Workforce Development Strategies:
SETA Strategic Planning Methodology

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1. EXECUTIVE SUMMARY

In South Africa, workforce issues have been the focus of a great deal of attention in the wake of the passage of the Skills Development Act (SDA). The South African Department of Labor (SA DOL), through the Directorate of Human Resources and Employment Services, has a key role in the operationalization of all the elements of the legislation. A key aspect of the SDA implementation process is the establishment of Sector Education and Training Authorities (SETAs). Although at the time of this report, no SETA has been established, nor has the demarcation process been completed,[1] preliminary discussions have begun in many sectors of the economy. It is anticipated that demarcation discussions will finish in the coming months, and that the SA DOL will begin to receive SETA applications by the end of 1999.[2]

A key SETA activity will be the development of a "sector skills plan." This plan will foster an appropriate training environment, and reinforce workforce development as a national priority in order to enhance the overall competitiveness of industries. Essentially, the plan *should* serve as a mechanism to link more effectively the demand for, and supply of, skills in each sector.

This final report represents our efforts to test and tailor a global methodology for assessing and promoting workforce development initiatives in South Africa. From September 1998 to March 1999, PricewaterhouseCoopers (PwC) used a global methodology to analyze the processes of creating, organizing, and operating SETAs. Specifically, we focused on the strategies of the South African tourism, travel and leisure sector. This deliverable depicts our final analysis in the following three sections:

Part I – Workforce Diagnostic Executive Summary outlines the global methodology that PwC designed to assist countries with workforce development issues. This methodology was the basis for our work, but was refined to respond to South Africa's specific needs.

Part II - SETA Strategic Planning Methodology walks the reader through the step by step process for creating a SETA strategic plan. This section describes in detail a set of tools SETAs can utilize during this process. We supplement this section with numerous appendices illuminating aspects of the methodology, and tools to support each component.

Part III – Tourism Industry Pilot presents the results from applying this SETA strategic planning process and diverse tools in the tourism industry. In this section, we present overall results and recommendations for each tool tested. Many of these results are also depicted in more detail in attached appendices.

1 The demarcation process will determine which industry segments come together into specific SETAs.

2 This statement is true as of March 30, 1999 when the first draft of this report was completed.

This Executive Summary complements the verbal presentations we conducted at the end of our second field trip for the USAID South Africa Mission in Pretoria, on 15. March, and for the South Africa Department of Labor, on 16. March.

In order to assist the reader find more detailed information regarding topics mentioned in the Executive Summary, we have included references guiding the reader to the relevant areas of the main report.

1.1 Visions for the SETAs

In undertaking this assignment, one major theme has been illuminated -- the importance of effective stakeholder action. The creation of the SETAs represents a unique opportunity for effective public-private sector partnership. It also runs the risk of further alienating the private sector from the skills planning process. Thus, one can envision one of two futures for the SETAs (See ***Section 9.9***):

- *The first scenario* views the SETA as the training agent of the tourism industry. Its governance mechanisms are inclusive and transparent. The industry is engaged and many businesses are claiming grants. At the same time, grant funds are growing and curriculum innovation is increasing.
- *The second scenario* considers the SETA as an agent of the DOL, with exclusive governance mechanisms. Its role is misunderstood by industry players. Industry has taken an aloof stand, and employers see the levy as another nuisance tax. Few employers bother to claim grants, and administrative costs spiral to the point that few funds remain available for grants. The curriculum innovation process has stagnated.

It benefits industry and government planners to ask themselves honestly and frankly: *What will the future be? How can the first scenario be achieved, and the second avoided?*

Effective public-private sector dialogue is based on a broadly shared vision of the issues and a consensus regarding the priorities for the sector. How is this shared vision and this consensus to be achieved? One approach would be to create a strategic planning process that is:

- *Sector wide*: Strategy and planning cannot focus anymore on individual companies, but due to the interlinked nature of the global economy, it should *involve complete industries.*
- *Strategic and accountable*: In worker-employer conversations, a *comprehensive vision* will achieve more than ad-hoc complaints; rather than seeking concessions, workers and employers should strive to assume *co-responsibility* for future policies. In order to achieve competitiveness, everybody needs to move across opposite positions and try to *sit at the same side of the table.*
- *Focused on facts:* Stakeholders need to go beyond laundry lists and anecdotal evidence in developing their plans, and begin to set *defined priorities* based on appropriate *data and analysis.*

1.2 The Concept of the Competitiveness

Competitiveness is at the heart of workforce development strategies for SETAs. Workforce development[3] is critical to developing and maintaining industry *competitiveness*. For South African businesses, it means being able to compete successfully in increasingly sophisticated and demanding global markets. For South Africa as a whole, workforce development is critical to creating sustainable economic growth.

