package development</th>
<th>Package development</th>
<th>Package development</th>
<th>Package development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building links with suppliers (venues, accommodation, travel, transport, collateral, IT) and forging alliances to offer integrated services.</td>
<td>Role of destination marketing (public) Product (venue) owners marketing Marketing of services and venues to meetings owners and aspirant hosts Originating own meeting or pitching ideas to others</td>
<td>Direct to meeting owner With local aspirant host At all times with venue generated mtgs (Note - own generated events go direct to contracting)</td>
<td>With meeting originator Facilitating venue contract on behalf of meeting wnor Contracts with supporting providers With meeting attendees on behalf of meeting owners</td>
<td>Core registration Event management Accommodation Transport Information ICT Additional spouse programmes Tag on Tours</td>
</tr>
</tbody>
</table>

Source: Produced by the author as after discussion with industry stakeholders
of time with impacts on other responsibilities leading to burnout and high stress – “The meeting comes first” – easier for men than women often. For women working in the sector on a contract basis the hours can be very long, transportation is often a challenge and childcare issues are rarely considered by outsourcing companies.

The setting up of a convention bureau – in TKZN – is a major step forward and is likely to allow for better collaboration and more focused initiatives in the future. Policy makers would do well to consider supporting collective strategies between enterprises and the public sector in support of reduced seasonal effects, greater core-asset competitiveness and mentorship.

13. GSVCA in Ezemvelo KZN Wildlife and its suppliers – a limited scale pilot investigation

Ezemvelo KZN Wildlife the statutory body managing nature services for the KZN Provincial Government. Unlike in the rest of SA, in KZN it is Ezemvelo that manages parks of national significance. Ezemvelo has 2500 beds in its various sites ranging from those in coastal, inland and mountain areas. The entity generates income from:
- Game auctions
- Camp income
- Statutory charges
- Annual budget allocation from the government

Ezemvelo works with a range of suppliers in operating its tourism-related facilities including security, catering, maintenance, marketing, furnishings. Ezemvelo also works to cultivate relationships with a range of tourism sector providers including guides and travel companies to ensure its products are accessed.

The organization has, in recent years been through some major leadership and corporate governance turmoil. The new leadership team is working to re-orient the organization away from some damaging past practices. Ezemvelo KZN Wildlife is one of the largest tourism entities in the Province in terms of its influence on the sector. There is significant scope to work with the organization in its supplier development fields to support women owned businesses. At the time of this study Ezemvelo staff indicated the timing of an initiative, despite some considerable relevance to them, was not conducive to greater dialogue required as part of the project methodology.

14. GSVCA in Lodge and boutique hotel developers – a limited scale pilot investigation

In recent years in the absence, apart from casinos, of significant major new hotel developments there has been a growth in luxury lodges and boutique hotels catering to niche markets. Some of these have been developed to service markets in game reserves or nature parks but there have also been some developed in the towns and cities. These have been a response to the need for more focused market positioning and the opportunities to capture incremental growth that has characterised the Province. These facilities tend to have higher employment than B&Bs as they offer a wider range of services (e.g. restaurants, guest services). They are also in a position to market themselves more effectively as they have better resources at their disposal and have lower dependence on other providers.

Some of the challenges the sub-sector face include seasonality, the low thresholds of domestic and international tourists in region and the perceived poor framework of product development (of visitor drivers) in the Province. In supply terms developers complain of a lack of clear and consistent framework for developers from KZN Government, local governments and Ezemvelo Wildlife in terms of site supply. In a number of instances land reform uncertainty affects key sites as do complex community interactions which can result in raising costs and slowing development. Land use management and service supply uncertainty from municipal authority structures (commitments not made or kept lack of due process, tendency to favour larger scale businesses) could be viewed as an area of concern. Developers also point out that there is an absence of financing instruments attuned to tourism cash flows and risks (although the IDC has had a presence).

The initial value chain below provides some insight into the range of complex activities that need to take place to secure a new lodge or boutique hotel. The resources and capabilities often depend on a team being built and can require some considerable resource commitments.
Despite anecdotes of rising numbers of KZN women entrepreneurs being involved in this sector there were few women identified as lead entrepreneurs in the chain of delivery of these lodges, although a number are managed by them and there are some women developers that have sought to carve out a role for themselves. The one women developer interviewed pointed out that barriers were largely generic and might include that necessity for the developer to have experience in construction and development negotiations. The latter fields were not ones where many women were present. However, the exposure women-run businesses in the fields of planning, environmental impact, architecture, interior design and management of these facilities suggests that a stock of valuable skills are being built up that could enable future transition into lodge development as women entrepreneurs. Financial access was seen as a major obstacle where women entrepreneurs were expected to have the necessary delivery track record in the sub-sector in order to access loans.

Research done in the Midlands by Coetzee et al (2008) placed visitor numbers at around 385,000 visitors. 89 percent of these were from SA with most from KZN followed by Gauteng. Growth in visitor numbers has been modest but there has been strong establishment growth showing trends of diversification and also confidence in future prospects. The following conceptual value chain provides some sense of activities and how they are converted into local business opportunities.

15. GSVCA in Midlands Meander members and non-members – a limited scale pilot investigation

The Midlands Meander is just over 25 years old. As a route and an organized group of businesses it has grown from the original informal association of a few crafters to integrated tourist route. The Meander has a strong brand and is driven by members with low government dependency. Membership stands at around 200 including crafters, accommodation providers, sites of interest, retailers and hospitality businesses. In recent years the area has seen major development interest with 20 or so development applications of various sorts in processes with municipal approval and Environmental Impact Assessments (EIAs). This has seen a shift from tourism route focus (hotels, eateries, craft shops) to country residential estates with stronger retail and residential dimensions.
In order to delve further into the Meander dynamics a single category of activities was explored in more detail. The craft sector remains an important differentiating aspect of the Meander and helps secure its identity as a region for cutting edge craft and design. In the craft sector there are two possible value chains – sometimes followed the same business. Both of these assume production within the business but the one has as its focus specialized commissions and the other production for general retail.

Recognition of the different character of the value chains provides insights into different challenges business owners might face. In commissions raw material only needs to be sourced once an order has been placed, whilst in production for general retail raw material stocks must be kept on site.
In terms of the profile of businesses (Coetzee et al., 2008) it is worth recognizing that members are spread over a wide geographical area and involved in up to seven different categories of activity. The main activity is that related to hospitality. The market value of land and buildings used for Midland Meander businesses was estimated at R435 million. It is notable that 20 percent of members had been in business for less than 3 years. Most businesses were small to medium (55 percent) and had a turnover of less than R500,000 per annum. The main sources of turnover were accommodation 36 percent, food and beverages 20 percent and arts and crafts 19 percent. 65 percent of members' stated that their turnover had increased in past year, 15 percent static and 20 percent decrease. In terms of profitability 48 percent reported that profits had increased, 24 percent that they were static and 28 percent has seen decreased profits. In terms of operational expenditure (excluding salaries and wages): 53 percent of members spent less than R250,000 per annum. In terms of salaries and wages, 48 percent of members had a wage bill of less than R100,000 per annum and 25 percent had a wage bill between R100,000 and R250,000.

With regard to growth prospects (investment and employment), 65 percent of members estimate the current value of their land and buildings to be less than five million rand. 33 percent of members surveyed were planning expansion. Of these 75 percent were intending to invest less than R1,000,000.

This would have created 91 jobs. A further 34 jobs were to be generated by investments of up to R5,000,000.

In terms of business constraints/barriers at a general level the following were highlighted:

- Of 8 factors listed as possibly inhibiting new investment access to finance and government regulations were rated as moderately important and everything else as having little impact. (Coetzee et al., 2008)
- Interviews suggest the following:
  - Demand: Market share stagnant and growth of spend low. No profile in new growth markets. Seasonality is an issue and downtime between holidays and weekends.
  - Supply: Many new establishments have been created, leading to loss of identity, loss of margins.
  - Other: Labour skills and health matters, security, public services

and mismanagement of towns.

In terms of gender dimensions the 102 members reported that they employed 1,205 persons: 458 male and 747 female. There is limited data on enterprise ownership but estimate is that at least 50 percent are women owned with a higher proportion women managed. As is common in other sectors, the level of women ownership tends to decrease as enterprise size increases. Between one third and half of the enterprises operated from or adjacent to a home: Stakeholders reported that for women working in the sector there were challenges carrying family and business roles, but the very choice of the sub-sector was made because the business path chosen can be flexible to accommodate family needs. Respondents reported on low levels of specific enterprise related training as they had generally learnt on the job. Businesses tend to be remote from one another can limit availability of support and raise security concerns. Women reported that conservative service providers do not always take women seriously. Other issues included that women tended to be needed to manage both the business and the family and so making trips, attending meetings etc. was difficult. Respondents also outlined that negotiating influence with government and key tourism role players was difficult for women although there was some positive solidarity.

The Midlands Meander Association in the last 18 months to two years has embarked on a process of transformation. This has included increasing professional management of the association and delivery of a greater range of member services. The first thrust in this regard has been to focus on enhancing training of staff through a partnership with TEP. The MMA has also sought to grow its commitments to enhance the profile of black owned businesses in the region as well as to attract more black visitors to the Meander area. A variety of other initiatives are being explored such as those with Fair Trade in Tourism. Other stakeholders, such as some of those in government are also expressing recognition that should there parallel efforts to grow the profile of emerging black tourism businesses in the area have a chance of success there would be a need to work more closely with the MMA and its membership. The Midland Meander route and its relevant structures offers the opportunity of linking in emerging enterprises with a proven set of structures that have delivered consistent, although relatively modest, growth in the past two decades. This presents an opportunity for public sector goals
and private sector interests to work in partnership ventures that continue to respect the enterprise-driven model of the MMA but also broaden its mandate to enhance its impact and growth prospects.

16. Summary findings and recommendations

The lists below provide a summary of some of the highlighted findings in the research and point to some key recommendations.

1. General context:
   - The industry in the province is well established and has both depth and complexity
   - However, the Province's share of new growth is weakening and the profile of its major attractions is waning amongst higher spending international and domestic tourists
   - Business establishment in the sector has been very strong but survival rates are low and many businesses that survive produce low returns
   - Growth-oriented women entrepreneurs are present in KZN tourism in a number of fields but tend to diminish as a share of larger enterprises
   - Of the women owned enterprises, many operate in sub-sectors with lower growth and lower employment prospects and these are also sub-sectors where many new entrants are establishing enterprises

2. Gender and KZN tourism enterprise support:
   - Widespread recognition and awareness of high prevalence of WOEs
   - Additional effort to make sure women enterprises are included in generic enterprise development processes and through BBBEE agendas
   - Erratic or ad hoc initiatives with a focus on women entrepreneurs and WOEs (ie not mainstreamed)
   - Selection of enterprises often reliant on existing networks or enterprise self-selection and not always demonstrates reach to WOEs
   - Training initiatives and organisations tend not to incorporate specific gender awareness imperatives in structure and content of training
   - “It is something we are aware of and there are always women involved at all levels but in the end all enterprises have the same common issues whether they are run by women or men.” Training service provider

3. Gender dimensions of KZN tourism:
   **Market**
   - KZN has a status as domestic family destination with the result that male/female visits are relatively even although business tourism is biased towards male visitors
   **Employment**
   - Estimates are that 65% of direct employees are women (53 950) and some suggest that up to 75% of indirect employment (125 550) made up of women – higher outsourcing has increased women's employment
   - Mostly in lower skill, lower wage service oriented work but some exceptions (e.g. conference organizers, travel agencies)
   - Significant numbers in mid-skill administrative and sales categories (travel agents, backroom admin, client admin)
   - Relative to some other sectors tourism shows a higher level of women present in management roles
   **Enterprises**
   - Bulk of women-owned enterprises (WOEs) concentrated in accommodation (especially B&B), hospitality, catering, travel administration, design supply, outsourced cleaning, craft, retail, conferencing and eventing
   - Emerging presence in tour guiding, transport, marketing, lodges
   - Women owned enterprises make up majority of tourism enterprises but often small and micro and many in informal category

4. Barriers faced by women entrepreneurs:
   - Sector entered by entrepreneurs because of lower entry barriers and flexibility in terms of managing family obligations – resulting in high competition/low margins
   - Often face tendency to view enterprises in patronising terms resulting in lower support in household and amongst other institutions/service providers
• Black women feel “triple oppression” is still an issue
• Lack of experience and defined skills base often counts against WEs
• Issues of financing growth are a major barrier – no dedicated source
• Low entry barriers in favoured sub-sectors leads to high competition and low margins
• Public sector tending to make operating a business from home more difficult
• Security issues particularly acute (business often isolated)
• Operators are tied to business premises and households so ability to get out and market is limited
• Public sector marketing and investment favours large players, seasonal eventing and misses markets that many of these businesses serve

5. Sub-sector GOWE intervention prospects:
• The following matrix seeks to rate the sub-sectors explored in terms of their prospects to provide a sound environment for a successful WEDGE intervention.

<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Presence of women entrepreneurs</th>
<th>Business growth prospects</th>
<th>Degree of transformation</th>
<th>Employment growth prospects</th>
<th>Institutional capabilities</th>
<th>Final score</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;Bs</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>KZN Wildlife</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>Lodge &amp; boutique hotels</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>MICE</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Meander &amp; emerging Businesses</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Produced by the author as after discussion with industry stakeholders

6. Proposed recommendations:
• Initiate, in partnership with KZN DEDT (and TEP-KZN other stakeholders), a process to improve gender-orientation of existing training and business development programmes and the introduction of a specific modules addressing needs of women entrepreneurs.
• Encourage KZN DEDT to initiate (together with ILO and DOL) a review of the employment conditions and prospects of women employees in the tourism sector recognising that many are not represented by unions with the aim of developing a charter aimed at improving working conditions for women workers in tourism.
• Initiate, in partnership with KZN DEDT (and other stakeholders), a pilot WEDGE enterprise development intervention with its geographic focus on enterprises within the Midlands Meander Association AND those emerging enterprises in the Midlands region historically excluded from effective tourism participation (also drawing on routes/associations from other regions and enterprises) with the aim of empowering SMEs (and in particular women entrepreneurs) to understand their specific value chains and to support the capabilities of relevant institutions such as the MMA to be better attuned to member and non-member business development needs.
a. To be done in partnership with relevant partners possibly including Midlands Meander Association, Fair Trade in Tourism. Candidate enterprises to be selected, on basis of agreed criteria by WEDGE in conjunction with KZN DEDT and partners such as MMA.

17. Conclusion

KZN’s tourism sector has been and continues to be a critical economic sector in the Province. The sector has witnessed considerable absolute growth and this has been supported by considerable investment from the public sphere including in enterprise development. During this period the number of new businesses initiated has grown and transformation has taken route. As with much of tourism around the world there has been a strong presence of women in the sector as workers and entrepreneurs. In fact there are more women working in indirect and direct tourism activities in KZN than there are in sectors such as clothing and textiles. The presence of women workers has much to do with a context in which most of the jobs are temporary, part-time, lower skill and lower wage jobs where women's employment tends to be significant because of historic social and economic exclusion factors. Many of the activities are also those that many employers consider “appropriate” for women in a patriarchal world such as those related to domestic tasks or customer service activities. A higher than average number of women enterprises are also present because some elements of the sector have very low entry barriers and the character of the activities allow for women to participate whilst still handling family responsibilities. A range of contextual factors such as generally lower levels of access to formal skills, finance and the like tend to also limit women entrepreneurs to lower entry barrier activities. However, over time there has been some change and women leadership in tourism businesses is much more common today than it might have been in the past.

Nevertheless, an ongoing requirement exists to enhance the prospects and position of women in the sector, whether as workers or enterprise owners. Although the study method underpinning this report was uneven across the sector in activity and geographic terms and interactions with stakeholders were not representative, the report provides a measure of insight into the scope for drawing on Gender Sensitive Value Chain-related approaches in understanding the sub-sectors and the presence of women owned and operated businesses. The report recommendations are geared to enable selection of a viable set of initial interventions, not as an end in and of themselves, but as the start of a process to encourage greater responsiveness to gender dimensions of activities and programmes across the tourism sector whether it be in the public sector, private sector organisations or within businesses themselves.

The growth of tourism and its related opportunities has created many new prospects for women in society. However, that growth has often also been as the expense of development goals related to gender where, without specific targeted programmes, societal stereotypes and conventions will continue to undermine the prospects of women.
References


12. KZN Department of Arts, Culture and Tourism, 2006. Green paper on the development and promotion of tourism in KwaZulu-Natal

13. KZN Department of Arts, Culture and Tourism, 2008. White paper on the development and promotion of tourism in KwaZulu-Natal


Annex 1: Informants / organisations

The following institutional representatives were interviewed and participated in follow up meetings:
- KZN DEDT: K Mdletshe; N Mzila, A Zondi, Z Gumede
- Tourism KwaZulu-Natal: J Seymour and K Kohler
- TEP-KZN: A Singh
- SATSA-KZN: B Bhoola
- Midlands Meander: N Tilley
- Consultant to Mngeni Municipality: C Patterson
- Fedhasa-KZN: W Ozard
- ICC: M Dorasammy
eThekwini: N Mshengu

Specific interactions were held with a number of entrepreneurs/business owners and senior managers. A number of the respondents requested confidentiality to be maintained and as such the entrepreneur details are not presented below:
- 1 CEO of large scale travel business (Durban)
- 2 CEOs/MDs from large scale hospitality businesses (Durban)
- 3 tour guides (2 from Durban and 1 from Pietermaritxburg)
- 9 B&B/Guesthouse owner/operators (7 from greater Durban and 2 from the Midlands Meander)
- 4 MICE-related businesses (all located in Durban)
- 2 lodge/boutique hotel developers (Durban)
- 1 boutique hotel owner-manager (Durban)
- 2 craft producers (Midlands)
- 1 craft retailer (Midlands)
- 4 hospitality businesses (1 Durban and 3 Midlands)
- 2 tourism-related training businesses (Durban)

Annex 2

Figure 1: Illustration of scope of value chain approach to offer more specific information on challenges.

(Source: FIAS, 2006: 19)
Chapter 2
Formalization constraints and morivators for women owned SMME's in the KwaZulu-Natal tourism sector.

Research conducted by: Makho Communications
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Box 1  Women in Business: South Africa
Box 2  South African Vision on Gender and Women's Economic Empowerment
## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANC</td>
<td>African National Congress</td>
</tr>
<tr>
<td>ASATA</td>
<td>Association for South African Travel Trade Agents</td>
</tr>
<tr>
<td>AsgiSA</td>
<td>Accelerated and Shared Growth Initiative for South Africa</td>
</tr>
<tr>
<td>BDS</td>
<td>Business Development Services</td>
</tr>
<tr>
<td>BUSA</td>
<td>Business Unity South Africa</td>
</tr>
<tr>
<td>cc</td>
<td>Close Corporation</td>
</tr>
<tr>
<td>CIPRO</td>
<td>Companies and Intellectual Property Registration Office</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>EUA</td>
<td>Enterprise Unit Approach</td>
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<td>FEDHASA</td>
<td>Federated Hospitality Association of South Africa</td>
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<td>FTTSA</td>
<td>Fair Trade in Tourism South Africa</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GEA</td>
<td>Global Employment Agenda</td>
</tr>
<tr>
<td>GEM</td>
<td>Global Entrepreneurship Monitor</td>
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<td>GOWE</td>
<td>Growth Oriented Women Entrepreneurs</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<td>KZN</td>
<td>KwaZulu-Natal</td>
</tr>
<tr>
<td>LUA</td>
<td>Legislation Unit Approach</td>
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<tr>
<td>NAA-SA</td>
<td>National Accommodation Association of South Africa</td>
</tr>
<tr>
<td>NGP</td>
<td>New Growth Path</td>
</tr>
<tr>
<td>OCIPE</td>
<td>Office of Company and Intellectual Property Enforcement</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PGDS</td>
<td>Provincial Growth and Development Strategy</td>
</tr>
<tr>
<td>RASA</td>
<td>The Restaurant Association of South Africa</td>
</tr>
<tr>
<td>SAAICl</td>
<td>South African Association for the Conference Industry</td>
</tr>
<tr>
<td>SASIX</td>
<td>Social Investment Exchange</td>
</tr>
<tr>
<td>SAT</td>
<td>South African Tourism</td>
</tr>
<tr>
<td>SATSA</td>
<td>Southern Africa Tourism Services Association</td>
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<td>South African Women Entrepreneurs Network</td>
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<td>SCM</td>
<td>Standard Cost Model</td>
</tr>
<tr>
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<td>Small Enterprise Development Agency</td>
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<td>Small, Medium and Micro Enterprise</td>
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<tr>
<td>THETHA</td>
<td>Tourism, Hospitality and Sport Education and Training Authority</td>
</tr>
<tr>
<td>WED</td>
<td>Women Entrepreneurship Development</td>
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<td>WEDGE</td>
<td>Women Entrepreneurship Development and Gender Equity</td>
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</table>

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
Executive Summary

The small business sector plays a crucial role in South Africa's development and is identified as a key tool for economic growth, job creation and poverty alleviation. The global recession holds significant challenges and opportunities for small entrepreneurs in general and when reviewed from a gender perspective even more so. Women generally lack the necessary resources for starting and developing their own businesses and due to gender based barriers, South African women entrepreneurs still remain on the periphery of the national economy. Some of the chief barriers to promoting women in business include cultural and societal barriers, the psychological impact of cultural norms, employment legislation and policy, lack of information, training, finance, markets, technology and business infrastructure, absence of mobility for skills development and capacity building, fragmented approaches to identifying issues and developing strategy to influence policy affecting business and government interventions.

The Global Entrepreneurship Monitor for South Africa (GEM) found that women entrepreneurship could be the key to unlocking economic growth for South Africa; if better and more targeted support is made available to them. It recommends that improving female levels of self-employment is imperative in the South African context and that interventions aimed at increasing female participation in the SME sector, are an important strategy for economic development in South Africa.

The Women's Entrepreneurship Development and Gender Equality Southern Africa (WEDGE-SA) project implemented by the International Labour Organization (ILO) aims promote women's entrepreneurship and support women entrepreneurs to create decent employment, achieve women's empowerment and gender equality, and work toward poverty reduction within South Africa. In South Africa, the projects overall objective of the project is to create an enabling national environment for the promotion of women's entrepreneurship development and gender equality to support poverty reduction and job creation initiatives in South Africa.

The legal and regulatory environment has the potential to impact significantly of the capacity of women to start, formalize and grow viable enterprises. Many women remain informal, unlicensed and unregistered with representative organizations because of the barriers (actual and perceived) to the business and membership benefits.