We were sometimes asked why we emphasized *competitiveness* so much in a project that referred to *workforce development.* This goes back to the myriad of definitions of competitiveness: increased productivity, agility, innovation, efficiency, higher margins, strategy, and so forth. Workers play a vital part in each of these; they are the main driver for productivity and higher margins. Most innovations originate with workers trying to perform their tasks better. Efficiency can only be achieved with the buy-in of workers, and thus they are an integral part of any modern business strategy.

A country's competitiveness cannot be separated from how it utilizes and grows its resources, especially its workforce. The classical approaches to economic growth emphasize the exploitation of *comparative advantages.* These are often inherited, can rarely be applied to other areas, and are lost only over extended periods of time. But in an increasingly global world--where people's horizons go beyond the national or regional and more and more countries compete to achieve high rates of sustained growth--comparative advantage is no longer enough. *Competitive advantage*, on the other hand, is created within a sector, and needs to be fostered and nurtured by a combination of technological advancement, continuous innovation and investment in the human capital base, physical infrastructure, and so forth. Workforce development increases a country's stock of human capital, and thus is central to creating and sustaining a sector's *competitiveness*.

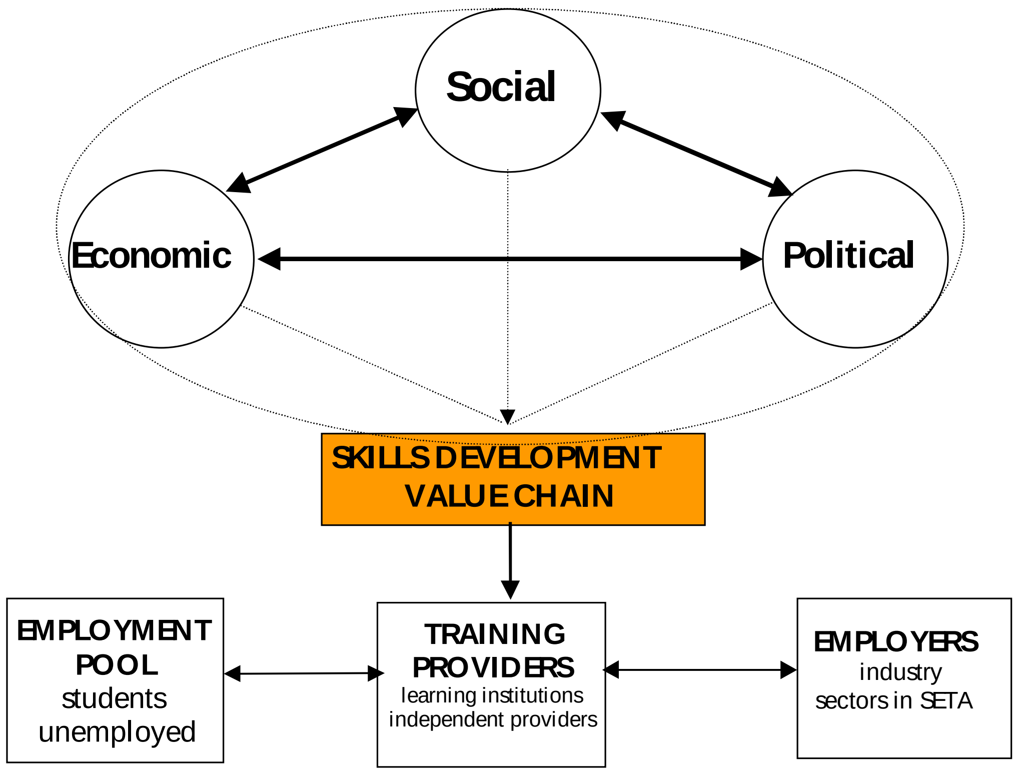
Competitiveness itself (and skills development) is embedded in a cluster of social, political and economic factors that affect human capacity and competitiveness in the sector. We wanted to study not only the *demand for skills* on the part of employers, but also the *supply of skills* being provided by training providers. It was critical to evaluate how industry trends relate to the demand for skills and to identify the linkages between stakeholders. We sought to understand, for example, the level and effectiveness of cooperation between stakeholders, and the willingness of stakeholders to realize and adapt to industry trends.

Skills Development Chain

In order to analyze systematically the supply and demand of skills, we developed the concept of the "skills development value chain" and looked at how these factors affect the provision of training along every link of the chain. Workforce skills themselves can be considered to be a product; as such, they are part of a value chain that starts with the raw

[3] Workforce development describes an interdependent system of linked conditions, policies, strategies, actions and commitments that foster an enabling environment. In such an environment, demand-responsive institutions and processes enhance the level of skills and competencies of workers. Improvement in workforces has proven all over the world to be a consistent indicator of higher rates of economic development.

material (the employment pool). Training providers add value and, finally, employers use the intermediate product (a skilled worker) to produce the final product or service for customers. *(See diagram below.)*



Ultimately, our analytical construct leads us to focus on four key sets of questions, namely:

- Linkages
  - What are the linkages between the various related institutions?
  - What is their nature?
  - Are they transient and driven by personalities or stable and institutionally-based?
  - How does the nature of these linkages affect the supply and demand responses?
- Economic arena:
  - What does the industry need to achieve its target goals for growth and what are the critical skills required?
- Political arena:
  - Do government institutions, policies and regulations foster or hinder competitiveness?
- Social arena:
  - How do institutions affect values, learning, creativity and innovation?
  - What are the objectives and role of unions?
  - How do race and gender considerations affect the supply and demand of labor in the sector?

1.3 Tools Utilized in the Workforce Development Methodology

To complement the macro-analysis of the competitive analysis framework, we designed and administered a survey and several dialogue tools in order to gain a more detailed picture of South African workforce development issues in the tourism industry.

The Pilot Survey

The primary objectives of the 1999 Pilot Survey were to:

- understand the training attitudes and availability of training providers;
- evaluate and assess the nature of stakeholder linkages and disconnects;
- attempt to identify skills gaps for staff, supervisors and managers; and
- understand industry's knowledge of legislation and their expectations with respect to the SETAs.

The survey was a useful tool for tracking progress in addressing critical skills shortages. The survey also provided current information on skill demands and firm-level actions to address deficiencies. Through the pilot survey, we sampled 40 firms in the South African tourism sector (a statistically significant sample) (***See Sections 4 & 10***).

After we administered the survey, we held four *contact groups* that complemented and validated the survey information (***See Sections 5 and 11***). The contact groups targeted the people interviewed, as well as training providers and students. The verbal information from these groups validated and expanded on the data obtained from the survey and the competitive analysis.

Dialogue Tools

Our principal dialogue tool was the organization of two strategic retreats (***See Section 6 and 12***). The primary objective of these retreats was to *raise* the issues, *prioritize* those considered to be most critical, and *create* consensus on actions required to address these. Finally we strove to foster *stakeholder ownership and commitment* on the action plans developed. This involved inviting a group of selected stakeholders (45 attended the first retreat, 29 the second retreat) from all segments and interest groups in the industry to an all-day retreat. They were presented with the data gathered and a brief analysis in order to foster discussion. We modeled the use of innovative facilitation techniques, such as 'envisioning the future' and 'flag-raising for orderly discussion.'

1.4 Lessons Learned – The Tourism Industry

The tourism industry is quite complex. Assuming growth trajectories being presented by the industry stay on target, some 32,000 new jobs will be created every year. Many of these new entrants to the labor force do not have much formal advanced education. In addition to training conducted in-house, there are more than 100 tertiary education institutions offering training in tourism related areas, including three universities. All of these workers, trained or untrained, feed into an industry that includes at least five major segments: accommodation, touring, food and beverage, transport and attraction management. Most of these elements did not seem to be interconnected into a coherent skills development system that provides a match between job demands and appropriately trained workers.

The industry, however, has developed a coherent business growth strategy that focuses on growing the high-margin international visitor segment (See ***Section 8*** and ***Appendix B***). This strategy has implications on the skills that workers need. For example, the emphasis on eco-tourism and cultural tourism demands guides and service workers with insights in local ecology and culture; adventure and sports tourism demands a thorough understanding of safety regulations and expert sport instructors. These are new products that demand a workforce with certain skills that training institutions are currently not providing.