Numerous women entrepreneurs, however, are members of a representative organization's but are not a formally registered business. Often the government and other policy makers and service providers do not recognize these representative organisations (or their members). Being un/underrepresented, therefore, is likely to hinder them in growing their businesses as the women entrepreneurs have reduced access to services, networks, advocacy opportunities, innovation and market information. The purpose of this research report is to research the motivators and potential barriers for women owned business to register with CIPRO and member based industry organisations in the Tourism sector in KwaZulu Natal.

The International Labour Organization (ILO), through its Women Entrepreneurship Development and Gender Equity Southern Africa (WEDGE-SA) project has engaged in various efforts of empowering women entrepreneurs. One of these efforts is to encourage business formalization. In order to encourage this it is necessary to create an understanding of the motivators and potential barriers for women owned businesses to formalize their businesses and affiliate to member-based associations, hence this research assignment. The study was targeted at women entrepreneurs in the tourism sector, male entrepreneurs in the sector featured in the study for results control purposes. The study was conducted in KwaZulu-Natal, South Africa.

Whilst the overall objective was to understand the constraints of formalization, the 'costs' of formalization were used as one of the variables measured. This was done through the infusion of the Standard Cost Model (SCM) as part of the overall methodology. The SCM is designed to measure administrative burdens or 'paperwork costs'. According to the New Zealand Ministry of Economic Development (2006) the SCM has been applied by regulatory agencies in a number of European countries, including the United Kingdom (UK), Norway, Sweden, Denmark, Belgium, the Netherlands, Poland, France, Hungary, Italy, the Czech Republic and Estonia. There is evidence of the SCM having been used in South Africa in 2004, Kenya in 2007 and Rwanda in 2008 to measure the cost of compliance among firms (South Africa Foundation, 2003).

Overall, the research took the form of mixed methods, whereby literature review and preliminary interviews were conducted with 10 member based tourism organizations. The findings of literature review and preliminary interviews were used to prepare structured questionnaires to be used to conduct interviews with the target group (n=34) and control group (n=2=10). The results of target group and control group were validated through another questionnaire that was distributed at an industry conference for women (n=85).

The research has established that as much as there are motivators for registering with Companies and Intellectual Property Registration Office (CIPRO) and affiliating with member-based tourism organizations, there are as many barriers encountered by women entrepreneurs in tourism sector.

Of the eight potential barriers that were identified for registration with CIPRO, the top three were 93% of women entrepreneurs have not formalized their businesses due lack of information; 71% of women entrepreneurs indicated that the registration process is difficult and 43% of women entrepreneurs indicated that they cannot afford to pay registration fees.

On the other hand, eight motivators were identified for registration with CIPRO, of these six seemed to have more or less the same dominance starting with 95% of women entrepreneurs stating that they registered with CIPRO in order to graduate from informal to formal business; 95% indicated that they registered in order to gain more credibility; 90% assumed that all businesses were expected to register; 90% registered in order to comply with tender and contractual requirements; 90% registered in order to gain access to finance and 90% registered in order to gain access to government assistance.

In terms of affiliation with member-based tourism organizations, a total of six barriers were identified and the three most prevalent were 80% of unaffiliated women entrepreneurs did not know where to go in order to join associations; 75% did not have information about tourism associations and what they offer; and 80% did not have access to information technology that would have enabled them to affiliate.

On the other hand, eight motivating factors were identified for affiliation with member-based organizations. Of the four most prevalent, the top three all scored 100%, through affiliation with member-based tourism organizations women entrepreneurs hoped to benefit from centralized marketing and business linkages; hoped to gain access to information and support; they hoped to gain a platform for networking; and they hoped to gain emotional support (93%).

Emanating from the research findings, the study provides four recommendations for CIPRO’s consideration. These recommendations are for CIPRO to investigate and execute automatic business renewal; to simplify documents; to capacitate entrepreneurs; and to decentralize offices.

The study provides three recommendations for consideration by tourism member-based associations. These recommendations are for these associations to re-evaluate their marketing mechanisms; to deliver what is advertised and to conduct a skills needs analysis of their members and align a packaged program to the skills needs identified.

1. Introduction

In working towards the realization of the vision of a non-racial, non-sexist, democratic and prosperous society, the South African Government identified five priority areas of focus, one of which is the development of the tourism sector. In fact, the electoral mandate of 2009-2014 speaks of the possible direct contribution of the tourism sector to creation of decent jobs through economic growth (Department of Tourism, 2010:2).

The South African government through the Department of Economic Development (DED) unveiled the New Growth Path (NGP) Strategy in November 2010. This strategy identifies the employment potential of tourism and other high-level services and calls for South Africa to position itself as the higher education hub of the African continent. The strategy asserts that high level services like tourism and business services can create more direct jobs (Ministry of Economic Development, 2010). Tourism alone has been identified to have a potential employment contribution of two hundred and seventy five thousand (275 00) direct jobs (ibid) towards the 2020 target of five million (5 million) jobs. The same strategy document, under the 'microeconomic package' identifies “Enterprise development: promoting small business and entrepreneurship; eliminating unnecessary red-tape” as one of the key programs. This will be of benefit to all sectors, but more so to the tourism sector, which
according is one of the most regulatory burdened sectors (Strategic Business Partnerships (SBP), 2004).
The selection of the tourism sector as the strategic growth path area can be associated with the manner in which this sector has performed in the past. For example, in 2009, tourism's direct and indirect contribution to the country's gross domestic product (GDP) grew by 2.7% to R198.4 billion which represents 7.4% of GDP (Department of Environmental Affairs and Tourism, 2010).

As far as the KwaZulu-Natal (KZN) province is concerned, the growth potential of the tourism sector has been on the top of the Provincial Government's agenda for the greater part of the past decade. This is indicated in (amongst many) two strategic documents: the KwaZulu-Natal Growth and Development Strategy (PDGS, 2004) and the White Paper on the Development and Promotion of Tourism in KwaZulu-Natal (2008).

The strategic objective for the KwaZulu-Natal Provincial Growth and Development Strategy (KZN PGDS) is to develop a framework for the promotion of KZN as a leading tourist destination, nationally and globally, and to provide strategic support services to develop a sustainable and competitive tourism industry (KZN PGDS, 2004).

The White Paper on the Development and Promotion of Tourism in KwaZulu-Natal (2008) states that tourism contributes about eighteen billion rands (R18bil) to the Gross Domestic Product (GDP) which is about ten percent of the provincial economy (Department of Arts, Culture and Tourism, 2008:5).

As South Africa works towards the attainment of the 2020 vision, Government and its agencies have a fundamental role to play in ensuring that there is an enabling environment that supports systemic and synergistic endeavors for both men and women entrepreneurs. The Sector Research of the South African Social Investment Exchange asserts that there is a direct link between entrepreneurship and economic development (SASIX, 2009). The growth in business leads to growth in the economy, which translates to increased employment. It is therefore important for the South African government to pay more attention to enterprise development, if it wants to achieve its five million jobs target.

Research shows that women entrepreneurs make an important contribution to the development of the economy, both worldwide and nationally and internationally (Allen, Longowitz, Elam & Dean, 2007). The United Nations notes that women are increasingly taking centre stage in businesses ownership both in formal and informal economy. In developing countries they are however more likely than men to be employed in the informal economy, and are usually limited to a narrow range of activities in more precarious types of employment (United Nations 2006, the World Bank). Whilst business formalization usually starts with business registration, there is also a huge role played by industry organizations in enhancing businesses. In fact, according to Department of Trade and Industry (2006) member-based associations and chambers, play a vital role in growing the South African economy.

In South Africa in general and KwaZulu-Natal in particular, women entrepreneurs end up less formalized due to a number of barriers, one of which is complicated procedures. Ideally, the business formalization processes should not be complicated in order to attract more people to move towards formalization. According to the Department of Trade and Industry (the dti) one of the challenges is inadequate representation of particular small-enterprise interest groups in existing or evolving business associations (dti, 2005), because non representation weakens feedback on specific issues of interest.

Worldwide, more economies are finding creative ways to ensure that regulations are implemented in the most efficient way, often learning from one another (World Bank, 2010). The World Bank also mentions that within the European Union companies can register anywhere, regardless of where their main operations are. There is therefore a need to improve the business environment in Africa, with the aim of encouraging enterprise creation, discouraging informality and promoting good governance. In most countries the length of time, the cost and the complexity involved in registering a business deter many entrepreneurs or push them to operate informally, with all the corresponding disadvantages of informality (ILO, 2007), this is the case in South Africa as well.

The International Labour Organization (ILO), through its Women's Entrepreneurship Development and Gender Equity Southern Africa (WEDGE-SA) project has engaged in various efforts at empowering and enabling women entrepreneurs. One of these efforts is to
create an understanding of the motivators and potential barriers for women owned business to formalize their businesses. Whilst formalization comes in many forms, what is of particular interest in this case, is registration with South Africa's Companies and Intellectual Property Registration Office (CIPRO) and affiliation to tourism industry member-based organizations.

The objective of the project was to research the gender-based potential barriers and motivators for women owned businesses to register with CIPRO and member-based industry organizations in the Tourism sector in KwaZulu-Natal. The outcome of the research will inform future WEDGE project activities that seek to:

- Encourage women owned businesses to become registered with industry member-based organizations in tourism, that are responsible for setting and controlling standards which will result in increased networks, effective and efficient operations, market intelligence, market access and services.
- Provide recommendations to assist government programmes to become more sensitive and open to support unregistered businesses and organizations that represent these businesses and identify constraints that have an influence in women not registering their businesses with CIPRO.

The study was conducted in the Province of KwaZulu-Natal in the period between September to December 2010; and the report covers the following:

- The purpose of the research;
- The research methodology;
- A situational analysis;
- The primary research findings;
- Recommendations for the WEDGE Project;
- Conclusion and
- Bibliography

2. Purpose of the research

The purpose of this research was to establish the motivators and potential barriers for women owned businesses to register with CIPRO and member-based industry organizations in the Tourism sector in KwaZulu-Natal. This research project was implemented as part of a broader project on gender equity called Women's Entrepreneurship Development and Gender Equality – Southern Africa (WEDGE-SA). The WEDGE project was initiated by the ILO and funded by the Norwegian Agency for Development Cooperation (Norad).

The primary goal for the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity (www.iolo.org, accessed on 14 December 2010).

The philosophy underpinning the WEDGE-SA project is that the small business sector plays a crucial role in South Africa's development and is identified as a key tool for economic growth, job creation and poverty alleviation. ILO expects interventions like these to assist in achieving the goals set in the Integrated Small Business Development Strategy (ISBDS) in South Africa; the Accelerated and Shared Growth Initiative for South Africa (AsgiSA); the KwaZulu-Natal Tourism Strategy and the New Growth Path where the needs of women and persons with disabilities in Small, Medium and Micro Enterprise (SMME) development are highlighted.

The primary objective of the ISBDS is to ensure that the overall task of fostering entrepreneurship and promoting small enterprises, as articulated in various government policies and strategies, is carried out adequately and effectively, and that a high level of performance and success is achieved across all policy and action areas (dti, 2005).

WEDGE-SA has a strategic fit with South African Government's aim in achieving the agenda for women's emancipation. According to ILO's WEDGE Fact Sheet 1 (2010), the objective of the WEDGE-SA is to ensure that women and men have equal access to economic resources and business support to enable them to start, formalize and grow their businesses. WEDGE-SA also works to contribute to the Global Employment Agenda's (GEA) overarching goal of ending discrimination in the labour market by focusing on policy issues that affect women entrepreneurs (ILO, 2010).

The outcomes of the project, through developing knowledge advocacy and services are:

- An enabling environment is created that is supportive to the growth of women owned businesses;
- The capacity of Business Development Service (BDS) Providers and partners is built thereby delivering more and better services to women entrepreneurs and;
• Growth Oriented Women Entrepreneurs (GOWE) business have grown, are productive and have created decent employment.

3. Research Methodology

The research methodology used in this project is underpinned by methodological approaches in assessing administrative burdens. There are two approaches to the assessment of this nature – one starting with the individual enterprise (the enterprise unit approach - EUA), and the other starting with a specific piece of legislation (the legislation unit approach - LUA). The enterprise unit approach entails the following:

- Examination of the total burdens of an individual enterprise;
- Allocation of these burdens to: the routine administrative activities of the business, and compulsory administrative activities resulting from compliance obligations and
- Allocation of burdens arising from compulsory administrative activities across various legislative or regulatory areas that the individual enterprise has to comply with.

The legislation unit approach uses a specific piece of legislation or specific regulation as the starting point, in this case using CIPRO registration as the unit of analysis. Under this approach, CIPRO registration would be subjected to a detailed examination entailing the disentangling and analysis of all financial and information transfers and related administrative activities. Through a multi-stage process of consultations and discussions with various respondents – within firms, accountants, lawyers, employers’ bodies, and enforcement agencies – the amount of time taken to carry out each activity and the level within the firm (seniority/qualification) at which the activity is carried out is determined (for example, when lodging annual returns to CIPRO, who in the organization has capacity to do that, what are the costs associated with doing it and what time it takes to prepare for and lodge the annual returns to CIPRO). The engendered approach integrated into this methodology is to analyze gender specific roles, barriers, burdens within the process.

This research primarily used the legislation unit approach in executing this study; and triangulated it with an enterprise unit approach wherever necessary to fill the gaps. The Standard Cost Model (SCM), an internationally renowned methodology used to quantify administrative emanating from regulations. SCM has been used extensively throughout the European Union, the Organization for Economic Co-operation and Development (OECD) and in a growing number of countries (including South Africa, 2004; Kenya, 2007 and Rwanda, 2008) to measure the cost of compliance among firms. Using SCM, the study had two components. The SCM has been deemed suitable for this study because of its ability to quantify regulatory compliance activities; and also because it has abilities to integrate gender related questions. The process followed was as follows:

Component 1 - Undertaking an initial scan

As the focus was CIPRO registration as well as industry associations’ affiliation, the initial scan was carried to identify administrative and legislative burdens for business registration and joining member based associations. The initial scan entailed the activities as shown below:

ACTIVITY 1: Confirmed with client CIPRO registration as focal point; and the number of tourism bodies to be explored.

ACTIVITY 2: Ascertained the types of obligations that emanated from
registration with CIPRO or affiliating to Tourism Industry Bodies under question.

**ACTIVITY 3:** If so, briefly described the types of constraints and motivators.

**ACTIVITY 4:** Calculated estimates of the total compliance burdens of a specific industry organization as well as CIPRO registration.

**ACTIVITY 5:** Made estimates of total burdens for tourism businesses with special focus on the frequency of information transfers and fixed and variable costs.

**ACTIVITY 6:** Classified the selected industry associations and CIPRO Registration into four categories (see figure 3) based on their amount of constraints and motivators.

**ACTIVITY 7:** Conducted a detailed baseline assessment on registrations or affiliations that have the highest constraints and highest motivators on all or specific types of tourism businesses.

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### Component 2 - Undertaking the baseline assessment

Activity 7 above, the baseline assessment, was an in-depth component of the review, which comprised of eight (8) stages as presented in figure 4 below:

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**Figure 2: Classification of constraints and motivators**

<table>
<thead>
<tr>
<th>CATEGORY A</th>
<th>CATEGORY B</th>
<th>CATEGORY C</th>
<th>CATEGORY D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy Burdens</td>
<td>Medium or limited burdens but with significant impact</td>
<td>Medium or limited burdens and limited impact on any</td>
<td>No or very limited burdens for all businesses</td>
</tr>
</tbody>
</table>


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**Figure 3: Stages of the review**

- **STAGE 1:** Define the registration requirement
- **STAGE 2:** Conduct desk research to compile full inventory of all registration obligations for businesses and to identify if there are any gender-based difference emanating from there
- **STAGE 3:** Validate list of registration obligations with representative body
- **STAGE 4:** Conduct face-to-face interviews with respondents to collect time and cost date
- **STAGE 5:** Through interviews with a range of respondents (e.g. government officers), collect data on frequency registration burdens
- **STAGE 6:** Standardise administrative activities per information transfer operation, time parameters and cost (e.g. using hourly salary rates)
- **STAGE 7:** Validate the standardisation results with a representative body such as a business association or professional body
- **STAGE 8:** Input the validated standardised parameters into Standard Cost Model (SCM) and calculate registration burdens

The research was therefore carried out using the sequential combination of the following methods:

1. **Preliminary interviews with member based tourism organizations and CIPRO**

Preliminary interviews were conducted with ten (10) member based tourism organizations (see annexure 1). A further interview was done with a CIPRO official. Interview questions had been formulated after an in-depth literature review and based on the objectives of the research (see annexure 2). The tools used also made consideration for investigating gender specific costs in registration.

2. **Development of the guiding questionnaire for entrepreneur interviews**

A guiding questionnaire for entrepreneur interviews was developed using the information obtained from the interviews with member-based organizations and CIPRO (see annexure 3).

3. **Interviews with 34 women owned enterprises**

A database of close to 2000 tourism enterprises was created using information from different sources, including ILO, Tourism KwaZulu Natal, KZN Department of Economic Development and Tourism, municipalities and chambers of commerce. The database was “cleaned” to establish whether or not the enterprises were in the tourism sector, in KwaZulu Natal, operational and whether or not they were registered, as well as whether or not they belonged to any tourism organizations. The sample pool used for interviews came from both rural and urban areas covering all 11 districts of KwaZulu-Natal. The premise behind the database “clean-up”, was in line with the targeted sample size as presented in Table 2, column 2 below. The database was segregated into five groups in accordance with column 1 of Table 2 below. Subsequently random sampling measures were used to select potential respondents. Although a total of 40 interviews were targeted, we managed to conduct 34 interviews (n=34) which represents 85% of planned respondents.

The operational base of the respondents was found to be 40% rural, 46% urban and 14% peri-urban. In most cases the interviews were conducted in IsiZulu as this is the language dominantly used in the province. Further to that 10 interviews were held with a control group of men (n2=10) in order to identify any gender differences.

The breakdown of groups interviewed is shown on table 2 below:
Validation Survey at a Conference

The KZN Department of Economic Development and Tourism (KZN DEDT) hosts an annual conference for Women in Tourism. Through the joint efforts of the ILO and KZN DEDT, further questionnaires were distributed at the conference that took place on the 23rd of November 2010. The questionnaires (see annexure 4) were an abridged version of the original questionnaire and only sought to validate some questions whose results had been inconclusive. At the conference, a total of 85 admissible responses were received. The split in terms of the types of conference respondents is presented, in figure 5.

Figure 5: Types of Businesses identified from conference respondents

<table>
<thead>
<tr>
<th>Groups</th>
<th>Targeted number of interviewees</th>
<th>Number of interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1 – Affiliated and registered</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>G2 – Not affiliates but registered</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>G3 – Not affiliated and not registered</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>G4 – Affiliated but not registered</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>G5 – Control</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

4. Situational Analysis

This section presents the situational analysis in three parts. The first part deals with a broad analysis of South African context and strategic interventions relating to gender issues whilst the other two parts focus on tourism industry organizations and business registration.

South Africa's economy has historically been dominated by large corporations (Herrington, Kew & Kew, 2010). The lack of formal employment and high levels of informal growth posed major challenges to the Post-apartheid Government, and for the past 16 years small business development and job creation have been a priority which has been addressed with varying degrees of success and failure (ibid). In South Africa women make up 52% of the adult population of which only 41% are considered to be part of the active working population (Herrington et al, 2010). They make up over half the work force (dti & SAWEN, 2005). There is a view that South African women have used political gains enshrined in the Constitution very well over the last years in terms of maximizing their economic emancipation (International Finance Corporation, 2006). Currently, the majority of the South African women entrepreneurs are working in the less lucrative sectors such as crafts, hawking and personal services, which are low tech and without significant potential to create much-needed jobs (ibid).
Research conducted by the ILO found that women entrepreneurs tend to expand horizontally rather than vertically. A gender-scale bias in business ownership (ILO, 2008), shows that women tend to be overrepresented in micro and small enterprises. Thus policy makers have to take into cognizance the gender scale bias in business ownership in order to redress the imbalances.

The figure below shows that at the top of the hierarchy are the large-very large enterprises that take up an economic chunk of the sector; whilst at the bottom of the hierarchy are where more unregistered businesses are found and also where most women enterprises are. This shows that typically, women entrepreneurs operate at a low informal level in business. The diagram above illustrates even more the need for supporting women-owned businesses; and for

**Box 1: Women in Business: South Africa**

Women in South Africa remain on the periphery of the national economy. The concentration of activities of women in business is located in the areas of crafts, hawking, personal services and the retail sector. There are low participation levels of women entrepreneurs in value-adding business opportunities. Some of the chief barriers to promoting women in business include cultural and societal problems, the psychological impact of cultural norms, employment legislation and policy, lack of information, training, finance, markets, technology and business infrastructure, absence of vehicles for skills development and capacity building, fragmented approaches to identifying issues and developing strategy to influence policy affecting business and government interventions.

Source: dti & SAWEN, (2005:9)

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**Figure 6: Gender scale bias in business ownership**

establishing a business environment that is more conducive to the creation and growth of decent work in sustainable formal enterprises, especially in smaller businesses, is crucial to Africa's Decent Work Agenda (ILO, 2007).

The business environment by its nature poses gender-specific challenges which if not addressed in an engendered manner may endanger the efforts of economic emancipation in South Africa. The ILO Strategy on Promoting Women's Entrepreneurship Development (2008) provides gender-based barriers facing women entrepreneurs. When women entrepreneurs start and grow their businesses, they face the following barriers:

- Discriminatory property, matrimonial and inheritance laws and/or cultural practices;
- Lack of access to formal finance mechanisms;
- Limited mobility and access to information and networks;
- An unequal share of family and household responsibilities and lack of maternity protection

To address the above barriers, there is a need for an enabling and conducive business environment for women entrepreneurs. Should any government fail to take cognizance of these barriers (and others) when regulating business environment, then all efforts aimed at women's emancipation and economic development may not bear fruits. According to Simavi, Manuel & Blackden (2010), barriers to business formalization, particularly lengthy and complex registration, incorporation, and licensing practices, have a disproportionately negative effect on women, in some cases making it impossible for them to formalize.

According to the World Bank (2010) a commonly encountered constraint that can be addressed through investment climate work is that women, particularly in developing countries like South Africa, have limited ability to influence decisions either in their community or at the national level.

Thus an awareness of gender issues is important when considering strategies to improve the business environment and promote private sector development (World Bank, 2010). There are three fundamental and interrelated gender-specific challenges within investment climate work. Firstly, women and men may have unequal legal status and property rights, with profound implications for women's economic capacity. Secondly, even when the laws and procedures are gender neutral in theory, they may still result in gender-biased outcomes that can have significant effects on access to and control of economic resources, which affect growth, productivity, and welfare. Finally, women are not well represented and have less access to networks and lobbies to influence public decision making.