Training, at least on paper, is considered to be an important activity to improve skills, especially in the area of customer service. Yet, even though there is no shortage of training providers,[4] most training seems to be conducted in-house: only 2.5% of employers used exclusively external trainers, while 42.5% of employers train exclusively in-house. (The rest use a combination of both). The need to integrate backwards along the 'skills development value chain' *(see above diagram)* reflects the frustration of employers with the quality of current schooling options. It also indicates a potential area for future cooperation between training providers, who should be able to provide training services more efficiently, and employers, who would prefer to focus on developing and selling products or services to their final customers.

The Skills Gap

The PwC survey also measured the specific skills gaps in the tourism workforce. For this, the PwC Team adapted a list of *critical outcomes* (skills) laid out by the SA National Qualifications Framework (NQF) and asked survey respondents to tell us the *ideal* and *actual* level skills for workers in their company. We were not interested in absolute levels, since those are highly subjective. By focusing only on the difference between actual and ideal, *the relative gap*, we were able to control somewhat the divergence in individual ratings.

The results of these questions shed light on critical skills shortages. Among line workers (specifically food and drink service or reservation clerks), tourism awareness, problem solving and self-management were considered to represent the largest gaps, while analytical skills actually had a *negative* gap; that is, workers were perceived to have higher skills than were needed. On the other hand, for managers and supervisors, analytical skills were precisely among those with the largest gap (See ***Appendix C***).

This seeming incongruency is consistent with other information. Employers do not seem to emphasize the continued development of workers; managers often come from the outside and there seems to be a disconnected career path. Line workers are not expected ever to assume managerial positions, and managers often have not had operational

[4] Respondents in various segments of the tourism industry rated "trainer shortage" as insignificant.

experience. Employers also complain that workers do not have the proper ‘attitudes’ towards customer service, an awareness of what the tourist wants, nor show initiative.

Stakeholder Coordination

In order to address the skills gap and the attitude problem, industry coordination with the educational authorities and training providers is imperative. But research also suggested that there were some important obstacles to effective industry-training provider coordination and cooperation. Employers complain that training is too costly and that they are unable to release staff for training. They would like to use more cost-efficient external trainers, but the latter do not provide the services they need. Yet, there seems to be little effort to coordinate with training providers. The traditional linkages between trainers and employers, such as placement offices liaising with recruitment offices or industry advisors involved in curriculum development at teaching institutions, rarely exist. The only coordinated business-education linkage we were able to identify were the practicums employers offer to students as part of their practical training.

In fact, stakeholder linkages proved to be one of the areas where the future SETAs can have the greatest impact. The PwC Team developed a series of tourism industry linkage maps to assess the architecture of stakeholders’ interactions (See ***Section 8***). Although linkages among stakeholders have evolved significantly over time, they are still often driven by personalities, rather than being institutionally based.[5] Still, the tourism industry is fortunate to have in place a strong network of interactions among its stakeholders.

Tourism sector linkages are varied and often strong, but government linkages are rare and weak. In particular, the Departments of Labor, Education, and Environmental Affairs and Tourism, though formally linked in the cabinet, do not have enough informal or mid-level linkages to work in an effective manner. Thus, there is extensive duplication and lack of coordination in areas such as standards, accreditation and certification. The involvement of the Department of Education could be critical to SETAs’ success; to the extent that workers are better prepared coming out of secondary school, it will be much easier to train them effectively.[6] A final insight from our linkage analysis is that unions (and the labor sector) are not central players in tourism; they have chosen to marginalize themselves in the training arena.

In general, the formation and evolution of the individual SETAs will depend on the nature and strength of linkages in each sector. Careful attention needs to be paid to the design of effective governance structures for each SETA.

Stakeholder Priorities

[5] The governing boards of new institutions such as the SETA and the Tourism Forum have the opportunity to institutionalize some of these linkages.

[6] The Department of Education and the Directorate of Tourism have begun a joint effort to bring tourism awareness courses to secondary schools. The Department of Labor has not participated in these efforts.