The picture painted by the results of the Global Entrepreneurship Monitor (GEM) is undesirable in relation to the issues raised above. GEM results show that South Africa's position on the global ranking continues to deteriorate relative to other countries participating (GEM, 2007). This is despite improved macro-economic conditions in the country. Currently, the global average for female entrepreneurship is 7.72% of the population, South African women are, however, currently performing at just 4.83%, this is 2.89% lower than the global average (ibid).

The South African government through the Department of Trade and Industry (dti) has shown its commitment to addressing the issues of gender equity and economic growth as part of its business mandate. One of these commitments is the 2006 Draft Strategic Framework on Gender and Women's Economic Empowerment. The Strategic Framework's vision is:

**Box 2: South African Vision on Gender and Women's Economic Empowerment**

A society in which there is social and economic justice for all, where women and men are able to achieve their full human potential, and in which women have equal access to, and control over, economic resources.

Source: dti 2006:4

The strategic framework covers four distinct areas of focus:

- The target populations of women who need special attention and focus with respect to economic empowerment;
- The types of policy and programmatic interventions most needed to spur economic empowerment and enterprise development;
- The monitoring and evaluation that is needed to inform ongoing improvement of the framework elements; and
- The institutional management and oversight arrangements that are needed to ensure the successful implementation of the framework.
The Strategic Framework targets women who own and manage SMMEs. In redressing the imbalances of the past, the framework further categorizes the target group into five (5) subgroups; namely: black women; women's business organizations/ associations; women's cooperatives; women in the informal economy and rural women.

There are six focused areas of Enterprise Development support targeted in this framework:

- Provision of business information;
- Entrepreneurial education and training;
- Financing;
- International trade development support;
- Research and statistics on women's entrepreneurship and
- Science and technology.

The strategic framework pays special attention to the needs of five specific groups including business organizations or associations. The assertion is made that business organizations, such as membership associations and chambers, play a vital role in growing the South African economy. In the past South Africa has experienced an increase in women's business organizations. Their main contribution has been organizing women as a group to access resources and opportunities, and they serve as an instrument for implementing some government services (dti & SAWEN, 2005).

4.1 Business Registration

Business registration remains the mandate of the Companies and Intellectual Property Registration Office (CIPRO) in South Africa. CIPRO's vision is to provide global leadership in the efficient registration of businesses and intellectual property rights (CIPRO Annual Report, 2010). This vision is in line with the mandate given to CIPRO which is to ensure the registration of companies, close corporations, cooperatives and intellectual property rights, as well as the disclosure of information and dispute resolution arising from infringements of these rights (CIPRO, 2010). This mandate is derived from the Companies Act, 1973 (to be replaced by Act 71 of 2005 in 2011), Close Corporations Act 69 of 1984, and the Co-operatives Act 14 of 2005 which provide for CIPRO to register business entities such as companies, close corporations or co-operatives. These legislative prescripts make provision for the registration and maintenance of business entities from incorporation up to dissolution.

The registration of business entities is affected by a number of variables such as economic, social and political changes locally and internationally, government interventions and legislative changes (CIPRO, 2010).

CIPRO has put in place the service charter which is aimed at ensuring that customers are served better. The CIPRO service charter is grounded on the Batho Pele (People First) principles. The service charter unpacks Constitutional ideals that CIPRO seeks to achieve. One of these ideals is the provision of service impartially, fairly, equitably and without bias (CIPRO, 2010:3). This assertion is an indication that CIPRO is not discriminatory in that it places emphasis on service customers without bias. Whilst it can be viewed in the positive light and concluded that both men and women are treated fairly and equally, but the flipside of it is that it could also mean that any gender-specific constraints that women entrepreneurs are faced with are not taken into consideration. The service charter also makes a commitment of conducting bi-annual customer surveys in order to identify and address customers' needs; however there is no specific mention of gender-specificity or even special emphasis on people with special needs. What can transpire from the bi-annual surveys is the lack of attention to gender dynamics, as this does not seem to take precedence in the service charter, to begin with.

4.1.1 CIPRO's delivery of its mandate

South Africa has one CIPRO office which is based in Pretoria. This office services all nine provinces of the country. This makes access difficult for those outside of Gauteng province. To address this problem, CIPRO has started making use of the Small Enterprise Development Agency (SEDA) as a delivery mechanism for company registration. SEDA is an agency of the South African Department of Trade and Industry. SEDA is mandated to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all spheres of government (www.seda.org.za accessed on 14 December 2010).

Other than SEDA, people have the option of either interfacing with CIPRO directly through the web, the call center, the post or physically; or using consultants and private agents who act as third party registration agents. Generally the key processes involved in business
4.1.2 CIPRO's Efficiency

The World Bank's publication (Doing Business, 2010) and Herrington, Kew & Kew (2010) on Tracking Entrepreneurship in South Africa: A GEM Perspective came up with some key points from which conclusions can be made about the efficiency of the CIPRO. Firstly, the two reports make reference to red tape associated with starting up and managing a business. The reports state that there has been an improvement in the steps needed to register a business in South Africa, whilst in 2007 it was a nine-step process that took up to 35 days, in 2010 this has been reduced to a six-step process that takes up to 22 days. In spite of this improvement, South Africa still lags badly compared to other African counterparts such as Mauritius (Africa's top performer in Doing Business 2010). It is reported that starting a business in Mauritius is a five-step process that takes only six days; whilst Egypt has a six-step process that takes only seven days (a third of the time required in South Africa to complete the same number of procedures).

The Doing Business (2010) report quotes a recent study that shows that simple business start-up is critical for fostering formal entrepreneurship. According to the study, economies with efficient business registration have a higher entry rate as well as greater business density. Given South Africa's persistent below-average performance in all the GEM entrepreneurship indicators, simplifying business start-up is likely to be an important factor in fostering entrepreneurship in this country (Herrington et al., 2010:89). In May 2011 the New Companies Act (Act 71 of 2008) came into effect. The new Act focuses on a regulatory framework for all enterprises, as well as on promoting growth, employment, innovation, stability, good governance and confidence, and assisting South African companies in becoming more competitive internationally. The 01st May 2011 also signaled the launch of the Companies and Intellectual Property Commission (CIPC). The Commission was established to deliver on the new Act's mandate, and brings together skills, knowledge and manpower from the Office of Companies and Intellectual Property Enforcement (OCIPE) and the Companies and Intellectual Property Registration Office (CIPRO).

Table 2: CIPRO’s Performance on registration of companies, close corporations and co-operatives

<table>
<thead>
<tr>
<th>Type of entity</th>
<th>Target</th>
<th>Achievement</th>
<th>% performance against target</th>
<th>Turnaround times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>27 360</td>
<td>26 334</td>
<td>96%</td>
<td>4 days</td>
</tr>
<tr>
<td>Close Corporations</td>
<td>261 000</td>
<td>205 951</td>
<td>79%</td>
<td>5.25 days</td>
</tr>
<tr>
<td>Co-operatives</td>
<td>4 400</td>
<td>9 279</td>
<td>211%</td>
<td>6 days</td>
</tr>
</tbody>
</table>


4.1.2 CIPRO's Efficiency

Whilst CIPRO is believed to be in the process of process reengineering strategies aimed at improving turnaround times (see table below) in accordance with international best practice, entrepreneurs based outside of Pretoria still find it difficult to register their businesses. In spite of challenges that may be facing entrepreneurs based outside of Gauteng and/or Pretoria, CIPRO's performance on the registration of companies, close corporations and co-operatives against targeted outputs for the 2009 seems to have been reasonably good as depicted in Table 2 below.
4.2. **Member based organizations in the tourism sector in South Africa and KwaZulu-Natal**

The advocacy, supportive and developmental role played by member-based organizations or associations cannot be over emphasized. According to Messmer (2005), most individuals join associations with the intention of taking full advantage of all that these associations have to offer. The tourism industry in South Africa has a number of member-based organizations who have different benefits to offer to their members.

The manners in which these services and or benefits are offered are not gender-specific. Traces of gender awareness can be found in the use of language in for example, the constitutions of these associations. The majority of associations’ constitutions opt to use men as the generic and inclusive gender instead for women, although with an explanatory note. These constitutions refer to 'chairmen' and not 'chairwomen'. A good example of gender awareness in the language use can be seen in ASATA (2010:7) which states that 'the male gender also refers to the feminine' and SAACI (n.d.:2) which states that 'words importing the masculine gender only shall include the feminine gender' and THETA (2003:4) which states that 'unless the context clearly indicates the contrary intention, words connoting any gender include both genders'. Other than this gender awareness demonstrated through the use of language, there is no evidence of accommodation of gender-specific needs.

Among the organizational principles governing the operation of the associations, respect, sustainability and transformation featured the most. Respect as the principle also deals with promoting gender equality (www.fairtoursmsa.org.za, accessed 07 March 2011). Sustainability on the other hand deals with ensuring that support to historically disadvantaged entrepreneurs is provided (www.tep.co.za, accessed 07 March 2011). The principle referred to as ‘transformation’ is aimed at increasing the participation of black tourism enterprises in the tourism industry by focusing on skills development, procurement, enterprise development and preparation for ownership (ibid). This shows evidence of accommodation of racial differences, but no special mention of gender differences. Beyond the Constitutions and organizational principles of the member-based associations, there is evidence of an imbalance on the level of women participation in governance structures and operational structures. For example, in one association it was established that only 23% of women serve on the Board of Directors whilst 72% of women are dealing with day-to-day running of the head office (TEP, 2009). This might pose a challenge wherein the Board of Directors takes decisions that do not take into account the needs for women entrepreneurs.

Gender awareness should go beyond ‘the use of language’ and should instead feature as part of the strategies of member-based tourism associations. The following section looks at eleven (11) tourism associations that operate at the national level, after which the provincial situation is presented. The business sector in general has a variety of women specific member based organization, for example, Beyond Women’s Network (BWN), Business Women’s Association (BWA), the International Women’s Forum (IWF) and Technology for Women in Business (TWIB). Furthermore other sectors have one or two member-based associations; a good example of an active one in KZN is the Women in Construction Association. What is of note is the tourism sector is the absence of women-specific tourism associations, perhaps a sign of the perceived unimportance of gender to the sector.

### 4.2.1. Tourism Association in South Africa

There are various organizations and associations that look after the interests of small businesses; helping entrepreneurs get off their feet and providing insight into the industry. These organizations also in a way regulate the tourism industry on how it must be operated.

#### 4.2.1.1. Association for South African Travel Agents

ASATA is a representative forum that promotes professional service with security for both members and their clients. Their emphasis is on free trade without violating rules and regulations. Over 500 travel agents, wholesalers and tour operators are members of ASATA. It also has nearly 200 Associate Partners, which include companies such as airlines, hotels, car rental companies and other suppliers and industry partners (www.asata.co.za, accessed on 02 December 2010).

#### 4.2.1.2. Fair Trade in Tourism Africa

The FTITSA is an independent project of the World Conservation Union and aims to facilitate improved access to tourism markets for
structurally disadvantaged tourism enterprises. Qualifying businesses are able to use the FTTSA Trademark as a marketing tool, as it is an independent symbol of fairness in the tourism industry and is only awarded to establishments that meet stringent criteria.

The FTTSA also encourages and publicizes fair and responsible business practice by South African tourism establishments, such as fair wages and working conditions, fair operations, respect for human rights, culture and the environment (www.fairtourismsa.org.za, accessed on 02 December 2010).

4.2.1.3. National Accommodation Association of South Africa

The NAA-SA brings together all local and provincial accommodation associations. NAA-SA membership assures that those looking for accommodation in smaller establishments can expect quality, reputable service and value for money - and recourse if this is not the case (www.naa.co.za, accessed on 02 December 2010).

4.2.1.4. South African Association for the Conference Industry

SAACI is dedicated to maintaining and improving the standards of efficiency and professionalism for the conference industry in southern Africa. The Southern African conference industry is recognized around the world as a dynamic growth area. SAACI is aware of the increasing importance of Southern Africa as an international conference destination and is endeavoring to ensure that the industry meets the required standards. SAACI comprises over 1,250 members from a variety of sectors within the conference industry, including conference venues, conference and event organizers and a large variety of service providers such as audio visual, entertainment, decor, catering services and many more.

The need for an organization of this kind was originally identified by SATOUR (now known as South African Tourism). As a result, people involved in the South African conference industry came together to create a national organization which could assist people in organizing or providing facilities or services for conferences or meetings (www.saaci.co.za, accessed on 02 December 2010).

4.2.1.5. Southern Africa Tourism Services Association

SATSA is a non-profit member driven association, representing major role players including airlines, coach operators, tour operators, accommodation establishments, vehicle-hire companies and so on. By doing business with a SATSA accredited member, one has peace of mind and a guarantee that they are receiving the best possible services within the tourism industry (www.satsa.com, accessed on 02 December 2010).

4.2.1.6. South African Tourism

SAT is the official international marketing organization for South Africa as a tourist destination. SAT participates in travel shows, presents workshops for members of the travel trade, produces a variety of promotional material and co-ordinates marketing campaigns to create a positive climate for the effective marketing of South Africa's many excellent tourism products (www.southafrica.net, accessed on 02 December 2010).

4.2.1.7. Tourism Enterprise Programme

The TEP is a public-private partnership between the Department of Environmental Affairs and Tourism and the Business Trust. The TEP facilitates the growth of tourism SMMEs, often by establishing links between SMMEs and larger customers (www.tep.co.za, accessed on 02 December 2010).

4.2.1.8. Tourism Business Council of South Africa

The Tourism Business Council of South Africa is the umbrella organization representing the tourism business sector. Its primary purpose is to engage with all stakeholders in developing macro strategies that create an enabling environment for tourism development.

These strategies require the development and maintenance of an environment in which tourism will prosper and the business sector will be able to achieve successful growth and development, while ensuring the protection of our natural and cultural heritage (www.tbcsa.travel, accessed on 02 December 2010).
4.2.1.9. Tourism Grading Council of South Africa

The TGCSA was established to create a star grading system that promotes an overall improvement and standards across all areas of the tourism industry. The TGCSA represents the entire tourism industry and performs a vital role in ensuring a standard of quality is achieved across all the services and facilities offered by the South African tourism industry (www.tourismgrading.co.za, accessed on 02 December 2010).

4.2.1.10. Tourism, Hospitality and Sport Education and Training Authority

THETA is the Sector Education and Training Authority (SETA) established under the Skills Development Act (No 97 of 1998) for the Tourism Hospitality and Sport Economic Sector. THETA aims - among other things - to develop the skills of workers in the sector, increase the levels of investment in education and training, encourage employers to train their employees, provide opportunities for work experience and employ new staff in co-operation with the South African Qualifications Authority (www.theta.org.za, accessed on 02 December 2010).

4.2.1.11. The Restaurant Association of South Africa

RASA is a non-profit organization that was formed in the interest of the South African restaurateur and to ensure that there is a lobby and a voice to speak on his/her behalf. RASA is the information and communications hub that introduces and maintain ethical business and employment practices and introduces compliance to a regulatory framework (www.restaurant.org.za, accessed on 02 December 2010).

4.2.1.12. Federated Hospitality Association of South Africa

FEDHASA is the national trade association for hotels, guesthouses, restaurants and caterers and has been representing the industry since 1949. Our primary role is to lobby Government in South Africa, representing the views of the industry. The Association exists to ensure that the views of the South African hospitality industry are represented in a forceful, coherent and co-ordinated way to Government, and policy makers in South Africa, in order that its members' businesses can flourish.

The role of FEDHASA is to ensure a sustainable and profitable business environment for the South African Hospitality Industry. In its role as a Trade Association, FEDHASA represents member interests on most recognized public and private sector economic, business and environmental forums.

FEDHASA has close ties with organizations such as South African Tourism, the Tourism Business Council of South Africa, the Department of Environmental Affairs, the Department of Forestry & Water Affairs and many others, ensure member participation and input at the highest possible levels (www.fedhasa.co.za, accessed on 02 December 2010).

4.2.2. Tourism Associations in KwaZulu-Natal

Whilst most of the above-mentioned associations have footprints in KwaZulu-Natal, there are other tourism associations or organizations that are only specific to KwaZulu-Natal.

4.2.2.1. KwaZulu-Natal Tourism Authority

This organisation operates under the name Tourism KwaZulu-Natal and it is responsible for the development, promotion and marketing of tourism into and within the province. The Authority's statement of intent and direction is drawn from the mandate vested in the organisation by the KwaZulu-Natal Tourism Act, 1996 (as amended, including No. 2 of 2002) (www.zulu.org.za, accessed on 09 December 2010).

4.2.2.2. Municipal-based Tourism Associations

There is a plethora of municipal-specific or area specific tourism organisations or associations in KwaZulu-Natal. Surely, this is because tourism is considered as one of the strategic sector that has potential to grow the economy. Municipal-based tourism associations are found at both district and local levels. For example, the Ugu District Municipality has the tourism associations like Ugu South Coast Tourism; Hibiscus Coast Tourism; Ezinqoleni Tourism Association; Umuziwabantu Community Tourism, Tourism Umdoni Association and Umzumbe Tourism Forum. A similar pattern of
associations is prevalent in almost all eleven districts (www.google.com, accessed on 09 December 2010). In conclusion of the situation analysis, it is clear that there is still a lot to be done by both government and member-based tourism organizations in South Africa to create an environment that is conducive to business formalization, especially for women entrepreneurs. Government has to ensure regulatory reforms that improve the ease of doing business in the country for all, gender-specific needs are a reality that cannot be ignored. Associations have a huge responsibility to ensure that they make tourism business owners understand what they offer in terms of benefits so as to maximize their membership base, and also to take into account the dynamics of women entrepreneurs in the sector so that their programs are able to respond accordingly.

5. Research Findings

This section presents the research findings that emanated from both the primary respondents and the validation respondents. It is divided into two parts, wherein the first part of the report presents the findings and recommendations relating to Companies and Intellectual Property Registration Office (CIPRO). The second part of the report presents the findings and recommendations relating to tourism industry associations.

5.1. CIPRO Findings

The focus of the study is on gender related constraints and motivators for registration with CIPRO and affiliation with member-based tourism organizations. The results of the study are primarily based on the findings from women entrepreneurs; the male entrepreneurs (control group) is used to emphasize gender related issues.

5.1.1. Constraints for registration with CIPRO in KwaZulu-Natal

The research established that there are eight potential barriers that prevent women entrepreneurs from registration with CIPRO. On the other hand, based on the interview, CIPRO's responses demonstrated a lack of awareness of any constraints based on the assumption that they are the only authority for the registration of companies. The eight (8) potential barriers for registration with CIPRO (as indicted by women entrepreneurs) are presented in the figure below:

Figure 7(a): Potential barriers for registration with CIPRO as stated by women entrepreneurs
The top 3 potential barriers for registration with CIPRO are lack of information; difficulty of the process and affordability (See figure 7b below).

Firstly, 93% of the unregistered women entrepreneurs indicated that they remain unregistered with CIPRO because they do not know where to go. On the other hand, the CIPRO official claims that CIPRO uses multiple-marketing platforms, which include internet, radio, pamphlets, newspaper adverts, word of mouth, banners and billboards to get more entrepreneurs registered.

On the other hand, of the registered women entrepreneurs, only 30% (radio 10% and newspaper adverts 20%) claimed to have known about CIPRO through the marketing platforms mentioned by CIPRO. The rest of the respondents claim to have known about CIPRO and its registration requirements through the word of mouth (50%); and through advice from consultants (20%). It is noteworthy none of the registered women entrepreneurs mention the rest of the marketing platforms that CIPRO claims to use, like internet, pamphlets, banners or billboards. The internet component may be a sign that South Africa is still faced with a challenge when it comes to access to information technology (IT). Thus information technology should be part of agenda during policy planning and policy-making. Further the issue of pamphlets, banners and billboards raises the concern about distribution points. Where are these billboards? One of the observations of the researchers during this research is that in spite of having travelled through the different corners of the province, from urban to peri-urban, right up to rural environments, not even a single CIPRO billboard was seen. It is very possible that this research took place outside of the CIPRO billboard campaigns, but it is an observation worth noting nonetheless. During some of the visits to local member-based associations, CIPRO pamphlets were on display, but not all of them were used as distribution points. The banners and pamphlets were also prominent at SEDA offices, the main distribution point; thus an entrepreneur is likely to get information through banners and pamphlets if they pay a visit to a SEDA office.

Whilst access to SEDA may not be an issue anymore since it has been rolling out physical presence at local municipal level in the past few years, lack of access to other marketing platforms directly translates to lack of information.

The level of awareness about requirements for registration is higher than the level of awareness about benefits of being registered. The survey results show that 43% of women entrepreneurs are aware of what is required to register a business with CIPRO whilst only 28% is aware of the benefits of registering with CIPRO.
CIPRO allows for third parties or agents to register on behalf of businesses. The survey clearly shows that 42% of women entrepreneurs who have registered their businesses with CIPRO have used the services of these agents. Whilst 36% have handled the registration process unassisted, the role played by SEDA is also noticeable as 22% have registered through it.

To establish whether or not registered women entrepreneurs find any value in business formalization and whether or not their registration experience was pleasant, entrepreneurs were asked if they would recommend business registration with CIPRO to their friends. Further to that they were asked if they would recommend registration with CIPRO, what mechanisms they would recommend between consultants, SEDA and doing it themselves. An overwhelming 92% said that they would recommend to a friend to register with CIPRO. The highly recommended registration service provider is SEDA (47%) followed by consultants at 32%, whilst the rest (21%) said that they would recommend that their friends handle the registration process themselves.

There is a noticeable shift away from both using consultants (deviation of -10%) as well self-handling of registration (a deviation of -15%) towards using SEDA (a deviation of +25%). This means more and more entrepreneurs are choosing to register through SEDA. 70% of unregistered women entrepreneurs said they are considering registering their businesses with CIPRO in the next 6 months. Of those women, 48% said they would register through SEDA, whilst only 28% would register through consultants and 24% would register directly with CIPRO. The trend shows a growing shift towards SEDA as a preferred method of registration.

Secondly, the research findings show that women entrepreneurs (71%) remain unregistered with CIPRO because registration process is difficult. This might be related with 29% of women entrepreneurs who say they tried to register before but got discouraged along the way. Interestingly, 60% think that the registration process though difficult but it is manageable. Based on the survey results, those who are registered view the registration process in a different manner. 66% think that the registration process is manageable, 22% think the process is very difficult whilst 12% found the registration process to be very easy.

Thirdly, the research findings show that women entrepreneurs (43%) remain unregistered with CIPRO because they cannot afford to pay fees required. This covers both fees for consultants who 'help' entrepreneurs register and CIPRO itself (if entrepreneur had chosen to register directly with CIPRO). On the contrary, the research established that 20% of women entrepreneurs think that registration fees are expensive whilst 80% think that fees are reasonable. One of the reasons for this could be that the psychological burdens of registration are removed when entrepreneurs choose to register through SEDA and agents. Contracting a consultant or SEDA to deal with all company registration processes creates an illusion that fees are reasonable, because the psychological burdens caused by tedious processes are removed. The removal of the psychological burden therefore could be viewed as worth the money. This might create a perception that fees are reasonable in spite of entrepreneurs paying anything between R450-R1500 for a close corporation (cc) registration, depending on the route of registration followed.

Based on an interview, CIPRO is not aware of any complaint relating to their fee structure. It
was established that registration fees for a close corporation and co-operatives are R150 and R215 respectively. This clearly shows that consultants charge up to triple the price compared with the exact amount for business registration.

Other five reasons for remaining unregistered with CIPRO include the following:
- It is not necessary;
- The business is too small;
- Avoid dealing with tax issues;
- Compliance issues and
- Denied permission.

The research established that 36% of unregistered women entrepreneurs do not see the need to register. One respondent was very vocal in this regard by emphatically stating that sole proprietorship works very well for her. Whilst another respondent saw herself as too old to register her business more especially because there is no one to take ownership after her. Others remain unregistered because they see the size of their businesses as being too small to warrant registration.

Other reasons for remaining unregistered that are worth mentioning, even though not too substantially prevalent in the responses are (1) some entrepreneurs (14%) choose to remain unregistered in order to avoid dealing with the issues of tax (2) 10% of the women entrepreneurs hold the view that registration or formalization will impact negatively on their bottom-line in that once registered you have to deal with certain compliance issues, which more often than not require the intervention of expensive consultants; (3) others (7%) have remained unregistered because they have been denied permission by spouses or family members. The latter reason is very typical of issues that women entrepreneurs have to deal with on a daily basis (Simavi, et al, 2010). The validation results from the survey indicate that that about 17% of women entrepreneurs were denied permission by their spouses. What emanates from this is that women have limited decision making powers both in the public and private domain.Whilst this research found that women have limited voice in the public sphere, there is literature that shows that women have limited voice in public decision making in that they are not well represented and have less access to networks where they can lobby to decisions (ibid:7).

**Figure 9: Gender Challenges in Investment Climate Work**

![Networks](Networks.png)

**Women have limited voice in public decision making**

- **Gender neutral laws can have gender-biased outcomes in practice**
  - Expensive and lengthy procedures impact women more
  - Legal rights may differ for men and women
  - Direct: Male consent required to start a business
  - Indirect: Limited inheritance rights

- **Interference and harassment from government officials**

Source: Simavi, Manuel & Blackden (2010:7)
5.1.2. Motivators for registration with CIPRO in KwaZulu-Natal

This research established that there are eight things that motivate women entrepreneurs to register their businesses with CIPRO.

Figure 10(a): Motivators for registration with CIPRO as stated by women entrepreneurs

Figure 10(b): Motivators for registration with CIPRO as stated by women entrepreneurs

Six out of eight motivators shown in the above figure seem to be very popular among the respondents. The first two both at 95% are: to graduate from informal to formal and to increase business credibility. CIPRO (based on the interview) also mentioned that business formalization is the most fundamental motivator for entrepreneurs to register their business.

Other four motivators all with 90% of the responses are: (1) respondents assumed that all...
businesses had to register; (2) respondents wanted to comply with requirements for tendering / access to contracts; (3) respondents wanted access to finance and (4) respondents wanted access to government assistance.

CIPRO echoed the sentiments that one of the key benefits of registering with it is to access opportunities from government departments, municipalities and other institutions that hold formalization in high regard. The other two motivators are that respondents wanted to separate personal legal responsibilities from business (85%) and respondents registered with CIPRO because it is the requirement for belonging to a tourism organization (40%).

Although not directly asked, another reason that seemed to bear dominance as the motivator or reason for registration is the desire to participate in the economic benefits of the 2010 Soccer World Cup. Through the validation survey it was established that more than half of tourism businesses (57%) registered with CIPRO so that they could provide services during the 2010 FIFA World Cup, whether or not these expectations came into fruition is an issue for another study.

5.1.3. Registration with CIPRO and turnover

Women entrepreneurs had different views about whether registering with CIPRO increases turnover or not. 45% think being registered increases turnover whilst 55% think otherwise. On attributing turnover increase experienced in the past, 30% think that CIPRO registration contributed to their turnover increase whilst 70% think that registration with CIPRO had nothing to do with increase in their turnover. The research also established that there are two other non-financial benefits that can be attributed to registration with CIPRO. These benefits are exposure to networks and training opportunities. Survey results show that only 20% enjoy financial benefits. About 57% enjoy non-financial benefits. There are those (38%) who do not enjoy any of the benefits as CIPRO registered businesses.

5.1.4. Gender-based issues in the process of CIPRO registration

The research looked at four gender-specific issues relating to registration process. Firstly, it was to establish whether women entrepreneurs talk (be it in a form of asking for permission or seeking for advise) to other people before they register their businesses or not. This could be in a form of asking for permission or soliciting advice. Secondly, it was to establish whether they experienced any gender-based discrimination during the process of registering their businesses.

The research through the interviews established that 45% of registered women entrepreneurs consulted before they registered their businesses with CIPRO. They consulted their partners (66%), family members or parents (22%) and traditional authorities (11%). 100% of those who were consulted were supportive. 55% of the respondents saw no need to consult or ask for permission.

On the contrary, the validation process came up with the findings somehow different from the above. The survey revealed a substantial amount (92%) of the women entrepreneurs consulted their partners, family members and traditional authorities before they registered their businesses. Also, traditional authorities were reported to be non-supportive (5%). This finding (5% of non-supportive traditional authorities) transpired on women entrepreneurs who operate mainly in rural areas.

10% of women entrepreneurs indicated that they have experienced gender-based discrimination during the process of registering their businesses with CIPRO. This was especially noted as far as Group 1 and 2 are concerned. The experiences cited by respondents though can be experienced by either men or women. It can therefore be concluded that there was no gender-based discrimination experienced by these women entrepreneurs. These two experiences as expressed by respondents are as follows:

1. Arriving at offices and not getting assistance because no appointment was made.
2. Officials spoke an unfamiliar language.

5.1.5. Understanding costs involved in registering with CIPRO using Standard Cost Model

Depending on the platform used to register a business, the direct costs differ significantly. Moreover, once registered, there are compliance issues which could prove costly. This exercise sought to quantify the different costs (in/direct) in the process of registration and compliance thereof, using the technique of the Standard Cost Model. The exercise was divided into two, that is, costs for those who used consultants or agencies, and those who did their own registration directly with CIPRO.
a. Using agencies/consultants

Table 3: Cost of business registration – using agencies or consultants

<table>
<thead>
<tr>
<th>PRE-REGISTRATION ACTIVITIES</th>
<th>Amount (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researching registration options</td>
<td>2 121.00</td>
</tr>
<tr>
<td>Selecting an agency</td>
<td>1 651.00</td>
</tr>
<tr>
<td>REGISTRATION</td>
<td></td>
</tr>
<tr>
<td>Contract an agency</td>
<td>1 440.00</td>
</tr>
<tr>
<td>POST-REGISTRATION ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>Collect registration documents</td>
<td>258.00</td>
</tr>
<tr>
<td>Fill in and submit annual returns</td>
<td>1 118.00</td>
</tr>
<tr>
<td><strong>TOTAL REGISTRATION COSTS EXCLUDING ANNUAL RETURNS</strong></td>
<td><strong>5 470.00</strong></td>
</tr>
</tbody>
</table>

b. Going directly

Table 4: Cost of business registration – going directly

<table>
<thead>
<tr>
<th>PRE-REGISTRATION ACTIVITIES</th>
<th>Amount (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Researching Registration Options</td>
<td>2 121.001</td>
</tr>
<tr>
<td>Sourcing CK documents</td>
<td>62.00</td>
</tr>
<tr>
<td>REGISTRATION</td>
<td></td>
</tr>
<tr>
<td>Register CIPRO username</td>
<td>259.00</td>
</tr>
<tr>
<td>Fill in and submit CK7 for name reservations</td>
<td>321.50</td>
</tr>
<tr>
<td>Follow up on CK7</td>
<td>299.00</td>
</tr>
<tr>
<td>Appoint registered accountant</td>
<td>359.00</td>
</tr>
<tr>
<td>Fill in and submit CK1</td>
<td>309.00</td>
</tr>
<tr>
<td>Follow up on CK1 registration</td>
<td>297.00</td>
</tr>
<tr>
<td>POST REGISTRATION</td>
<td></td>
</tr>
<tr>
<td>Collect registration documents</td>
<td>258.00</td>
</tr>
<tr>
<td>Fill in and submit annual returns</td>
<td>1 118.00</td>
</tr>
<tr>
<td><strong>TOTAL EXCL ANNUAL RETURNS</strong></td>
<td><strong>4 385.50</strong></td>
</tr>
</tbody>
</table>

The following figures [figure 9(a) and figure 9(b)] show the combined costs (using consultants or going directly) for pre-registration and registration.

**Figure 11(a): Cost of business registration – Pre-Registration: Consultants and Going Directly**

[Diagram showing the cost distribution for pre-registration (Consultants R3772) and going directly (R2283)]

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
The average costs for registration with CIPRO including annual returns, whether through agencies or directly is R4928. This is far less than the figures presented by (SBP, 2004:10) which displayed mean costs of R15 478 for once-off registration and mean costs of R9650 for annual return-related registration activities. Whilst the mean costs displayed by the two studies may look high, they are a reflection of what the entrepreneurs have to pay either in kind and in direct costs. The ‘in-kind’ costs are usually not noted, and where noted, it is done so only as a psychological burden. The difference between going directly to CIPRO and using the agency is only minimal (R404.50) over and above that those going directly still have the psychological burden of so many more activities than when using consultants. Whilst it may seem that when going through consultants, the direct costs are higher, the overall registration costs are cheaper than when going directly.

It could safely be concluded that registration with CIPRO is quite a costly exercise if you factor in the costs of engaging in the different activities which includes pre-registration, registration and post registration.

If the CIPRO offices were decentralized, the costs of registration would decrease significantly, even for people who use consultants. There are costs of courier/postage that will be taken off as well as costs of following up at the national call centre, where the queue is very long.

Figure 11(b): Cost of business registration –Registration: Consultants and Going Directly

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
5.2. CIPRO Recommendations

Women entrepreneurs mentioned five (5) areas that need to be improved by CIPRO. These areas of improvement are shown on the figure below.

Figure 13: Reforms for business registration as suggested by women entrepreneurs

![Bar chart showing areas to be improved](chart.png)

<table>
<thead>
<tr>
<th>Areas to be improved</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad attitude</td>
<td>73%</td>
</tr>
<tr>
<td>Simplification of registration process</td>
<td>70%</td>
</tr>
<tr>
<td>Decentralisation</td>
<td>85%</td>
</tr>
<tr>
<td>Translation of registration documents</td>
<td>88%</td>
</tr>
<tr>
<td>Training people through workshops</td>
<td>92%</td>
</tr>
</tbody>
</table>

Table 5: CIPRO Recommendations

The above five areas were verified and what transpired is that a significant number of women entrepreneurs agree that the above changes are necessary. In light of the research findings presented above, the following recommendations are made.

<table>
<thead>
<tr>
<th>No.</th>
<th>Recommendations</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Investigate and execute automatic business renewal</td>
<td>The environment that business operates in at the moment poses a number of compliance issues which come with both administrative and financial burdens. The new requirement for submission of annual returns serves to add onto this burden. CIPRO must consider automatic business renewal, and then call for actual physical renewals on a five yearly basis.</td>
</tr>
<tr>
<td>2.</td>
<td>Simplify documents</td>
<td>This research has established that the registration process is difficult. This difficulty can be related to the kind of documentation entrepreneurs have to go through when registering their businesses. In the province with 88.6% literacy rate (<a href="http://www.statssa.gov.za">www.statssa.gov.za</a>, accessed on 09 March 2011), this can help women entrepreneurs who have low educational levels. If forms are presented in IsiZulu, then the psychological burden that comes will language barriers will be removed, making the process easier and more accessible to more people.</td>
</tr>
<tr>
<td>3.</td>
<td>Capacitate entrepreneurs</td>
<td>The research presented a clear evidence that women entrepreneurs, especially those in the informal economy do not register their business with CIPRO because they do not know where to go or why should they register their businesses. An intervention aiming at building capacity for women entrepreneurs regarding business formalization process as well as benefits of formalization would be of great benefit.</td>
</tr>
<tr>
<td>4.</td>
<td>Decentralize offices</td>
<td>KwaZulu-Natal is the large province with a substantial rural population. Women entrepreneurs may feel they have no option but to contract agents for business registration because CIPRO offices are so far off in Pretoria. The starting point would be marketing SEDA as another registration point so that more and more people would use this avenue. Also the SEDA offices could be equipped with a computer to allow those who want to conduct own registration to access the internet.</td>
</tr>
</tbody>
</table>
5.3. **Tourism Association Findings**

5.3.1. **Constraints for registration with representative tourism industry organizations**

This research established that there are six potential barriers that inhibit entrepreneurs from registering with tourism associations. The following figure presents these constraints.

Most of the women entrepreneurs (75% of those who are not affiliated to any business association) agree that lack of knowledge is one of the most prevalent barriers that prevent them from joining member-based associations. Only 10% indicated that they were aware of the existing tourism associations. But when it comes to being aware of the benefits offered by these associations, the research found that 100% of women entrepreneurs are not aware of these benefits. Not knowing where to go is directly related to the first barrier (lack of knowledge).

The primary research found that 10% of the respondents were aware of existing tourism associations and 100% of the respondents were not aware of the benefits of being part of a tourism association. It could therefore be suggested that lack of knowledge of tourism associations is a major barrier to registration with member based organizations. This finding is further supported by the validation survey which indicated that 75% of the women entrepreneurs who are not affiliated with any association indicated that “lack of knowledge” is a barrier.

**Figure 14(a): Potential Barriers for registration with Tourism Associations as stated by women entrepreneurs**

**Figure 14(b): Potential Barriers for registration with Tourism Associations as stated by women entrepreneurs**
The research established that 80% of women entrepreneurs who are not affiliated don't know where to go in order to join associations. This can be attributed to the manner in which member based associations market themselves. The following figure shows the findings on what ten respondents (associations) said about their marketing platforms.

**Figure 15: Marketing tools used by tourism associations**

![Marketing Tools Chart]

From the figure 15 above, it is evident that word of mouth is the widely used marketing tool as it is used by 90% of the associations. This is in line with the findings on how women entrepreneurs who have already joined associations knew about those associations. It has been discovered that 78% of women entrepreneurs knew about associations they have joined through the word of mouth.

Internet and pamphlets follow with 70% and 60% respectively. The effectiveness of these marketing efforts is not traceable. It is not surprising that 80% don't know where to go since the use of internet is very dominant in associations yet there is still a national challenge of lack of access to information and technology. The research established that 80% of women entrepreneurs do not have access to information and technology. This challenge is worse when we look at women operating from rural areas. Moreover, women entrepreneurs who have joined associations, only 14% got to know about those associations through internet.

Women entrepreneurs (42%) who are members of tourism associations indicated that workshops play a crucial role in making women entrepreneurs aware of tourism organizations. The table below presents other marketing platforms used that made women entrepreneurs aware about the associations they have joined.

<table>
<thead>
<tr>
<th>Marketing mechanisms</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet search</td>
<td>30%</td>
</tr>
<tr>
<td>Radio announcements</td>
<td>5%</td>
</tr>
<tr>
<td>Pamphlets</td>
<td>16%</td>
</tr>
<tr>
<td>Newspaper adverts</td>
<td>7%</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>30%</td>
</tr>
<tr>
<td>Advice from business development agency/consultancy</td>
<td>30%</td>
</tr>
<tr>
<td>Advice from potential client(s)</td>
<td>7%</td>
</tr>
<tr>
<td>Workshops</td>
<td>42%</td>
</tr>
</tbody>
</table>

Internet search, word of mouth and advice from business development agency/consultancy are marketing mechanisms that have played a significant role as well, at 30% of the respondents.

Associations or organizations (66%) that charge membership fees believe that the issue of payment is one potential barrier that prevents entrepreneurs from joining their associations. On the contrary only 35% of women entrepreneurs mentioned the issue of affordability as one of the reasons that prevented them from joining associations. The reasons of affordability and difficulty of the process cannot be the true reflection of the situation. This is because if entrepreneurs do not know about the existence of the member-based associations, they would typically not know about the cost of affiliation or anything related to them.
Women entrepreneurs (35%) indicated that the process of joining association is difficult. The validation survey on the other hand found that 60% of the women entrepreneurs think the registration process with tourism organizations is manageable, with only 12% indicating that it is very difficult and 30% indicating that the process is very easy.

**Figure 16: Views about the process of joining associations**

![Pie chart showing views about the process of joining associations]

Women entrepreneurs who are not affiliated to associations also think that they cannot afford fees that are required by the associations. The validation results show that the general feeling (65%) of women entrepreneurs (who are not affiliated) about the fees of registration with tourism associations is that fees are reasonable, 20% think fees are expensive whereas 14% said affiliation fees are cheap.

What do women entrepreneurs who have already joined the associations think about affordability and the process of joining an association? Only 29% think it is expensive to be a member of an association. Out of 71% remaining, 29% consider membership fees to be cheap and 42% consider the fees to be reasonable. On cost-benefit analysis, 68% think that the membership fees paid justify benefits derived from affiliation.

The view of 100% of the women entrepreneurs who have already joined associations is that the process is not difficult. 50% think the process is very easy and another 50% think the process is manageable.

One of the potential barriers that prevent women entrepreneurs from joining and participating fully in member-based associations is the fact that they have multiple roles. This barrier leaves very limited time for women entrepreneurs to execute all roles effectively. GEM (2010) argues that as women are often responsible for family welfare, they need to balance family and business obligations. In order to do this they are often involved in projects where the emphasis is on creating additional income, rather than on expanding the business (ibid). It has been established through this research that 40% of women entrepreneurs are faced with this challenge.

There are two other barriers worth mentioning. Firstly, tourism organizations initiated or funded by government have a perception that the reason some entrepreneurs are not joining them is because people associate government agencies with poor service delivery. There is also a perception that some of the associations especially the very old ones were created for a particular class or race. This then prevents the class or race that sees itself as inferior from joining.

Secondly, group 1 and 2 in this research can be regarded as formal economy actors whilst group 3 and 4 can be regarded as informal economy actors. As stipulated earlier, group 3 comprised of those who are not registered and not affiliated and group 4 comprised of those who are not registered but affiliated.

We have already mentioned that it was quite a challenge to get ten interviewees for group 4. The main reason is that it is rare to be affiliated to an association or member-based organization and still remain informal or unregistered. It was established during interviews with member-based organizations that most require entrepreneurs to show that they are legal
businesses before they are taken as members, thus indirectly inducing registration. Thus, somehow being affiliated is the potential motivator for entrepreneurs to register with CIPRO.

Finally, women entrepreneurs who were not members of any tourism association were asked if they would consider joining any association within the next six months. 90% indicated that they would consider joining because of five reasons:

- To access markets and increase turnover;
- To explore and expand business;
- To be part of the family;
- To know more and grow business and somehow being affiliated is the potential business linkages, training and mentorship, access to information and discounts.

Based on the findings of this research, it has been established that there are various motivating factors that make women entrepreneurs join associations. These factors are referred to as reasons or needs or benefits for joining. These benefits are both financial and non-financial.

Figure 17(a): Motivators for registration with member-based organizations as stated by women entrepreneurs

<table>
<thead>
<tr>
<th>Motivators for registration with member-based organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Marketing &amp; business linkages</td>
</tr>
<tr>
<td>b. Bulk purchasing</td>
</tr>
<tr>
<td>c. Industry discounts</td>
</tr>
<tr>
<td>d. Advocacy</td>
</tr>
<tr>
<td>e. Access to information &amp; support</td>
</tr>
<tr>
<td>f. Training &amp; mentorship</td>
</tr>
<tr>
<td>g. Networking</td>
</tr>
<tr>
<td>h. Emotional support &amp; friendship</td>
</tr>
</tbody>
</table>

There are three major motivators that were unanimously pointed out by 100% of the respondents as reasons for joining member-based associations, that is, (1) centralized marketing and business linkages; (2) access to information and support and (3) networking.

Not surprisingly for a study focused on women the bulk of the respondents (93%) also selected emotional support and friendship as a motivator for joining member-based organizations. The male control group on the other end did not rank emotional support and friendship as a significant motivator.

Most men (85%) join so that they can enjoy the benefit of training and mentorship. Another prevalent reason (78%) join so that they can have a voice on important issues. Other reasons for becoming a member include access to industry discounts (71%) and access to bulk purchasing (57%).

All associations vehemently agree that the manner in which they have packaged benefits is what can be regarded as the draw card for members.
This research established that benefits hoped for and benefits enjoyed do not match. Figure 14 shows each reason or need for becoming a member and the percentage for women entrepreneurs who get satisfaction with what associations deliver.

Access to bulk purchasing facility and access to industry discounts are areas where associations' delivery is dismal (7% and 14% respectively), whereas 71% of the respondents had selected bulk purchasing and 57% had selected access to industry discounts as a key motivator for affiliation.

The areas of best performance by industry organizations include access to information and support (86%); networking (79%) and emotional support and friendship (79%). This is good considering that these came out as the key reasons for affiliation; with 100% of the respondents having selected these as motivators. If it is considered that member-based organizations do not directly offer emotional support, friendship and networking; but merely create a conducive environment, this is a great achievement.

**Figure 17(b): Motivators for women entrepreneurs to register with member-based organizations as stated by women entrepreneurs**

**Figure 18: Needs and Benefits Analysis**

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*The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs*
It can be safely concluded that primarily these associations are focused on giving information. There is still room for associations to align their offering with the expectations of the tourism entrepreneurs especially in the areas of bulk purchasing and industry discounts.

The above findings are in line with the results on the online survey conducted by the association; Women in Business. According to Women in Business (2010), 50% of women entrepreneurs join their association for networking purpose. The second motivator with 17.1% is that women entrepreneurs see this association as the platform they need to improve their businesses. The third and fourth motivators both at 15.8% are: forging friendships and social interaction.