One of the objectives of our methodology was to define the priorities of the stakeholders in the tourism industry. These fell into four areas:

- *Codify and improve the governance structure of the future SETA:* A fair and transparent governing structure is considered to be key in fostering ownership and commitment to the SETA concept. Without it, the SETA governing structure will be viewed as yet another bureaucratic layer. While the specific relationships between all stakeholders, including the training providers, is not yet clear, it was widely agreed that for the SETA to be successful, it must strive to be inclusive.
- *Improve communication and access to information:* There need to be efforts to foster more communication between training providers and industry. Similarly, the role of the SETA and the impact of legislation on employers needs to be explained, since there is great uncertainty at this point. This situation presents a threat to the future success of skills development, but it is also an opportunity for the SETA to establish itself as a worthwhile partner at the discussion table.
- *Rationalize the standards and the accreditation/certification processes:* At the moment there is too much fragmentation in these areas. Businesses spend large amounts of time satisfying requirements from various parts. This occurs partly because of the disconnect between the DOL and the DOE and is viewed as a serious obstacle to curriculum innovation.
- *Improve stakeholder attitudes:* Employers need to be made aware of the positive link between competitiveness and investments in training for their workers. More than technical skills are required to be successful in a service industry; stakeholders need to strive to provide ‘high-touch’ service (See ***Section 9.3***).

Stakeholder Actions and Commitments

However, determining priorities is not enough. A successful planning process needs to establish cohesive actions to address the priorities and draw commitments from the various stakeholders affected by the implementation of such action plans. Among those agreed to by stakeholders at the strategic retreats include:

- *Define an appropriate SETA governance structure:* This is critical to achieve buy-in among stakeholders. This structure should include at least representatives from the labor and employer sectors in all segments. Although training providers cannot be members of the board (because of DOL regulations), some alternative arrangement needs to be found so that they can have a voice. Some of the questions that need to be answered include:
  - How will various stakeholders gain appointment to the board?
  - What type of self-corrective mechanisms can be created to address potential problems?
  - How will providers participate?
- *Improve industry-wide communication:* The SETA can play a critical role in collecting and disseminating information, through mechanisms such as a website, bulletins, newsletters, conferences, etc. Specifically, many stakeholders considered the creation of a database to be an extremely important and useful tool to bring stakeholders together for the purpose coordinating training activities. Similarly, an annual handbook could also serve a similar purpose. In both cases, these services could be free to SETA

members, while a fee could be charged to others (such as training providers) who would like to have access to the information. All stakeholders would commit to providing the SETA with the information required for database/handbook. A final mechanism to promote dialogue and share knowledge were 'consultative groups.' These could be promoted by the SETA, not only as a networking mechanism, but also as an effective way to reach the businesses and providers in provincial capitals, such as Cape Town and Durban.

- *Develop a common accreditation system for skills development:* One way to do this could be to coordinate activities with SERTEC. Life skills should be included in the curriculum of training providers. The DOE and DOL need to synchronize their efforts, and the SETA can play an important role as a forum for discussion. Similarly, the standard setting process needs to be flexible and agile; legislation should be designed that can allow such flexibility.

These were the actions agreed upon by the stakeholders. The new SETA for Tourism, when it is established, has a clear set of priorities to guide it. These are priorities and actions that will take this SETA clearly beyond the role of a levy administrator. The current nucleus of the Tourism SETA (led by the HITB and TETASA) is willing to take on this broader challenge.