5.3.3. Registration with industry organizations and turnover

The research looked at whether women entrepreneurs believe that registering with industry organizations increases their turnover or not. It was established that most women entrepreneurs (79%) think that being a member of an association increases turnover. If affiliation with member-based organizations is seen to be positively affecting the company's bottom line, then affiliation is likely to continue.

5.3.4. Gender-based issues in member-based organizations

The research looked at four gender-specific issues. Firstly, it was to establish whether multiple roles of women entrepreneurs have any impact on them joining member-based associations or not. Secondly, it was to establish whether women entrepreneurs consult other people before they join the associations or not. This could be in a form of asking for permission or support. Thirdly, it was to establish their activism on associations' activities. Fourthly, it was to establish whether they experienced any gender-based discrimination during the process of joining or working with associations.

The research established that 50% of women entrepreneurs consult or request permission from either their spouses, parents or family members before joining member-based associations, whereas the other half (50%) saw no need for consulting or requesting for permission from anyone.

On women participation and activism on association activities, the research found that women do participate in activities like networking events, information dissemination meetings, trainings and trade missions; the issue of multiple family and societal roles is not seen as a hindrance to participation. The main reason for not participating in any activity is because the association has not yet organized it.

14% of women entrepreneurs indicate that they have experienced gender-based discrimination during the process of joining or working with associations. They further pointed out that this discrimination often takes place whenever there were opportunities for overseas trade missions, where male counterparts seemed to be prioritized.

The Women In Business Organisation is a forum established as a networking platform to empower economically marginalised women to empower themselves. WIB facilitates a process of inter-organisational collaboration for economic upliftment of women to participate in sustainable gender based programmes focused on a climate of non self reliance and entrepreneurial skills development programmes.
5.4. **Tourism Associations Recommendations**

In light of the research findings presented above, the following recommendations are made.

**Table 7: Tourism Associations Recommendations**

<table>
<thead>
<tr>
<th>No.</th>
<th>Recommendations</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Marketing initiatives</td>
<td>The research results indicate that women entrepreneurs' lack of knowledge about existing tourism associations can be attributed to poor marketing efforts. In order to change this, associations have to reevaluate their marketing mechanisms so that more women members will be attracted.</td>
</tr>
<tr>
<td>2.</td>
<td>Deliver what is promised and beyond</td>
<td>An unhappy member is more likely to spread the word than a happy member, thereby affecting overall membership. It is therefore important for member-based organizations to conduct research regarding the expectations of their members so that their offering can be at par. Regular member satisfactions surveys can also play an important role in executive decisions.</td>
</tr>
<tr>
<td>3.</td>
<td>Facilitate skills development programs in line with entrepreneurs needs</td>
<td>Entrepreneurs have highlighted the following as the most required skills: • Financial management; • Marketing management; • Tourism management and • Business management It is therefore recommended that member-based organization align their capacity building efforts with the above. This can be done through joint efforts with other establishments like Sector Education and Training Authorities and even to source funding from CSI divisions of corporate.</td>
</tr>
</tbody>
</table>

6. **Summary and Key Findings**

Creating an environment that is conducive to the growth of women owned businesses is of paramount importance. One of the steps towards growth is 'formalization', which can be through registration with Companies and Intellectual Property Office (CIPRO) or affiliation to industry member-based organizations. It is therefore important to create an environment that encourages rather than discourage 'formalization'. This research has established that as much as there are motivators, there are as many barriers encountered by women entrepreneurs in tourism sector when registering with CIPRO and member-based tourism organizations.

A total of eight potential barriers for registration with CIPRO were identified, and the top three have been mentioned below:

- Lack of information. This research established that 93% of women entrepreneurs who have not registered with CIPRO do not know where to go.

On the contrary, CIPRO has claimed to be using multiple-marketing platforms to raise its profile. It can be concluded that CIPRO's marketing campaigns have not helped women entrepreneurs in particular know more about business formalization. This could be a result of not using channels that are appropriate for women or that women trust.

- Registration process is difficult. 71% of women entrepreneurs indicated that the process of registering with CIPRO is difficult. This can be related with 29% of women entrepreneurs who at some point tried to register but got discouraged. This could potentially be related to geographic areas (rural) and the education levels of some of the women respondents.

- Cannot afford to pay registration fees. About 43% of respondents have not registered with CIPRO because they cannot afford to pay the fees.
There are also eight motivators for registration with CIPRO. The six most popular motivators include:

- Graduate from informal to formal business. 95% of women entrepreneurs who are registered with CIPRO mentioned that they wanted to formalize their business.

- Increase business credibility. Again, 95% of women entrepreneurs who are registered with CIPRO indicated that once their businesses are registered, they gain more credibility. According to CIPRO this is a fundamental motivator for entrepreneurs to register with them.

- Assumption that all businesses have to register. 90% of registered women entrepreneurs assumed that all businesses had to register.

- Complying with requirements for tenders. 90% of registered women entrepreneurs have registered their companies for the purpose of complying with tender and contracts requirements.

- Access to finance. 90% of registered women entrepreneurs have registered so that they can have access to finance.

- Access to government assistance. 90% of registered women entrepreneurs have formalized their businesses for the purpose of accessing government assistance.

There are six potential barriers for registration with member-based tourism organizations. The top three include:

- Do not know where to go. The research established that 80% of unaffiliated women entrepreneurs do not know where to go in order to join associations. This clearly shows poor marketing efforts by associations and the use of incorrect marketing channels.

- Lack of knowledge. This barrier is related to the first one. About 75% of unaffiliated women entrepreneurs do not know about tourism associations due to limited networks.

- No access to information technology. The research established that tourism associations rely a lot on internet (70%)

The findings of this research are incorrect marketing efforts by associations and the use of marketing channels. Presented to both CIPRO and member-based organizations with the aim of creating synergies that will lead to a conducive environment for business formalization.

7. Conclusion and Recommendations to the WEDGE-SA Project

The implementation of the New Economic Growth Path (NGP) in South Africa requires strategic partnerships and concerted efforts that should work systematically. The WEDGE Project plays a critical role in what the NGP calls "the microeconomic package" which involves ten programs to control inflationary pressures and inefficiencies combined with more proactive strategies to support an inclusive economy, social equity and regional development (DED, 2010). The NGP among other things suggests measures to support long-term competitiveness and this includes small business support and labour-market interventions which includes the reduction of red tape and bureaucratic delays in business registration (ibid).

The findings from this research complement the South African economic goals. This research project has established key issues pertinent to the WEDGE-SA approach and strategic themes.

It is therefore recommended that:

- The findings of this research are presented to both CIPRO and member-based organizations with the aim of creating synergies that will lead to a conducive environment for business formalization.

- Workshops or training sessions are convened by ILO in an attempt to develop the knowledge base on women entrepreneurs. Such workshops should focus on giving information on the
benefits of business formalization. The main target should be those women who have not formalized themselves. With the execution of this recommendation the WEDGE-SA project will be ensuring the promotion of representation, advocacy and voice at the same time providing support services to women entrepreneurs.

- Government must provide a conducive macroeconomic framework for the large-scale creation of sustainable, decent jobs and business opportunities (ILO’s Resolution on Decent Work and the Informal Economy adopted by the 90th session of the International Labour Congress in June 2002 in Geneva). In this case therefore, South African government in particular has to undergo a regulatory review and process reengineering in line with the findings of this research. Moreover, member-based tourism organizations should seek to align their marketing efforts as well as their market offerings to the needs of their targets. Tourism Association pioneers should consider forming an association specifically for women entrepreneurs in the tourism sector, this will ensure that women-specific issues are taken into consideration, both from the lobby point of view and the service supply side. If this initiative does not come forth from the association side, perhaps the role that can be played by ILO in partnership with government is to facilitate the formation of a Women in Tourism Forum.

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The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
Chapter 3
Snapshot Training Needs Analysis of Women Entrepreneurs in KwaZulu-Natal, South Africa.

WEDGE South Africa Project

Date: July 2010 Primary research conducted by:
ZTLM Business Mentors Edited by: Centre for Entrepreneurship, University of Kwazulu Natal
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The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
1. Introduction

Entrepreneurship is widely recognized as an important instrument for economic development and is thus of growing policy interest at a national level (GEM, 2009). Entrepreneurship is also viewed as an increasingly important source of employment for women across the globe.

The Broad-Based BEE Act of 2003 in South Africa specifies the importance of “increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training”. The Act further notes that “in order to comply with the equality provision of the Constitution, a Code of Good Practice and targets therein specified may distinguish between black men and black women” (Naidoo and Hilton, 2006).

There are just over 15 million women aged 18 or more in South Africa, compared to around 14 million men of the same age (Naidoo and Hilton, 2006). The global average for female entrepreneurship is 7.72% of the population. However, the South African average for female entrepreneurship is 4.83% which 2.89% lower than the global average (SA-GEM, 2007).

Globally women entrepreneurs outnumber male entrepreneurs. According to the Global Entrepreneurship Monitor female-owned firms are however, generally smaller (in terms of the number of employees and generated incomes) and they tend to grow more slowly compared to those owned by men. In South Africa women make up less than 50% of the entrepreneurial population. South African women’s participation in entrepreneurial activity is concentrated in what is generally described as the 'lower order' sector: crafts, hawking and personal services, which are low technology industries and without significant potential to create much-needed jobs (SA-GEM, 2007). Hence there is considerable scope to improve the number of women entrepreneurs in the South African economy and the level at which they operate. This is coherent with the global focus on gender entrepreneurship and the development of appropriate interventions for women engaged in entrepreneurship.

Career selection by women is influenced by a large number of factors. These include the level of education and training, individual desires, career-entry expectations and career self-sufficiency (Scherer, Brodzinski and Wiebe, 1990); academic ability and peer aspirations (Scherer, et al., 1990); socioeconomic background and the ability to overcome cultural conditioning and learning experiences (Birley, 1989); differences in orientation and motivations (Brush, 1992); and race and culture (SAWEN, 2005).

Sara Carter (2000) notes the importance of specific types of training and business advice to improve the numbers and performance of women owned enterprises. For women entrepreneurs the lack of access to training and advisory services is one of the main reasons used to explain under-performance (Roomi, 2008). Better access to management training and technical skills is essential to promoting more and better employment opportunities for women entrepreneurs.

Successful modern enterprises require management approaches and technical knowledge that can only be acquired by access to training (Malagas, 2004).

The Global Entrepreneurship Monitor for South Africa (GEM) found that women entrepreneurship could be the key to unlocking economic growth for South Africa: If better and more targeted support is make available to them. The International Labour Organization (ILO) seeks to redress existing gender imbalances in enterprise development through approaches and activities aimed specifically at women. This research study therefore aims to determine the training needs of women entrepreneurs in South Africa. This research focuses on the training needs of Growth Oriented Women Entrepreneurs (GOWEs). GOWE’s, in the South African context are defined as a registered, formalised 50% South African women owned and managed business, that has been operational for more that 1 year with a minimum turnover of R250 000 per annum.

The South African Labour Force Survey for 2005 reveals that black women are the largest single self-employed segment of the population. There are currently 1009114 black women entrepreneurs in South Africa over the age of 18 (Labour Force Survey, 2005). Tourism is also one of the fastest growing sectors of South Africa’s economy, its contribution to the country’s gross domestic product (GDP) increasing from 4.6% back in 1993 to 8.3% in 2006. Directly1 and indirectly2, tourism

1 http://www.thcsa.org.za
(constitutes approximately 7% of employment in South Africa. This study focuses its sample from these two sectors of the female population.

a. Business Competencies and Training Needs Assessment Model

ZLTM Business Mentors developed a model to assess the training needs of women entrepreneurs. GOWE’s training needs were conceptualized as the aggregate of the following dimensions; Business Capacity and Owner Capacity, Business Performance, Business Operation Risk, Financial Risk, Growth Planning, Business Training, Market Linkages, GOWE Business Contribution to the Program and Gender Needs Analysis. These concepts were fundamental in developing an understanding of the training needs of women entrepreneurs, however, it should be noted that the research did not examine vocational training needs of women entrepreneurs.

Business Capacity and Owner Capacity is the term used to describe the combined capacity that contributes to the business success and level of entrepreneurial activity. Entrepreneurial success according to Nieman et al. (2003:14) is attributed to personal characteristics and managerial skills. The personal success factors of entrepreneurs are creativity and innovation, risk taking orientation, leadership, good human relations, positive attitude, perseverance and commitment. Georgellis, Joyce and Woods (2000:7) argue that entrepreneurial businesses characterised by their capacity to plan ahead, their capacity to innovate and their willingness to take risk allow them to innovate and thus develop and grow successfully (Mutaga, 2007). This dimension attempts to capture the various business characteristics and owner traits associated with entrepreneurial success.

Business Performance reflects an understanding of the current state of the business and focuses on the factors that women entrepreneurs need to address improved performance.

Operational Risk describes the potential for the operations failing the enterprise and presents the most significant risk that a business could face. The evaluation of operational risk indicates GOWEs understanding of operational risk and its management. Even small companies need to protect themselves from catastrophes and market place failures. Operational risk management is a subject that these women entrepreneurs can benefit from an exposure to.

Several pieces of research have documented finance as a particular challenge facing female entrepreneurs. Business Financial Risk for example, affects the business performance. Limited access to credit means that women’s enterprises tend to start small, expand slowly and are more vulnerable to failure than businesses founded by men (Malagas, 2004). Understanding GOWEs level of financial knowledge is key to determining the risks faced by women business owners and is measured in this dimension. Growth Planning sets out decisions and actions used to formulate and implement strategies that will provide a competitively superior fit between the business and its environment in order to achieve business goals (Mutaga, 2007). This dimension measures the initiatives undertaken by women entrepreneurs to grow their businesses.

Business Training is the dimension that measures the incidence of attendance and the perceptions of women entrepreneurs to training interventions. A critique of training programmes is that they tend to be generic and not sector specific. In addition, there is a long running debate on the need for single sex provision of training interventions. This dimension assesses training used by growth oriented women entrepreneurs.

Market Linkages is the dimension that assesses GOWE’s level of networking. A documented obstacle to female entrepreneurship is the lack of networks and informal support (Carter, 20000). Business networks provide informal sources of information on opportunities, developments and business conditions that can be essential to success. These networks are often more difficult to establish for women entrepreneurs (Malagas, 2004).

GOWE Business Contribution to the program assesses the willingness of GOWEs to attend and contribute to training programmes. Gender Needs Analysis measures the extent to which women’s rights are denied in economic productivity. Gender-based asset inequality affects resource allocation within the household. It also affects labour productivity.

The World Bank estimates that gender inequality in education and employment has reduced sub-Saharan Africa’s per capita growth from 1960 to 1992 by 0.8 per cent per year. Many governments have adopted equal opportunity legislation and ratified the relevant ILO Conventions (World Bank Group, 1999). Hence a gender needs analysis would help identify the
The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs

specific need of women for training.

The ZLTM conceptualization is presented in the diagram below and in summary reflects the competencies of growth oriented women entrepreneurs thereby reflecting their training needs.

GOWEs Competencies and Training Needs

<table>
<thead>
<tr>
<th>GOWEs Competencies and Training Needs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Capacity and Owner Capacity</td>
</tr>
<tr>
<td>Business Performance</td>
</tr>
<tr>
<td>Business Operation Risk</td>
</tr>
<tr>
<td>Business Financial Risk</td>
</tr>
<tr>
<td>Business Training</td>
</tr>
<tr>
<td>Growth Planning</td>
</tr>
<tr>
<td>Market Linkages</td>
</tr>
<tr>
<td>GOWE Business Contribution</td>
</tr>
<tr>
<td>Gender Discrimination</td>
</tr>
<tr>
<td>Women Entrepreneurs</td>
</tr>
</tbody>
</table>

Compiled by ZTLM Business Mentors

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs

2. Methodology

The objective of this study is to determine the training needs of Black Growth Oriented Women Entrepreneurs in South Africa. A qualitative/quantitative methodology was developed in an exploratory investigation to achieve the objective.

An instrument was designed based on the conceptualization presented earlier. The dimensions presented in the conceptualization were operationalised in a number of questions that aimed to each of the dimensions. A questionnaire was designed with questions that aimed to assess the various aspects that determined their training needs as women entrepreneurs. Respondents were required to fill in their demographics and personal details and the following areas were assessed; Business Operational Risk, Business Owner and Capacity Risk, Business Performance Risk, Business Growth Planning, Business and Financial Training, GOWEs Contribution to the Program and an Overall Analysis.

A combination of quantitative and qualitative questions had been asked. The qualitative responses were converted to scores which added to the cumulative scores of the respondents upon which they were assessed.

The sample comprised 54 black GOWEs in the Tourism industry from Richards Bay (and surrounding areas) in the KwaZulu-Natal Province. Sample members were selected through a convenience non-probability sampling method. The selected sample attended the assessment which took place on Thursday, 22 April 2010, at the Richards Bay Municipality Building.

The questionnaires were administered in paper-based format only. The data was then collected and captured by ZTLM Business Mentors. Only the respondent scores for each section were presented in an Excel sheet format. Basis statistical analysis was conducted and an overview of the data was represented by bar graphs.

The research was done in conjunction with the Richards Bay Municipality, the Zululand Chambers of Commerce and Industry (ZCCI) and ZTLM Business Mentors.

3. Research Findings

The responding sample comprised 54 previously disadvantaged women entrepreneurs in the Tourism industry from Richards Bay (and
surrounding areas) in the KZN region. The majority of the respondents (78%) were between the ages of 30-49 years. Their literacy levels were low with only 22% of the women having a formal education and 59% were not literate in English. All businesses (except 3 new businesses) owned by the women entrepreneurs were in existence for more than one year of operation. The different categories in the tourism industry that were represented in the study is displayed in the table below.

Table 1: Categories in the Tourism Industry

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Number of women owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tour operators</td>
<td>8</td>
</tr>
<tr>
<td>Cultural Villages</td>
<td>1</td>
</tr>
<tr>
<td>Travel Agencies</td>
<td>1</td>
</tr>
<tr>
<td>Art and Craft Cooperatives</td>
<td>11</td>
</tr>
<tr>
<td>Taverns</td>
<td>5</td>
</tr>
<tr>
<td>Tourist Transport Services</td>
<td>6</td>
</tr>
<tr>
<td>Hotels</td>
<td>2</td>
</tr>
<tr>
<td>Guest Houses</td>
<td>7</td>
</tr>
<tr>
<td>Bed &amp; Breakfasts</td>
<td>9</td>
</tr>
<tr>
<td>Catering Services</td>
<td>2</td>
</tr>
<tr>
<td>Traditional Healing Practices</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total number of women owners</strong></td>
<td><strong>54</strong></td>
</tr>
</tbody>
</table>

In view of the size and probability of the sample, the findings of the study may not be generalizable to the full population of women entrepreneurs in South Africa. It does, to some extent, represent women entrepreneurs in the tourism industry in KwaZulu Natal.

The findings of the study are presented in order of the dimensions developed in the conceptualization earlier. Findings for each section are presented with some recommendations for training and development of women entrepreneurs.

a. Business Capacity and Owner Capacity

Business Capacity may be described as the level of operational activity required to fill the demand for the company's products or services for a period of time, taking into consideration seasonal and cyclical demands and increasing or decreasing trends in demand.

Business Capacity and Owner Capacity was conceptualized in a set of 15 questions, of which 4 measured the owner's personal contribution to the business. The remaining 11 questioned assessed the business capacity in terms of human capital capacity and business structure.

From Figure 1, it may be observed that 28 of the 54 women entrepreneurs scored below 50%. While 19 of the 54 women had above average scores indicating that the have fair business capacity with integrated owner capacity, it may be concluded that there is in general in this sample a reflection of lack of business capacity and owner capacity.

![Figure 1: Business Capacity & Owner Capacity](image-url)
Recommendations
We may infer from the above that there is room for improvement in the way women entrepreneurs structure their business and the use of their owner capacity efficiency. An evaluation should be conducted to assess business capacity relative to the business requirement and thereafter a sound business plan and structure should be drawn up. The GOWEs and their staff in the tourism sector could benefit from initiatives that increase their qualifications so it may assist their personal contribution to the business.

GOWEs should be given guidance to balancing their personal life and business life; an outline should define how to weigh the importance of each in their lives and appropriate time management should be considered.

**Figure 2: Business Performance**

<table>
<thead>
<tr>
<th>Percentage Scores</th>
<th>Number of GOWEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-10%</td>
<td>3</td>
</tr>
<tr>
<td>11-20%</td>
<td>2</td>
</tr>
<tr>
<td>21-30%</td>
<td>2</td>
</tr>
<tr>
<td>31-40%</td>
<td>3</td>
</tr>
<tr>
<td>41-50%</td>
<td>13</td>
</tr>
<tr>
<td>51-60%</td>
<td>10</td>
</tr>
<tr>
<td>61-70%</td>
<td>8</td>
</tr>
<tr>
<td>71-80%</td>
<td>7</td>
</tr>
<tr>
<td>81-90%</td>
<td>3</td>
</tr>
<tr>
<td>91-100%</td>
<td>1</td>
</tr>
</tbody>
</table>

Figure 2: Business Performance

**b. Business Performance**

Business performance was conceptualized by analyzing the women's knowledge about the business environment in their industry. A set of 11 open-ended questions measured women entrepreneurs' level of understanding of their customers, competitors, value proposition legislation and technology.

From the Figure 2, 12 of the responding women scored below an average score of 40%, while 23 of women scored in the average range of 40-60%. The remaining 19 had above average scores reflecting in the figure higher scores at the higher scoring end, indicating that these women had a fair understanding of the business environment.

c. Business Operational Risk

Business Operational Risk occurs when someone tries to do something that nominally is good for the company but lacks long-term vision. Business Operational Risk was conceptualized by evaluating business license and registration, business premises, marketing, financial practices, employment, tax and business structure. A set of 34 (yes and no) questions were presented to the women entrepreneurs. Business license and registration was measured red by 6 of the questions, 4 questions measure business premises, 8 measured marketing, 6 questions measured the financial practice, 4 measured employment and the remaining 4 measured business structure.

From Figure 3 we observe 43 of the 54 women respondents scored below 50% while the remaining 11 scored above 50%. This suggests that majority of the respondents are exposed to operational risk.
Recommendations
The GOWES selected for the study reflect a need for improvement of their capacity to deal with operational risks. In particular GOWEs will benefit from exposure in training on the procedures to formalize their businesses. Lack of knowledge about the business environment and its effect on their business could be a possible reason for the high level of operational risk experienced by GOWEs. Thus GOWEs need to be able to identify all key factors in the business and the environment deal with them accordingly.

d. Financial Risk

Financial Risk may broadly be described as the potential for loss or impaired ability to generate return and growth resulting from the methods used in financing a firm. In this study, Financial Risk was operationalised by assessing the GOWEs financial literacy of the following; Debt, Banking, Accounts, Assets, Goals, Discrimination, Budget, Financial statements, Profit, Cash flow and Payments. A set of 11 open ended question were presented to the women to respond to.

From figure 4, we observe that 14 of the 54 women respondents scored above 60% average. This suggests that these 26% of respondents have above average financial literacy. An additional 13 GOWS score 41-50%, while the remaining 18 women scored below average. Overall 57% of women entrepreneurs scored below 50%. One may infer that overall the financial literacy levels of GOWEs in the sector are fairly low to average.

The overall low levels of financial knowledge imply that training should focus on educating GOWEs about financial practices and how to implement these practices in business. The myth and misconceptions about financial information needs to be cleared. General training in financial
statements and other basic accounting practises should be offered to these GOWEs.

e. Growth Planning

Planning is the process of identifying the businesses’ long-term goals and objectives and then determining the best approach for achieving those goals and objectives. Planning for growth includes a careful assessment of the vision, resource requirements and succession planning. Succession planning is a process for identifying and developing internal personnel with the potential to fill key or critical organizational positions. Succession planning ensures the availability of experienced and capable employees that are prepared to assume these roles as they become available. Growth planning for the purpose of the assessment was conceptualized by evaluating the business vision and the business resource requirements. The assessment also covered the owner’s consideration of succession planning. A set of 11 open-ended questions measured growth planning.

From the Figure 5 we note that the women entrepreneurs have planned for growth considerably. Only 3 of the 54 women scored below the average of 40% indicating they have not initiated a plan for growth in their business. The majority of the women, 34 of the 54, scored within the average range of 40-60% while 17 scored above this.

Recommendations

The above findings suggests that there is room for improvement in the growth planning processes and structures of women-owned businesses. GOWEs need to identify and understand their human tangible resources.

Training should educate GOWEs on growth planning initiatives that are essential for the future of their business. Succession planning may also need to be elaborated into the business growth plan.

f. Business Training

The Business Training requirements of the women-owned businesses were assessed. This was conceptualized by assessing prior training, training needs of the business and in particular gender based training needs. A set of 10 open-ended questions were presented to the women, of which 1 measured their level of prior training, 5 measured their own perceptions of their training needs relative to their business and 4 attitudes towards gender specific training needs. From Figure 6 we may observe that 30 of the 54 women respondents could not identify their training requirements while the remaining 24 could identify their training requirements minimally. From the results, we may conclude that women owned businesses require training as more than half of the respondents, 30 of the 54, scored below 50% and the remaining 24 respondents scored above 50%.

Recommendations

Due to the findings of low levels of training attended amongst women entrepreneurs, business training should be conducted to improve their business. In particular gender based training it is suggested is required. The literacy levels of the women entrepreneurs should be considered when developing a training programme for GOWEs.
g. Market Linkages

The term “market linkages” is often referred to in the literature on rural development. The term linkage obviously implies a physical connection between the producer and the ultimate consumer. It may be broadly defined in terms of the interactions and contacts with the stakeholder groups that the business needs to interact with both formally and informally.

Market linkages for this study were conceptualized by evaluating the business contact and interaction with organizations, networking, gender discrimination and media communication. A set of 10 open-ended questions were used to measure market linkages for these women owned businesses. Business interaction with organizations and networking was measured by 5 questions, 1 question measured gender discrimination and the remaining 4 measured media communication.

Figure 7 indicates varied scores of the 18 responding women scored below average (50%), 21 had scores in the range of 40-60% while 15 scored above average of 60%. The findings suggest that there is varied understanding in market linkages amongst women entrepreneurs of the tourism sector.

Recommendations

The various organizations within the tourism sector that could benefit GOWEs need to be identified and presented to them. Networking strategy and skills should be included in any training intervention. The potential for using media needs to be communicated to women entrepreneurs who would also benefit from the technical processes of using new media such as the internet to benefit their businesses. Literacy should be considered in developing training interventions as translation initiatives may be required.

Figure 7: Market Linkages
h. GOWE Business Contribution to the Program

GOWEs Business contribution to the Program was assessed by evaluating the women's willingness to attend and their monetary commitment to the program. A set of 6 questions measured their contribution, 4 questions measured their monetary concerns and 2 questions measured the women's willingness to attend and implement the ideas from the program.

From Figure 8 we observe 23 of the women entrepreneurs display a willingness to attend and contribute to the program. The remaining 31 women varied in their responses thus we may deduce that willingness to attend and monetary contribution is a concern with regards to the program.

Recommendations
The training programs should be subsidized or sponsored (by government and/or corroborates) as financial commitment may be an issue for the women entrepreneurs.

i. Gender Need needs Analysis

Gender Needs Analysis for the purpose of this study, evaluated some the gender differences in women owned businesses relating to time management, multiple roles, gender bias, performance and remuneration differences.

From the Figure we see that 29 of the 54 women surveyed, scored 60%, thus suggesting that these women have experienced gender discrimination relating to performance and remuneration differences in their businesses.

Recommendations
Training needs to provide the necessary knowledge to overcome gender discrimination in the workplace. Women also need to know how to balance their personal and business life to ensure maximum efficiency for the business.
j. **Overall Scores**

The average overall scores of the 54 growth oriented women entrepreneurs across all categories was 50%. This indicated that a fair amount of training in operational risk, financial management, growth and planning, financial risk and other areas as indicated in figure 10 is required by these GOWEs.

**Figure 10: Overall Business and Risk Assessment**

<table>
<thead>
<tr>
<th>Strong</th>
<th>Weak</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Risk</strong></td>
<td>40%</td>
</tr>
<tr>
<td><strong>Financial Risk</strong></td>
<td>50%</td>
</tr>
<tr>
<td><strong>Owner &amp; Capacity Risk</strong></td>
<td>53%</td>
</tr>
<tr>
<td><strong>Performance Risk</strong></td>
<td>55%</td>
</tr>
<tr>
<td><strong>Growth &amp; Planning</strong></td>
<td>55%</td>
</tr>
<tr>
<td><strong>Business &amp; Financial Training</strong></td>
<td>58%</td>
</tr>
<tr>
<td><strong>Business &amp; Market Linkages</strong></td>
<td>51%</td>
</tr>
<tr>
<td><strong>Gender Needs</strong></td>
<td>51%</td>
</tr>
<tr>
<td><strong>Program Contribution</strong></td>
<td>70%</td>
</tr>
</tbody>
</table>
Figure 10 gives a summary of the average summary scores of the respondents. We may infer that these women have high operational and financial risk. These women entrepreneurs are exposed to an average of owner, capacity and performance risk. There is fair growth planning processes and structure that has some room for improvement. Women entrepreneurs require business and financial training as well as help in establishing business and market linkages. The gender needs analysis indicated that women entrepreneurs prefer gender specific training GOWEs indicate that they will contribute to the training program.

Other research has shown that the key factors that hamper women entrepreneurs progress includes the regulatory environment, education opportunities and systems, cultural factors, societal views and perceptions, management training and job opportunities, and family responsibilities (Chalmer, 2003). We may conclude from the above research that growth oriented women in South Africa could benefit from well-designed training programmes appropriate to their specific needs.

6. Limitations

It is important to note that the study conducted has limitations. The conceptualization of business competencies is not an established tool and thus would need scientific testing and refinement before acceptance as a tool. No pilot study was conducted to test the hypotheses, and/or the instrument. The results were not subjected to validity and reliability tests and these may therefore not be assumed.

The sample selected was not a full representation of growth oriented women entrepreneurs in South Africa. In addition, the small sample size prevents any generalization of the findings. The scoring process in the instrument presents inherent limitations on assessing the competencies of women owned businesses. The data generated did not allow for full and deep assessment of competencies and did not compare between women and men entrepreneurs.

At best, this study is useful in that it presents an exploratory investigation of the factors that might be considered in developing an assessment of growth oriented women entrepreneurs in an effort to developing training interventions appropriate to their specific needs.

7. References


2. Carter, Sara. 2000. 'Improving the numbers and performance of women-owned businesses: Some implications for training and advisory services'; Education and Training; 42; 4 (5), pp 326


6. Mutaga, J.J. 2007. 'Innovation and Strategic Planning as Key Elements to Entrepreneurial Success', Department of Business Management, University of Pretoria.


8. Annexure 1: Research Tool

Methodology
The purpose of this assessment is to determine the training needs of GOWEs, the level of their risk awareness and their business growth development needs. This information is needed to develop a training program that will meet their needs, help grow their business and increase their awareness of gender issues and their rights as women in the business place.

Research Design
We have used different questionnaire designs to better determine the level and quality of information that is required. This ranges from degrees of agreement to yes/no answers as well as open answers for the candidates. OWE candidates that have been selected are interviewed in focus groups.

Demographics
Race:
Age:
Highest qualification:

GOWE Personal Details
Name:
Position in Business:
Business Name:
Registration No.:
Tel/Cell no.s:
Website/Email Address:
Physical Address:
Business Address:
Municipality:
Citizenship:
Female Ownership %:
Turnover per year:
Legal Entity:
Is the business older than a year?
1. Business Operational Risk Assessment (Please tick the answer box).

<table>
<thead>
<tr>
<th>#</th>
<th>Question</th>
<th>Yes</th>
<th>Unsure</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do you have the necessary licenses/permits for your business?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Have you identified your target market?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Do you know the strengths and weaknesses of your competitors to identify your competitive advantages?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Have you registered your company name, domain, name and logo?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Have you checked that your trademark is not registered anywhere else?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Have you registered and patented all your innovations or creations where possible?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Do you have business or marketing plans?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>If so, how often are they updated and reviewed?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Do you have a business premises lease?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Do you know the conditions of the lease?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Do all parties sign the lease?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Is the location for the business correct?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Can you cost and price accurately?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Do you know what your break even point is?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Do you do sales projections and cash flow forecasts?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Do you have a bookkeeper and are your records up to date?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Do you have sufficient sources of funding to handle emergencies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Do you have security or collateral you can give to a bank to get a loan?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Are you registered for all the legal requirements to employ and pay staff?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Do you know your responsibilities regarding occupational safety and equal employment?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Do you comply with the minimum wage requirements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Do you know what the minimum wages for your sector are?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Is your business registered and do you have all relevant documents?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Do you have succession planning? (Who will take control if you die and are they qualified to handle the responsibility?)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Is the successor male or female?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Who makes the decisions in the business in terms of gender?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Is there anyone who has AIDS or a disability in your business?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Does your husband have any influence in your business?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Are you registered for all taxes applicable, personal/business?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Do you keep up with new developments in technology that could help your business?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Do you have an e-mail address?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Business Risk and Assessment Evaluation

1. How many of the risk areas did you answer Yes to?
2. How many of the risk areas did you answer No to?
3. How many of the risk areas are you Unsure about?
4. Will you make an effort to cover the gaps in your business risk?
5. Do you feel the need for professional help?
6. Was this exercise useful to you?
7. Is there any risk areas you encounter not covered?

8. How many of the risk areas did you answer Yes to?
9. How many of the risk areas did you answer No to?
10. How many of the risk areas are you Unsure about?
11. Will you make an effort to cover the gaps in your financial risk?
12. Do you feel the need for professional help?
13. Was this exercise useful to you?
14. Is there any risk areas you encounter not covered?

2. Financial Risk Assessment

- **Debt** – Does the business have any debt and do you plan on making any more?
- **Banking** – Do your bankers have all the facts relating to the company; its trading conditions; present and future finance requirements?
- **Accounts** – Does the company have a number of banking accounts; utilizing these could confuse overall banking arrangements?
- **Assets** - Does this business have any assets that can be used to raise finance?
- **Goals** - Do you have any financial goals for the business for this year and for the coming years?
- **Discrimination** - Have you ever experienced any gender discrimination when dealing with financial institutions?
- **Budget** - Are you able to draw up a budget and do you stick to it?
- **Financial Statements** - Do you understand the business financial statements?
- **Profit** - Has the business shown a profit in the previous year?
- **Cash flow** - Does the monthly cash flow of the business cover all expenses?
- **Payments** – Does accounts payable days match or are they longer than account receivable?
### 3. Business Owner and Business Capacity Risk Assessment (tick answers)

<table>
<thead>
<tr>
<th>#</th>
<th>Question</th>
<th>Yes</th>
<th>Unsure</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Do you feel that you have been in business long enough to survive?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do you have qualifications that are specific to your industry?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do you feel that you have the necessary experience as a business owner in your industry?</td>
<td></td>
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<tr>
<td></td>
<td>Do you think that your business will succeed in the way that you have structured and are running it now?</td>
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<tr>
<td></td>
<td>Do you have sufficient employees to run the business and ensure efficiency?</td>
<td></td>
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<td></td>
<td>Do you have difficulties finding the right kind of employees for your business with the right qualifications?</td>
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<td></td>
<td>Do you have any difficulties finding the right kind of employees for your business with the right qualifications?</td>
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<tr>
<td></td>
<td>Do you know exactly what quantities of work your business can handle?</td>
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<tr>
<td></td>
<td>Are you able to extend your service/product range, are you planning to do so?</td>
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<tr>
<td></td>
<td>Is there a disciplined approach to marketing the Companies' output with a conscious approach to profit margin and selling costs?</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Is account taken of competitors' selling price with an aim to undercut that price by a substantial margin to achieve a turnover, yet remain profitable?</td>
<td></td>
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<tr>
<td></td>
<td>Have you ensured that the goals that you set when you started your business still adaptable to the changing business environment?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Do you feel that your time is balanced between your business and family life?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Are you mobile enough to run your business and make sure that your kids are collected from school?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Does your husband support you in your home and business?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Business Owner and Business Capacity Risk Evaluation

1. How many of the risk areas did you answer Yes to?  
2. How many of the risk areas did you answer No to?  
3. Will you make an effort to cover the gaps in your business risk?  
4. Do you feel the need for professional help?  
5. Was this exercise useful to you?  
6. Is there any risk areas you encounter not covered?  

#### 4. Business Performance Risk Assessment

- **Clients** – Do you have a database of clients?

- **Feedback** – Have you had any positive feedback from your clients?

- **Value Proposition** – Why did your customers choose your business instead of another?

- **Competitors** - Do you know your competitors are?
• **Size of market** - Do you know how many competitors are in your market, according to business size (e.g. SMME, SME, Corroborates, Government, etc)?

• **Legislation** - Are you aware of how legislation affects your business, and do you know of the newest developments in your industry in terms of legislation?

• **International entry** - Are you prepared for the chance of international entry into your market and would it affect your business?

• **Technology** - Can your business adapt to the rapidly changing technological advances and are you contributing to innovation?

• **Suppliers** - Do you have arrangements with your suppliers or clients to control the pricing of your products and do they extend credit facilities?

• **Profile** - Do you have a business profile and do you regularly update it?

• **BEE** - Do you know about Black Economic Empowerment and your rights as a women in South Africa?

**Business Performance Risk Evaluation**

1. How many of the risk areas did you answer Yes to?  
2. How many of the risk areas did you answer No to?  
3. How many of the risk areas are you Unsure about?  
4. Will you make an effort to cover the gaps in your business owner and capacity risk?  
5. Do you feel the need for professional help?  
6. Was this exercise useful to you?  
7. Is there any risk areas you encounter not covered?

5. **Business and Growth Planning Assessment**

• What is your vision for your business?

• Have you a plan that details staff, customers and business capacity growth?

• Does this plan incorporate more female employment and management into your business?

• Do you know how much capital it will take to fund the purchase of assets for the business?

• Do you have a plan detailing how you intend to raise capital to fund this growth?

• Are you aware of the effect that HIV/AIDS will have on your business and have you incorporated this issue into your plans?
• Do you know who your successor will be when you decide to retire or die?

• Have you made plans to give your successor the necessary skills to run the business successfully?

• When you chose your successor, did the gender of the person in any way influence your decision?

• Is gender equality and sensitivity dealt with in your company policies?

Business and Growth Planning Risk Evaluation

1. How many of the risk areas did you answer Yes to?
2. How many of the risk areas did you answer No to?
3. How many of the risk areas are you Unsure about?
4. Will you make an effort to cover the gaps in your business and growth planning risk?
5. Do you feel the need for professional help?
6. Was this exercise useful to you?
7. Is there any risk areas you encounter not covered?

6. Business and Financial Training Assessment

• Have you had any business or financial training before?

• Do you think it will benefit your business to go on gender based training?

• Do you think your staff need training, and have you made plans to such effect?

• Can you identify your own and your staff training needs?

• Are there any training discrepancies between the males and females in your business?

• Do you think that short courses fulfil your needs?

• Do you plan on getting further education?

• Have you come across any gender discrimination while in training?

• Do you keep track of the latest advances in your industry in terms of training needs?

• Has the training that you have been in addressed the different needs of males and females?
Business and Financial Training Evaluation

1. How many of the risk areas did you answer Yes to? _______________
2. How many of the risk areas did you answer No to? _______________
3. Mow many of the risk areas are you Unsure about? _______________
4. Will you make an effort to cover the gaps in your training needs? _______________
5. Do you feel the need for professional help? _______________
6. Was the exercise useful to you? _______________
7. Is there any risk areas you encounter not covered? _______________

7. GOWE Business and Market Linkages

• Market linkages – Do you have a plan to link your business to the market?

• Associations/Organizations – Are you a member of any association or organization that gives you opportunities to market your products?

• If you are not a member of an association or organization please state why, and if you are, please state the name of the organization that you belong to.

• Industry Contracts - Do you know all or most of the Associations or Organizations in your industry you can belong to that could give you market linkages?

• Meetings and Networking - Do you regularly get invited to meetings or information sessions by organizations in your industry?

• Do you think that being a women would negatively affect your ability to partake in these meetings?

• Competitor Networking - Do you use your competitors to inform you when events and meetings in your industry could take place that you could attend?

• Media and Internet - Do you regularly purchase industry related magazines, periodicals and newspapers, or check industry related websites for information about events and activities in your industry that you could attend?

• Website - Does your company have a website that has links to industry related websites to feed articles and events where you could potentially obtain business?

• Government Websites - do you regularly check government websites for market and industry related information and events?
GOWE Business and Market Evaluation

1. How many of the risk areas did you answer Yes to? 

2. How many of the risk areas did you answer No to? 

3. How many of the risk areas are you Unsure about? 

4. Will you make an effort to cover the gaps in your business and market evaluation? 

5. Do you feel the need for professional help? 

6. Was this exercise useful to you? 

7. Are there any areas you encounter not covered? 

8. Gender Needs Analysis

Do you know what percentage of your customer base are male and female? 

Are you and your employees/workers geared to behave without gender bias to customers and each other? 

As a woman, have you thought about the challenges in your environment you would like to change to enable you to perform better? 

Do you experience any gender bias in your workplace or industry that impacts negatively on you? 

Are you aware how tasks are accomplished in your company by Women/Men in order to reach company objectives? 

Are you aware of the constraints of time or access that may interfere with women's or men's abilities to perform these tasks and have you planned for this? 

Are you aware of how interactions between men and women within their home environments affect the way in which they perform in the workplace? 

Are men and women in your company remunerated the same for similar job functions? 

Gender Needs Analysis Evaluation

1. How many of the risk areas did you answer Yes to? 

2. How many of the risk areas did you answer No to? 

3. How many of the risk areas are you Unsure about? 

4. Will you make an effort to cover the gaps in your gender needs analysis? 

5. Do you feel the need for professional help? 

6. Was this exercise useful to you? 

7. Are there any areas you encounter not covered?
9. **GOWE Contribution to the Program**

Are you willing to contribute to the cost of your Business training?

Would you be able to pay the weekly fee?

Looking at what is being offered in the program, do you think that the fee is fair and would you pay the same in future?

Do you feel that it is correct that companies pay a contribution to their training?

If yes, how much can you afford as a company?

Are you willing to give your best to the program and work hard to learn skills and implement ideas that can improve your business?
Chapter 4
Snapshot Assessment of Financial Barriers for Women Entrepreneurs in Kwazulu Natal, South Africa

WEDGE South Africa Project

Date: July 2010 Primary research conducted by: ZTLM Business Mentors
Edited by:
Centre for Entrepreneurship, University of Kwazulu Natal
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<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWBI</td>
<td>African Women in Business Initiative</td>
</tr>
<tr>
<td>BDSP</td>
<td>Business Development Support Programmes</td>
</tr>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of SA</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of trade and Industry</td>
</tr>
<tr>
<td>EDI</td>
<td>Entrepreneurial Development Initiative (KPMG)</td>
</tr>
<tr>
<td>EIP</td>
<td>Enterprise Investment Programme</td>
</tr>
<tr>
<td>FNB</td>
<td>First National Bank</td>
</tr>
<tr>
<td>GBA</td>
<td>Global Banking Alliance for Women</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GEM</td>
<td>Global Entrepreneurship Monitor</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>KZN</td>
<td>Kwa Zulu Natal</td>
</tr>
<tr>
<td>LRCF</td>
<td>Land Reform Credit Facility</td>
</tr>
<tr>
<td>NORAD</td>
<td>Norwegian Agency for Development Cooperation</td>
</tr>
<tr>
<td>PGDS</td>
<td>Provincial Growth Development Strategy</td>
</tr>
<tr>
<td>SAMAF</td>
<td>South African Micro-finance Apex Fund</td>
</tr>
<tr>
<td>SAWEN</td>
<td>South African Women Entrepreneur Network</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>SMEDP</td>
<td>Small and Medium Enterprise Development Programme</td>
</tr>
<tr>
<td>SMME</td>
<td>Small Medium and Micro Enterprises</td>
</tr>
<tr>
<td>WEDGE</td>
<td>Women's Entrepreneurship Development and Gender Equality</td>
</tr>
<tr>
<td>WEDISA</td>
<td>Women's Enterprise Development Initiative</td>
</tr>
<tr>
<td>WEF</td>
<td>Women's Equity Fund</td>
</tr>
</tbody>
</table>
1. Introduction

“Entrepreneurship lies at the heart of job creation, black economic empowerment and bringing the “second” economy into the mainstream economy. Studies show that by international and African standards, South Africa can do much more to achieve its full SMME potential – and Women Entrepreneurs lie at the heart of this.” (SAWEN, DTI Special Report on Women Entrepreneurs, 2005: 5)

The purpose of this short research paper is to explore the financial barriers and access to finance faced by Women Entrepreneurs (WEs) in the tourism industry who reside in the KwaZulu Natal Province of South Africa. This research will guide the Norwegian Agency for Development Cooperation (Norad) funded, Women's Entrepreneurship Development and Gender Equality (WEDGE) project in South Africa, implemented by the International Labour Organisation. The overall objective of the WEDGE project is to create an enabling national environment for the promotion of women's entrepreneurship development and gender equality to support poverty reduction and job creation initiatives in South Africa.

The report contextualizes the financial sector in South Africa, and specifically KwaZulu Natal. Financial barriers and access to finance can, therefore, be better understood within this context. A broad view is taken of the rules and regulations affecting women entrepreneurs, followed by an examination of support providers or those that empower Small, Micro and Medium Enterprises (SMMEs) in South Africa.

The primary research had been undertaken through the implementation of a financial barriers assessment tool on a small focus group of women entrepreneurs in the tourism industry in Richards Bay (KwaZulu Natal) and was supported by available secondary research.

2. Situational Analysis on Women Entrepreneurs in South Africa

The importance of women entrepreneurs has widely been recognised by economic development agencies the world over. The participation of women is even more important in developing economies in the context of World Bank research. This demonstrates that countries that fail to address gender inequalities are reducing their economic growth opportunities (IFC, 2005) and that addressing inequalities could result in Gross Domestic Product (GDP) increases of 2% to 3% in some African countries. The South African financial legislative frameworks is progressive and specifically mentioned men and women however the reality is however that race and gender are still crucial variables that have an impact on accessing to finance, with black African women being the most negatively affected (IFC, 2005).

Published studies on SMMEs in South Africa are sporadic and women entrepreneur specific research is rare. In an attempt to address the unavailability of current nationally representative data, the Department of Trade and Industry's Gender Empowerment Unit commissioned a Desktop Study in 2004 to highlight the overall status of South African women in business, with a special focus on self-employed women. This study looked at highlighting the problems and possible solutions for women entrepreneurs in South Africa. Several factors affecting women entrepreneurs in South Africa were identified and included the following:

- **Race, gender and geographic location**
  Entrepreneurship in South Africa is affected by a number of factors including race, gender and location. The statistics on gender in the economy reveal large differences between women and men and between black and white women (SAWEN, 2005: 10).

- **Poverty**
  A number of factors contribute towards the poverty of women in South Africa. The gendered division of labour in the household, the low value accorded to women’s work with the concomitant clustering of women in low-paid jobs contributes to female poverty (SAWEN, 2005: 10).

- **Landlessness**
  In terms of all African females in the country, 75% claim to own the home they live in whilst 25% rent. Of Black females who are self-employed, 37% own both land and the building they live in. Only 20% view their home as a tradable asset. Only 50% say that they have written proof of ownership of the property (SAWEN, 2005: 3).
Vulnerability
Vulnerability of women to adverse effects of trade reform is one of the key challenges facing women entrepreneurs in Africa (SAWEN, 2005: 9).

Education
Women entrepreneurs are ill-equipped educationally and financially. Training requires preparation of targets, budgets and knowledge of business performance. Communication technologies, in some instances, still contribute towards the negative or degrading portrayal of women (SAWEN, 2005: 10).

Family responsibilities
Given the patriarchal systems applicable in Africa and South Africa, women entrepreneurs are not usually relieved of their domestic responsibilities when they start a business and are thus more likely to face conflicting demands between their business and family responsibilities (SAWEN, 2005: 15).

HIV/AIDS
HIV/AIDS has a direct effect on women's entrepreneurship in South Africa. It is imperative that all community/family/business networks be engaged in the process of building the social and cultural capital required to address the problems (SAWEN, 2005: 11).

In addition to the above the study also identified factors, such as access to capital and labour issues as major constraints affecting the establishment, as well as the expansion, of women's entrepreneurial activities. This leads women to rely on personal income to provide the initial finance for their enterprises. Alarmingly, the study highlighted the fact that 42% of women in South Africa earn between R1 and R750 per month. The study also highlighted the fact that the majority of women are involved in lower-level occupations (SAWEN, DTI Special Report on Women Entrepreneurs, 2005: 2).

The dti report emphasises that although numerous empowerment programmes and interventions have been made available to the SMME market, women do not have adequate access to finance and are not aware of business development services (BDS) resources and thus remain in survivalist businesses.

2.1. Current Economic Environment
Prior to analysing the financial barriers faced by women, this section aims to establish the economical background which the women who form part of the focus group are faced with.

2.1.1 The Informal Economy
The Informal Economy is defined by Statistics South Africa as: “those businesses that are not registered in any way…” The ILO definition of the informal economy is: “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements” (ILO, 2002).

According to the Annual Review of Small Businesses in South Africa (2008), “at least 2.43 million people were managing big and small enterprises in South Africa, of these, about 1.69 million people are in the informal sector”. In South Africa, approximately 4 million people were employed in informal enterprises in 2000. This comprised of 31% (a conservative estimate) of South Africa's work force (ILO, 2002). Informal enterprises contribute between 8% and 10% to South Africa's GDP (Skinner, C. 2006). Informal employment is comprised of both self-and wage employment. Self-employment is usually a larger component of non-agricultural informal employment.

In South Africa, self-employment in informal enterprises accounts for only 25%. This significantly lower proportion may in part be attributed to the history of apartheid with its prohibition of black businesses.

In South Africa 60% (approximately 2.4 million) of participation within the informal economy is women. This is a significant employment source for women.

For the majority of the countries in the ILO assessment (2002), most of the female non-agricultural labour force is in informal employment. For South Africa the figure stands at 53%. Interestingly again for South Africa, a large portion of these women are in wage-employment rather than in self-employment. These women are generally found operating in agriculture, domestic services and trade. Within this, women tend to be engaged in the least profitable activities and dominate “overtraded” sectors such as hawking (SAWEN, DTI Special Report on Women Entrepreneurs, 2005: 12). Female informal traders have the following defining characteristics (Tourism and Sports Skills Audit, Prodigy Business Services and
Grant Thornton, 2007):
- Tend to be in a position of lower bargaining power, mainly due to high dependency ratios.
- Earn significantly lower than male informal traders.
- Are generally involved in food and craft related tourism activities.
- Are particularly vulnerable to exploitation and abuse, including sexual exploitation.

2.2. SMME's in South Africa

2.2.1 Small, Medium and Micro Enterprises Definition

Data on small and medium enterprises in South Africa suggests that these enterprises contribute significantly to employment and will continue to do so in the future. There are various SMME definitions used in different countries around the world. However, for the purpose of this study, the definitions of the International Labour Organisation (ILO) and the World Bank are considered as well as the definitions provided in the 2008 Annual National SMME Summit (Selai, T, 2008).

In South Africa, SMME's are generally described as any form of enterprise with less than 50 to 100 employees, and includes profit-making enterprises as well as not-for-profit (such as co-operatives). Small enterprises are also called SMMEs, a term which includes the larger end of the small to medium-sized business sector (which employ up to 200 people).

South Africa’s National Small Business Act (1996) classifies and defines SMMEs according to their employment, asset value and turnover. A simple extraction is presented in Table: 2 below.

Table: 2: Breakdown of SMMEs in the Catering, Accommodation and other Trade Sector

<table>
<thead>
<tr>
<th>Sector or subsector in accordance with the Standard Industrial Classification</th>
<th>Size or class</th>
<th>Total full-time equivalent of paid employees. Less than:</th>
<th>Total annual turnover. Less than:</th>
<th>Total gross asset value. Less than:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catering, Accommodation and other trade</td>
<td>Medium</td>
<td>100</td>
<td>R10.00m</td>
<td>R2.00m</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>50</td>
<td>R5.00m</td>
<td>R1.00m</td>
</tr>
<tr>
<td></td>
<td>Very small</td>
<td>10</td>
<td>R1.00m</td>
<td>R0.20m</td>
</tr>
<tr>
<td></td>
<td>Micro</td>
<td>5</td>
<td>R0.15m</td>
<td>R0.10m</td>
</tr>
</tbody>
</table>


The SMME sector has come to play an even more important role in the economy as South Africa’s larger businesses have begun to feel the impact of the global recession.
2.2.2  The Role of SMME's in the economy

SMMEs are intended to address socio-economic conditions. Due to the labour absorption capacity, SMMEs play a vital role in job-creation and poverty reduction. SMMEs contribute to economic development and they can provide the unskilled labour force with some form of training.

The following table illustrates the distribution of enterprises in Integrated Business Register, by size category and whether or not economically active (as of March 2007).

<table>
<thead>
<tr>
<th>Size category</th>
<th>Economically active</th>
<th>No of enterprises</th>
<th>% distribution of enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>All enterprises</td>
<td>Economically active enterprises (Unknown size excluded)</td>
</tr>
<tr>
<td>Micro</td>
<td>Yes</td>
<td>200.377</td>
<td>10.7%</td>
</tr>
<tr>
<td>Very small</td>
<td>Yes</td>
<td>251.920</td>
<td>13.5%</td>
</tr>
<tr>
<td>Small</td>
<td>Yes</td>
<td>63.193</td>
<td>3.4%</td>
</tr>
<tr>
<td>Medium</td>
<td>Yes</td>
<td>20.750</td>
<td>1.1%</td>
</tr>
<tr>
<td>Large</td>
<td>Yes</td>
<td>17.251</td>
<td>0.9%</td>
</tr>
<tr>
<td>Unknown size</td>
<td>Yes</td>
<td>2.551</td>
<td>0.1%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>1,310,842</td>
<td>70%</td>
</tr>
</tbody>
</table>

The SMME sector grew by 27% between 2004 and 2007. This figure refers to growth in the number of enterprises in the Stats SA Integrated Business Register. The largest growth is associated with medium-sized enterprises (28% growth) and the smallest growth occurred amongst micro enterprises (-5.6 growth). As a result, the share of micro enterprises between 2004 and 2007 significantly decreased from 50% of SMMEs in 2004 to 37% in 2007. (Annual Review of Small Businesses in South Africa 2008).

From an assessment of the information, and the lack of disaggregation in the stats, it could be argued that there is a need for a more gendered approach to information gathering and policy making.

The Global Entrepreneurship Monitor for South Africa (GEM) found that women entrepreneurship could be the key to unlocking economic growth for South Africa; if better and more targeted support is made available to them. It recommends that improving female levels of self-employment is imperative in the South African context and that interventions aimed at increasing female participation in the SMME sector, are an important strategy for economic development in South Africa (Allen, E, et al. 2006).

2.3. National SMME Development Strategies

SMME development strategies should provide the framework to develop the SMME sector while being integrated into broader national development strategies and developmental objectives. This section details some of the strategies implemented in South Africa.

2.3.1. The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (DTI)

The Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises aims to foster entrepreneurship and promote small enterprises. They ensure that these activities are conducted as stipulated within government policies and strategies. (DTI, Integrated Strategy, 2006: 24).

2.3.2. The Micro Economic Reform Strategy (DTI)

The Microeconomic reform strategy focuses on identifying factors that impede growth so that faster economic growth may be fostered.

This strategy recognises that to achieve micro-economic reform requires pre-conditions for competitive fundamentals. “These fundamentals include appropriate and efficient economic and social infrastructure, access to finance productive activities, investment in research and development, innovation and the take-up of new technologies, as well as
investment in human capital and an adaptive, flexible workforce” (Dobson, W, 2002: 17).

2.3.3. Draft Strategic Framework on Gender and Women's Economic Empowerment (DTI 2006)

The South African Woman Entrepreneur Network's (SAWEN) Strategic Framework on Gender and Women's Economic Empowerment provides support and guidance to women's full participation in the economy.

The objectives of the strategy are (SAWEN, Strategic Framework on Gender and Women's Economic Empowerment, 2006: 4):

- To challenge the direct and indirect barriers in enterprise, industry, and trade which prevent women from having equal access to and control over economic resources;
- To facilitate women's equal access to economic and productive resources by strengthening their capacity and networks as well as their ability to benefit from DTI policies and programmes;
- To increase women's easy access to finance by assessing problems that provide access to finance for women and suggesting improvements to address existing gaps in a sustainable manner;
- To work towards gender parity in all enterprise, industry and trade structures including boards, councils and missions;
- To ensure that life experience and views of South African women contribute equally to the reform of trade, investment and enterprise development;
- To conduct research, and put in place indicators and monitoring systems to measure the gendered impact of DTI policies and programmes;
- To ensure that the DTI budget benefits women and men equitably and that specific resources are allocated for helping to overcome the particular disadvantages faced by women.

2.3.4. The KwaZulu Natal Provincial Growth Development Strategy (KZN DED 2007)

The vision of the KZN Provincial Growth and Development Strategy is defined as follows:

By 2014 the Province of Kwa Zulu [sic] Natal will have achieved its development goals, with receding levels of poverty, unemployment and inequality, and improving quality of life for all its citizens, based on sustainable and shared growth rates and entrenched position as the leading trade gateway and investment destination on the continent (KZN DED, 2009: 12):

The following economic priority areas have been identified for the achievement of this vision (KZN DED, 2009: 29):

- Agriculture including agri-industry (with opportunities to impact considerably on the economic needs of the poor through reform);
- Secondary industry and manufacturing;
- Tourism, including domestic and foreign tourism;
- Services sector including financial, social, transport, retail and government;
- The logistics and transport sector (including rail) in the services (tertiary) sector.

The SMME development strategies outlined above, target SMME's at start-up level. The strategies targeting women entrepreneurs however, do not endeavour to remove all of the barriers to finance for women.

2.4. SMME Development Acts and Policies

The legislative framework provides for the development of an enabling environment in which entrepreneurship and small businesses may thrive. SMME development is recognised not as being the full responsibility of the state, but a partnership of the public, private and civil society all of whom play a role in economic development.

Government has, however, launched a number of regulatory reform initiatives to achieve the objective of developing an enabling environment for entrepreneurship. The 1995 White Paper on Small Business Promotion records government's commitment to ensuring the appropriateness of rules and regulations for the small business sector. This document tasked the Department of Trade and Industry (DTI) to closely monitor and, where possible or necessary, coordinate and assist the regulatory reform process. The 1996 National Small Business Act provided for the assessment of the impact of all forms of legislation or regulation on SMMEs.

It is widely recognised within South Africa that...
improved regulatory processes have good potential for tangible improvements in the general conditions in which small business operates. Government's recognition of this is evident in the plans to introduce systematic mechanisms for monitoring and evaluation, the process of whether existing legislation is achieving the intentions of policy. This commitment of government was made in response to the recognition of the importance of a vibrant small firm sector to the economy of South Africa, but also to address the severe constraints faced by black business in the apartheid years. The White Paper, for example, expressly points to addressing the legacy of apartheid based disempowerment of black business.

This section describes the policies implemented to advance the growth of a strong, dynamic, innovative and competitive SMME sector in South Africa. It provides the setting from which to better determine the financial background which women find themselves in.


The 1995 white paper on National Strategy for the Development and Promotion of Small Business in South Africa's main objective is to:

- Create an enabling environment for all small enterprises;
- Facilitate greater education of income, wealth and earning opportunities;
- Support the advancement of women in all business sectors;
- Create long term jobs;
- Stimulate a sector-focused economic growth;
- Strengthen cohesion between small enterprises;
- Level the playing fields between bigger and smaller businesses, as well as between rural and urban business, and;
- Prepare small business to comply with the challenges of increasing international competition (White paper on National Strategy 1995).

2.4.2. National Small Business Act No 102 of 1996

The White Paper of 1995 culminated in the National Small Business Act of 1996. The Act deals with the establishment of and guidelines for the organs of the state that are developed to foster small business promotion in South Africa. The Act provides for the development of the National Small Business Council, the establishment of the Ntsika Enterprise Promotion Agency and their functions and general provisions.

This Act was amended by the National Small Business Amended Act No 29 of 2004 which provided for the establishment of the Small Enterprise Development Agency (SEDA) and its operations.

2.4.3. Broad Based Black Economic Empowerment Act no. 53 of 2003

The past saw the apartheid regime systematically exclude African, Indian, and Coloured people from participating meaningfully in the country's economy. This caused poverty amongst these race groups thereby leading to a biased economy. The Black Economic Empowerment Act was passed in an attempt to redress the imbalances of the past.

The objectives of this Act are to facilitate broad-based black economic empowerment by:

- Promoting economic transformation in order to enable meaningful participation of black people in the economy;
- Achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of the existing and new enterprises;
- Increasing the extent to which communities, workers, cooperatives, and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- Promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;
- Empowering rural and local communities by enabling access to...
economic activities, land, infrastructure, ownership and skills; and

- Promoting access to finance for black economic empowerment.

### 2.5. SMME Access to Finance Stakeholders

The following table documents the supply of business support to female entrepreneurs in South Africa.

#### Table 3: SMME Access to Finance: Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Programme</th>
<th>Programme Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Trade and Industry (DTI)</td>
<td>The Small and Medium Enterprise Development Programme (SMEDP)</td>
<td>The Small and Medium Enterprise Development Programme is a cash grant, made available as an investment incentive by the DTI, to promote the growth of local and foreign investment in SA. The grant is available to new investments as well as to expanding operations, and is based on a number of qualifications and criteria. The amount of assistance that a proposed project will be granted is based on the qualifying assets it possesses.</td>
</tr>
<tr>
<td>The Enterprise Investment Programme (EIP)</td>
<td>The EIP provides investment grant of between 15% and 30% towards qualifying investment in plant, machinery, equipment and specialised vehicles required for establishing new or expanding existing production facilities or upgrading production capability in existing clothing and textile operations.</td>
<td></td>
</tr>
<tr>
<td>Danida Business to Business Programme, Credit Guarantee Scheme</td>
<td>The objective of the Business-to-Business programme is to develop and strengthen business opportunities and create jobs for the eligible entrepreneurs from the previously disadvantaged communities. This is achieved through support to the development of commercially viable businesses, based on formation of business partnerships between South Africa and Danish Companies.</td>
<td></td>
</tr>
<tr>
<td>Emerging Entrepreneur Scheme, Credit Guarantee Scheme</td>
<td>The Emerging Entrepreneur Scheme provides up to R100 000 with the fee payable at 4% p.a. in advance. The duration is 24 months initially but can be extended three times for periods of 12 months each time. The conditions are mentorship of the loan.</td>
<td></td>
</tr>
<tr>
<td>Empowerment Scheme, Credit Guarantee Scheme</td>
<td>The Empowerment Scheme provides cover up to R5m of bank facility at 60% with the fee payable at 2.5% p.a. in advance. Duration is 36 months initially but can be extended twice for a period of 12 months each time.</td>
<td></td>
</tr>
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</table>
| Individual Guarantee Scheme, Credit Guarantee Scheme | The purpose of the Individual Guarantee Scheme is to enable an entrepreneur to access funding from a participating bank or other financial institution. The scheme enables the entrepreneur to access funding for purposes of establishing,
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<tr>
<th>Stakeholder</th>
<th>Programme</th>
<th>Programme Objectives</th>
</tr>
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<tbody>
<tr>
<td>Micro Credit Outlets (KhulaStart)</td>
<td>KhulaStart uses the group solidarity methodology (gives loans to groups – not individuals). Individuals select themselves into groups of 3–10 members and need to meet the criteria established for group participation. Most importantly the group has to be a cohesive one. The loans are disbursed on an incremental basis from R300 – R3500 per member within a group. The group decides, based on the activity of the individual businesses, how much each member has to receive, and will subsequently stand surety for the full amount owed by the group as a whole.</td>
<td></td>
</tr>
<tr>
<td>Regional Equity Funds</td>
<td>The need for risk capital (venture capital/private equity) to support Small and Medium Enterprises (SMEs), especially those sponsored by historically disadvantaged entrepreneurs, is not in doubt. Many banks and institutions have introduced equity funding into their product mix.</td>
<td></td>
</tr>
<tr>
<td>Standard Scheme, Credit Guarantee Scheme</td>
<td>The Standard Scheme provides cover up to R1m of the bank facility at 80%, with the fee payable at 3% p.a. in advance. The duration of the scheme is 36 months initially, but can be expanded twice for periods of 12 months each time. Normal criteria apply.</td>
<td></td>
</tr>
<tr>
<td>The Land Reform Credit Facility</td>
<td>The Land Reform Credit Facility (LRCF) is a wholesale finance facility at Khula Enterprise Finance Ltd, whose aim is to stimulate and encourage private sector participation and involvement in the Land Reform process. The LRCF is funded by the Department of Land Affairs and the European Union. The facility achieves its objective by incentivising commercial banks and other high credit rated institutions to invest in high value agricultural and ecotourism joint ventures, thereby unlocking private sector investment into the agricultural, agribusiness and ecotourism sector.</td>
<td></td>
</tr>
<tr>
<td>Dutch Funds Available for investments in South Africa</td>
<td>South Africa is a new market that is expanding rapidly. This provides opportunities for businesses to expand investments and trade relations. The Dutch Ministry of Foreign Affairs finances companies who wish to invest in South Africa, together with a local South African company. These companies can receive a contribution of 50% of the total project costs.</td>
<td></td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Programme</td>
<td>Programme Objectives</td>
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<td>-----------------------------------------------</td>
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</table>
| Isivande Women's Fund Women's Equity Fund    | The main client is a formally registered, 60% women owned and/or managed enterprise that have been in existence for two or more years. The WEF will specifically target:  
• Black women at the bottom of the economic ladder, as these are the focus of this fund.  
• High potential survivalists, micro enterprises and cooperatives on a case by case basis.  
• Professionals (skilled women with feasible business ideas).  
• Entrepreneurs (women currently running their own enterprises).  
• The fund will specialise in debt financing. Loans will range from R30 000 to R2m per transaction. Exceptions will be considered by the Investment Committee and subject to approval by the Executive Management. The loan repayment period will be a maximum of 5 years. |                                                                                                                                                                                                                         |
| South African Micro-finance Apex Fund (SAMAIF) | Its mandate is to facilitate the provision of affordable access to finance by micro, small and survivalist business for purpose of growing their income and asset base. |                                                                                                                                                                                                                         |
| Khula Enterprise Finance Ltd. (Khula)         | Khula is an independent agency of the Department of Trade and Industry focusing on small businesses. The Company is a wholesale finance institution that had well-developed ties in the public and private sectors. Through these channels – which include commercial banks, retail financial institutions, specialist funds and joint ventures – the Company plays an effective role as a complimentary financial institution, bridging finance gaps that are not addressed by commercial financial institutions in the small business sector. |                                                                                                                                                                                                                         |
| KZN Department of Economic Development        | Ukwakha KZN Joint SMME is a privately owned company established to provide specialised support to SMME's thereby creating a vibrant SMME sector in KZN. Ukwakha objectives are to:  
• Create an enabling environment for small enterprise;  
• Facilitate access to finance and financial services to small enterprises;  
• Support the advancement of disempowered individuals in all business sectors;  
• Strengthen cohesion between small enterprises;  
• Level the playing field between bigger and smaller businesses as well as between rural and urban businesses;  
• Promote access to markets for SMMEs;  
• Facilitate regular communication between Government and SMMEs. |                                                                                                                                                                                                                         |
<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Programme</th>
<th>Programme Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ithala Development Finance Corporation</td>
<td>Business Finance</td>
<td>Bridging Finance:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• To provide bridging finance and performance guarantees (guarantees linked to bridging finance only) to small contractors in the building and allied trades based on a secured contract.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The purpose of this product is to provide financial assistance to historically disenfranchised individuals to obtain shares in existing, successful medium-sized private companies in KZN. Land &amp; Building Finance:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The purpose of this product is to finance the acquisition of land and buildings or the erection of building for SMMEs embarking on projects with a positive development impact. Plant &amp; Equipment Finance:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The purpose of this product is to finance the acquisition of equipment for new and existing SMMEs embarking on projects with a positive development impact. Working Capital Finance:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The purpose of this product is to provide working capital to new or existing SMMEs embarking on projects with a positive development impact.</td>
</tr>
<tr>
<td>ABSA Bank</td>
<td>ABSA Small Business Fund</td>
<td>The purpose of ABSA Small Business Fund is:</td>
</tr>
<tr>
<td>Development Bank of SA</td>
<td>DBSA Job Creation Trust</td>
<td>To support sustainable job creation projects for communities or cooperatives.</td>
</tr>
<tr>
<td>Development Bank of SA</td>
<td>DBSA Corporate Finance Unit</td>
<td>To cater for empowerment financing, specifically mergers and acquisitions by BEE groups, as well as expansion financing for empowered companies in the infrastructure sector.</td>
</tr>
<tr>
<td>Development Bank of SA</td>
<td>Project Finance SA</td>
<td>To develop finances (loans, equity, mezzanine and project development technical assistance/grants (on a selective basis)</td>
</tr>
<tr>
<td>First National Bank</td>
<td>FNB (Solution for Franchising)</td>
<td>To assist with funding of franchise businesses.</td>
</tr>
<tr>
<td>Nedbank</td>
<td>Nedbank Small Business Services</td>
<td>To provide the financial support and solution essential for their growth and development.</td>
</tr>
<tr>
<td>Standard Bank</td>
<td>Standard Bank (Contract Finance)</td>
<td>To provide finance to businesses that have the technical managerial ability to perform in terms of the contract but require funding to be able to perform in terms of the contract but require funding to be able to perform in terms of the contract awarded.</td>
</tr>
</tbody>
</table>
3. Research Methodology

The objective of this research had been to determine the financial barriers facing women entrepreneurs in South Africa. This study had been initiated by the ILO to specifically examine the financial barriers facing women entrepreneurs in KwaZulu Natal.

A sample of 54 previously disadvantaged women entrepreneurs operating in the Tourism industry from Richards Bay (and surrounding areas) in the KwaZulu Natal (KZN) region were initially selected to participate in a Business Capacity Risk Assessment. The majority of the respondents (78%) were between the ages of 30-49 years. Their literacy levels were low with only 22% of the women having a formal education and 59% were not literate in English. All businesses (except 3 new businesses) owned by the women entrepreneurs were in existence for more than one year of operation.

Twelve women entrepreneurs from the original sample (54) had then been selected to participate in the Financial Barriers Assessment. The 12 women entrepreneurs that were selected had to have a formal education: a Matric Certificate, Diploma or a relevant Degree. These 12 women entrepreneurs were literate in English and displayed competencies in understanding basic business principals and operated in various sectors within the tourism sector.

The participants went through the research instruments in their focus group, and anything that had not been understood was explained to them by a focus group facilitator and or translator.

The women entrepreneurs were given a topic to discuss in their respective focus groups and one person from each group had been elected to report the discussions to the entire group.

They were then tasked with completing the Financial Barrier Assessment individually and by comparing answers.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Programme</th>
<th>Programme Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Development Bank Group</td>
<td>African Women in Business Initiative (AWBI)</td>
<td>To contribute to a more equitable business environment for women entrepreneurs and enhance their contribution to economic development. To develop SME financing instruments and mechanisms to enhance financial market and assist successful SMEs to grow their enterprises.</td>
</tr>
<tr>
<td>KPMG</td>
<td>Entrepreneurial Development Initiative (EDI)</td>
<td>To stabilize and grow small business to become sustainable, financially independent and operationally independent.</td>
</tr>
<tr>
<td>Deloitte; BWA; Business Partners</td>
<td>Succeed Campaign</td>
<td>To increase the percentage of women owned young companies that remain in business.</td>
</tr>
<tr>
<td>Global Banking Alliance for Women (GBA)</td>
<td>Whole organization – membership based</td>
<td>Accelerating the growth of women in business and women’s wealth creation.</td>
</tr>
<tr>
<td>Women’s Development Businesses</td>
<td>Whole organization</td>
<td>To offer micro credit to rural women to help them out of poverty in a sustainable manner.</td>
</tr>
<tr>
<td>Women’s Enterprise Development Initiative (WEDISA)</td>
<td>Whole organization</td>
<td>A fund to support wealth and job creation for women entrepreneurs</td>
</tr>
</tbody>
</table>

Compiled by ZTLM Business Mentors, 2010
Financial barriers as well as other factors were examined to discover what difficulties there were for these women to move their businesses from the survivalist sector to the small, micro and medium economic sectors.

4. Results of the Study

4.1. Demand for financial services by women entrepreneurs

The limited research in South Africa suggests that women entrepreneurs are being constrained by the lack of access to finance. Research has also found that financial institutions tend to provide support for women entrepreneurs in the start up phases of their businesses (SAWEN, 2005;15). It has already been pointed out that women entrepreneurs hold promise for contributing to economic development. It may therefore be concluded that there is a need for financial institutions to not only review the demand for financial services, but to redress the credit environment and cater for the needs of women entrepreneurs.

These entrepreneurs reflected their growth aspirations with regards to expanding their capital base (i.e. property, vehicles and equipment for their businesses). Most women entrepreneurs stated that they would require finance of between R500 000 -R1000 000 to expand their businesses.

4.2. Assessment of Financial Barriers

The Financial Barriers Assessment instrument had been devised to assess the experiences of the women in accessing finance for their growing businesses. This section presents a summary of the 12 women's responses to a series of questions relating to their access to finance.

Topics covered in the assessment included access to capital, awareness of support services, education and training as well as gender discrimination.

Focus group sessions formed the data collection exercise. Two groups made up of 6 women. The criteria upon which the women were selected included their understanding of the English language, their understanding of finance and the tourism sector they operated in. These women then went through the instrument in their groups with assistance provided by a facilitator from ZTLM Business Mentors and an interpreter from the Richards Bay Municipality.

The overall results are presented in the figure below:

Figure 1: Financial Barrier Assessment: Results of two focus groups

The Figure represents the percentage scores of the women entrepreneurs for the Financial Barriers Assessment. Higher scores indicated that these women experienced high barriers to accessing finance while lower scores indicated that women experienced little or no barriers in accessing finance for their businesses. The average score earned by the 12 women is 38%. The data shows that 7 of the 12 women entrepreneurs scored above 40% thus indicating that they have experienced barriers to accessing finance. However 5 of the 12 women scored below 40% thus they had experienced minimal barriers in accessing finance. We may conclude that financial barriers affect the majority of women entrepreneurs in the tourism sector.

The Financial Barrier Assessment allows the following conclusions:

- A 38% average score meant that all the respondents experienced severe barriers to accessing finance.
- The women entrepreneurs had problems acquiring finance from financial institutions because:
  - They did not have collateral;
  - They could not provide a guarantor for the loan; and/or
- They were previously blacklisted and therefore a high risk to financial institutions.
- Those that did acquire finance were not allowed to administer their own money; usually the husband or partner would take control of the funds, to the detriment of the business. In other words, gender relations had a negative effect on them acquiring finance.
- If these women could have access to finance, they would spend it on property, vehicles and equipment for their businesses.
- Most of the women entrepreneurs involved in the research stated that they would require finance of between R500 000 and R1 000 000 to expand their business.
- Most women were unaware of the empowerment schemes offered by government and other organisations. Many those that were aware either did not meet the requirements, or did not understand them.

The results of the focus group discussion suggest
that very few women are aware of and access the financial products that might assist their businesses. This is not surprising since the Finscope Study of 2005 reported that only 38% of black women are formally banked and 42% of Black women of South Africa are financially excluded, meaning that they have no financial products at all (DTI, 2008).

Those respondents that claimed that they had never applied for finance at all said that they had no collateral, with all assets being in their husbands' name. This is evidenced in the statistics reported in the Finscope study. In addition, many women entrepreneurs had no knowledge of any of the governmental initiatives and sources of finance mentioned earlier, and those who did know and who had tried to procure the governmental assistance, were not eligible for it. This may be related to the levels of awareness of financial terminology reported in the IFC GEM Access to Finance Study (2006) noting relatively high levels of understanding of basic financial terminology but low levels of understanding of product specific terms such as “interest, transaction banking, technology or interest” (Naidoo, S et al, 2006: 19).

Some of the responding women entrepreneurs had no husband or partner, and therefore no surety for finance. There were also responses from women who were 'high risk' to the financial institutions because of being blacklisted previously, even though they might have paid their debts. These women struggled to grow their businesses, and most of them could not even secure credit from their suppliers, no matter how sound their payment history had been.

Suppliers may base their decision not to extend credit to certain women entrepreneurs on account of previous blacklisting and the lack of guarantor for women entrepreneurs looking to grow their businesses.

Suppliers may be more willing to extend credit to these entrepreneurs should they have an understanding as to where these women entrepreneurs see themselves and the potential growth of their businesses in the near future. This may help create a mutually beneficial relationship between the supplier and the women entrepreneur.

Most of the responding women entrepreneurs noted that they needed amounts between R500 000 – R1 000 000 to grow their businesses, and they would spend this money on assets like land, buildings and equipment for their business. Many of the women had done extensive investigation into their growth needs and what they would cost, but there were very few who had any idea of how to get the finance to fund their growth requirements.

The findings presented indicate that women believed their gender had a negative effect on them obtaining finance from financial institutions, and that they have all experienced gender discrimination from financial institutions to some extent.

4.3. Barriers for women entrepreneurs in KZN in the Tourism Sector

Barriers for tourism operators are somewhat similar to those mentioned by the women respondents reported on above. However, taking into account that the KwaZulu Natal Province has large rural areas and a predominantly informal sector, women entrepreneurs in the tourism sector are likely to face even greater financial barriers.

Barriers include:

- **Land:** Historical factors and unequal gender relations continue to hinder women's access to land and control over resources in a number of ways: Women's land rights are still limited and insecure (Brohman, 1996; Pose, 1999; World Bank, 1990); not having any land and/or collateral will limit them from acquiring any form of finance from the financial institutions.

- **Skills:** Many women lack essential skills and the knowledge of how to acquire them to ensure sustainability of their businesses. Their low education levels may be attributed to them being part of the previously disadvantaged segment of the population that had been marginalised in the apartheid regime.

- **Family responsibility:** Pressure to run a home, look after children and care for the husband/partner and family limits the time that a woman can spend on the business. This will influence the kind of business she will have how it develops and the businesses proximity with regard to the customers compared to that of the family home. This may be a contributing factor as to why many female-owned businesses are still in the survival stage.

- **Cultural Norms:** Women are still seen to be the primary caregiver and nurturer in the home. It is very difficult for a
woman to have full control of their business activities, as men are still seen as decision makers in the home. Most women have to therefore seek permission from husbands/older male relatives in the community.

- **Transport**: Many of these women live in isolated rural areas, and though they may have the skills to perform the services or trade the goods, having to get to towns and urban areas is very difficult as most of these women do not have their own vehicles. They then have to pay prohibitive prices for transport and this affects their profits.

Many women are not aware or do not understand the ways that government and institutions like the International Labour Organisation are trying to empower them. They have had to run their businesses under extremely challenging conditions for so long that they view any interventions as interference. Thus, they miss out on opportunities to grow their businesses.

Changing the mind-set of these women entrepreneurs needs to be undertaken in a sensitive and caring manner to ensure their open mindedness to interventions.

5. **Summary and Recommendations**

Reasons as to why women entrepreneurs operating in the tourism industry in KwaZulu Natal are not accessing finance to grow their business are examined in this document. Fifty-four women entrepreneurs were subjected to an assessment to ascertain their business competencies as related to business risks. A portion of these women undertook a financial barriers assessment. Most women entrepreneurs participating in the study had low scores for both the assessments, providing evidence of the importance of the issue on the ground.

The exploratory research conducted in this study (Financial Barriers Assessment) and reported above exposes the many barriers to financial access faced by women entrepreneurs in KwaZulu Natal. These may be categorized as those relating to financial literacy (including awareness); credit ratings; business skills and cultural and family factors. These factors confirm the issues generated by previous research mentioned in the paper. Each of these set of factors requires serious thought in designing the interventions that will enable women entrepreneurs to overcome the constraints.

In summary, this report attempts to expose the inadequacies of the current financial offerings women entrepreneurs have access to when trying to expand and grow their business operations.

The focus group discussions confirmed the findings of the DTI study (2008) of the lack of awareness of the full range of financial offerings available to them and indeed the generally low levels of financial literacy of these women entrepreneurs.

A public-private partnership of the relevant stakeholders (championed by the financial institutions) should be initiated to design interventions that expose these women entrepreneurs to the full spectrum of offerings of the finance providers and interventions to increase the financial literacy of this market. This would obviously be in the best interests of the financial institutions.

Cultural and social issues also play a dominant role in women entrepreneurs' ability to access finance. The value systems that define the responsibilities and authority of women in performing certain financial roles play a part in constraining women from accessing finance independently. In particular, ownership of assets or having authority to exercise their financial rights needs to be explored as credit ratings depend on this. Financial institutions will need to develop innovative solutions to cater for the women-owned businesses in this situation. In addition, mentoring and confidence building programmes are obvious possibilities.

Public resources spent on Business Development Support Programmes (BDSP) that could provide capacity to women entrepreneurs in their pursuit of finance appear not to be gender sensitive in that they seem not to understand the diverse needs of women entrepreneurs. Financial institutions also appear guilty of not understanding women entrepreneur needs, in particular with regards to how gender issues impact on their ability to access and use financial products and services. Very little tailoring of financial services and products for women entrepreneur has occurred in the last decade and until this happens, most of the financial institutions offering them act to further constrain the potential for growth of women owned businesses.

One recommendation would be for BDSPs and
financial institutions to invest in developing a full understanding of the women-owned business market and to segment them (by size; sector; aspirations; cultural values etc.) appropriate to their businesses and develop offerings suited to each segment. This targeted approach is likely to provide “win–win” interventions.

Notwithstanding the above challenges however, there is sufficient evidence that micro, small and large women-owned businesses that are growing in South Africa. Their growth appears to be funded by non-traditional means of funding. The role of cooperative banks, village banks and community-based funding is expanding slowly, and encouragingly, is being backed by both public and private institutions. At the small and large business level, the role of joint ventures and partnerships that create funding and finance capacity for women-owned businesses seems to be recognised as a means of overcoming restrictions and securing access to funding and resources that would otherwise have never been possible. There are some examples of success in these options.

Black Economic Empowerment legislation and targets for women-owned business activity is also a key push factor in developing women-owned businesses. Large businesses and corporates target women entrepreneurs through their Corporate Social Investment (CSI) economic development programmes, providing them with funding and indeed other capacity building resources to sustain and grow their ventures. Success has been recorded in this arena too.

Overall, however, there remains a gap in finding solutions to women-owned business’ capacity to access funding to cater for their growth needs and there is enormous scope for public and private initiatives in this arena.

6. References

entrepreneurs in South Africa


15. Poverty-World Bank’s 'World Development Report -1990 -Special Section Future of the Global Economy: Challenges of the 90s, UN Chronicle


7. Appendix

Summary of the Tourism Sector in South Africa

“With a population of approximately 41 million and a land area of 1.27 million sq. km (nearly five times the size of the UK); South Africa’s resource base for tourism is phenomenal. The country’s tourism attractiveness lies in its diversity. Some of the features which make South Africa an incredibly attractive tourism proposition include: accessible wildlife, varied and impressive scenery, unspoiled wilderness areas, diverse cultures (in particular traditional and township African cultures), generally sunny and hot climate, no ‘jet lag’ from Europe, a well-developed infrastructure and virtually unlimited opportunities for special interest activities such as whale-watching, wild water rafting, hiking, bird-watching, bush survival, deep-sea fishing, hunting and diving. In addition, unique archaeological sites and battlefields, the availability of excellent conference and exhibition facilities, a wide range of sporting facilities, good communication and medical services, internationally known attractions (Table Mountain, Cape of Good Hope, Sun City, Kruger National Park, Garden Route, Maputaland) and unrivalled opportunities to visit other regional internationally known attractions (e.g. Victoria Falls and the Okavango Swamps) make South Africa an almost complete tourist destination.

Tourism has become a fiercely competitive business. For tourism destinations the world over, as indeed for South Africa, competitive advantage is no longer natural, but increasingly man-made - driven by science, technology, information and innovation. As such, it is not simply the stock of natural resources of South Africa that will determine her competitiveness in tourism, but rather, how these resources are managed and to what extent they are complemented with man-made innovations. In this regard, South Africa scores well on three important fronts. First, the already well-established network of national parks (covering some 6.3% of the surface area of the country) and private nature reserves are very much ‘on trend’ with the demands of the increasingly environmentally sensitive visitor. Second, some companies are already leaders in global ‘best practice’ in ecotourism, while others have created Disneyland-like attractions in South Africa, boosting the country’s name internationally. Third, the recent successful political transformation in South Africa has virtually 'opened' the country's tourism potential...
to the rest of the world and indeed to the previously neglected groups in society. It is not surprising that the World Tourism Organisation in its 1995 review of African tourism considers South Africa to be 'one of the most promising tourism destinations of the African continent'. The Horwath 1995 Worldwide Hotel Industry Review concluded that South Africa's tourism potential “is outstanding, providing peace and harmony remain.

Notwithstanding all the above mentioned advantages, South Africa has not been able to realise its full potential in tourism. As such, the contribution of tourism to employment, small business development, income and foreign exchange earnings remains limited.” (White paper, 1996)

South Africa's tourism industry underwent extensive change and development between 1990 and 2006. Although forecasted levels of foreign visitor arrivals did not materialise in the late 1990s and early 2000s based on performance in 2005 and 2006 it appears as if the tide may have turned. Institutionally and strategically South Africa is well positioned to grow the tourism industry off a solid base.

However, the same cannot be said for skills development in the tourism sector. Skills issues identified in the 1990s have not been adequately addressed as they are the same ones that are typically raised today, in spite of the various institutional structures and programmes that have been implemented to address these issues. It is therefore imperative that the various skills issues raised in this and other reports are dealt with concisely and effectively so that employees currently working in or entering into the sector can meaningfully contribute to the sector's growth, through the provision of appropriate skills.

The following set of illustrations presents an overview of the Tourism Industry in South Africa.

Figure 2: The current and potential SMME Tourism Market in South Africa:

This graph illustrates the SMME tourism market in South Africa. The market is divided into the Operational, Potential and Marginal tourism enterprises. The Operational Enterprises are a significant 35% of the market, and Women Entrepreneurs make quite a significant share of this sector. The Potentials would move to the Operational sector if they received assistance in the form of Empowerment Strategies, Laws and Regulations. As can be seen from the above data, the Potential sector constitutes 50% of the SMME Enterprises and therefore a 50% potential for capacity building for the Tourism sector. This coupled with assistance to the Marginal sector could bring over 65% of Tourism SME's into the mainstream economy, if resources are channelled to these recipients.
The above illustration indicates the areas within which the Tourism Enterprises operate in. Though there are not a lot of operators in the Rural Fringe and Rural Areas, there is room for a lot of development in these areas, as KZN has a rich natural and cultural history that can be utilised much more in these areas. This also emphasises the fact that the Urban, Recognised Tourism Areas, Suburbs and Townships have access to good infrastructure, transportation and finance and it could be said that rural areas would benefit greatly from these structural improvements. Illustrated in the graph above, tourism enterprises operate in three main sectors, accommodation, Tour operators and guides and food and catering. Arts and crafts are mainly done by the informal, unregistered, survivalist operators. There is a lot of potential in the Travel/tourism agencies, performances and transport sectors, but these are sectors that require high amounts of capital, emphasising the need for Women Entrepreneurs to have access to finance. There is also room for innovations in the Attractions and other sector, although again these sectors may be capital intensive.
Figure 4: Sectors where Tourism Enterprises are operational

Figure 5 illustrates the different product/service offerings by tourism operators.

The KwaZulu Natal tourism sector: selected perspectives on the enabling environment for women entrepreneurs
Craft manufacturing and sales is the most popular form of tourism business. This category is easy to start and fund, and subjected to the least amount of regulation when operating. Categories like guest houses, restaurants and tour buses, for example are capital intensive and require licenses, permits and a lot of other regulatory requirements in order for them to be operational, thus the low number of operators offering these products/services. There are, however, many opportunities for operators offering innovative ideas in sectors like the entertainment, tourist guides and taverns/shebeens. These do not require a lot of capital, nor do they require the amount of regulatory requirements as the other products/services. Women Entrepreneurs operate in all of these product/service offerings and support for them specific to each area would greatly benefit them.

**Figure 6: Female Ownership in tourism**

![Female Ownership in tourism](image)

This graph shows the division of male and female ownership in the tourism industry. Thus it could be said that Women Entrepreneurs make up the majority of the Tourism Industry Market. This highlights the fact that women entrepreneurs need access to finance in order for them to grow and prosper, in turn increasing market growth in this sector.

The previous set of graphs provides an illustration of the way the tourism market is divided, how and where they operate and the products and services that they provide. These graphs provide a better understanding of where possible challenges and opportunities lie.
As part of the WEDGE South Africa project, four (4) separate pieces of research were commissioned and written by various consultants to assist the project team in implementation of the project from 2009-2011. This report consists of a compilation of these four research reports with the aim of further contributing to the body of knowledge in South Africa about women entrepreneurs, with a specific focus on KwaZulu-Natal and the tourism sector. This research should be utilized by provincial policy makers and business development service providers to better understand the operational and legislative and environment for women entrepreneurs in the KwaZulu Natal.

The responsibility for opinions expressed in these pieces of research rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them.