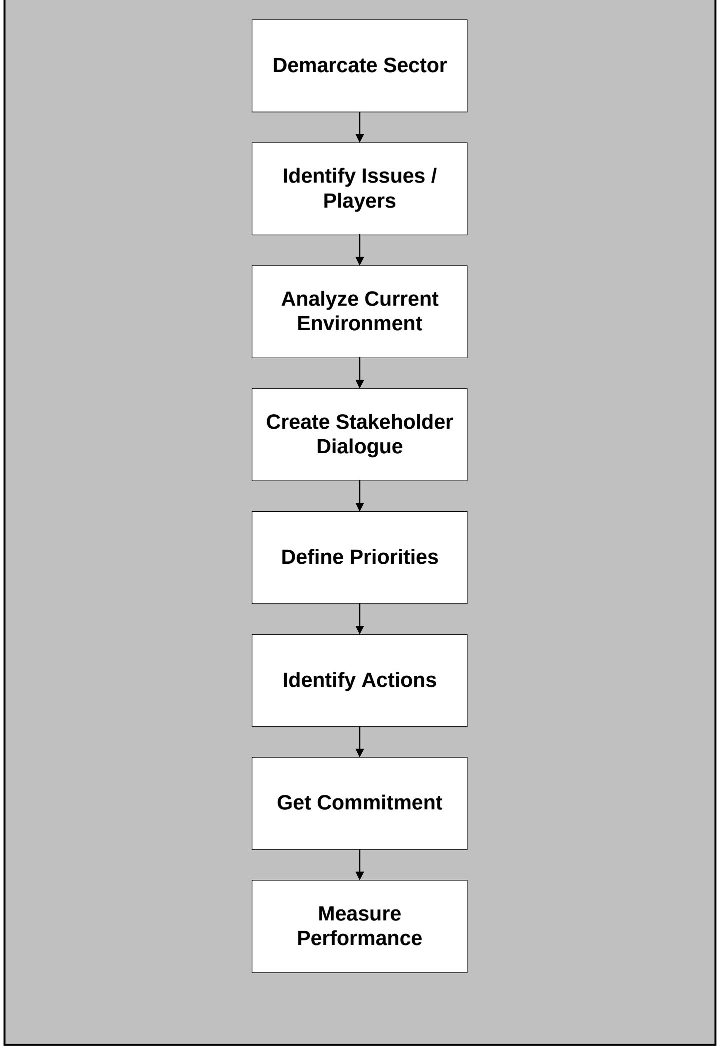
1.5 Key Recommendations

Based on our experience in the Tourism industry, we have developed a concrete set of recommendations that can be used to guide SETAs as they develop into key industry players. Though these have been developed out of our experience with the Tourism industry, we feel the recommendations will prove valid to all SETAs.

At the beginning of this Executive Summary, we presented two future scenarios for the SETAs: either as an agent for inclusion and change, or an administrative bureaucracy. The SETAs have a historic opportunity to have a positive impact on South Africa's labor markets and put in practice the spirit of the Skills Development Act. Our frameworks, tools and analyses have been developed to assist SETA planners in their task.

Making the former vision a reality means instituting a planning process that is inclusive, focuses on strategy, and is validated through real data. Based on the results of this study, we recommend that SETAs embrace a broad based strategic planning process based on data gathering, analysis, dialogue, priority-setting, action planning and commitment. This *Strategic Planning Process* (see text box below) is explained in full in ***Section 2*** and will play a pivotal role in ensuring the SETA implementation process is a success.

A critical pre-requisite for extending this methodology to other SETAs is a basic demarcation of each sector. The initial use of such frameworks and tools as the competitive analysis and survey instrument cannot go forward without an understanding of which economic segments the 'industry' is representing. The SETAs will not be able to address effectively the needs of their constituencies if it is not clear who they represent. Further, the importance of the contact groups and strategic retreats as tools for information validation and dialogue was highlighted.[7] Although the pilot survey provides the necessary information for the PwC analysis, future SETAs in other segments will require a baseline analysis.[8]



Proposed SETA Strategic Planning Process

Throughout this document we make numerous suggestions and recommendations that relate to the research conducted in the tourism industry. However, the following recommendations can be applied across industries and can positively affect skills development for all of the SETAS and the industry as a whole:

1. ***Capitalize on the opportunity to make SETAs a tool for discourse and innovation, not just another tax-collecting bureaucracy:*** The DOL and the future SETA managers have the opportunity to create organizations that can serve as a bridge between employers, workers and training providers. SETAs can become advocates for the importance of training and skills development as drivers of competitiveness and economic growth. In order to ensure that SETAs fulfill their promise, rather than become just another complicating bureaucracy, the DOL should develop regulations that encourage innovation and foster dialogue. SETAs need to become organic and flexible institutions that compete with each other for "clients" and the respect of the country's economic actors. In addition to financing training grants, the levy should be used to plant seeds for additional investments in skills development and to support experimental approaches in training.

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7 Participants raised the issue that such activities should be facilitated by a neutral or external party.

8 The tourism sector was chosen precisely because a baseline analysis already existed. (1997 BMI Tourism Training Needs Survey)

2. ***There needs to be much more coordinated action between the DOE, DOL and DEAT:*** For example, in the areas of accreditation and certification and in establishing backward linkages to secondary schools to teach tourism awareness skills and begin the process of addressing the "attitude problem." For this purpose, the involvement of NGOs and PVOs such as *Reach and Teach* is certainly a good beginning. Part of a SETA's role might be the search for and dissemination of innovative experiments in education and training, such as those being introduced by these training organizations.

3. ***The creation and development of the SETA should involve stakeholders from all segments of the industry:*** As a result of the demarcation process, new segments (e.g. the tourism industry SETA including museums and conference venues) will be grouped together with established segments such as the hospitality or travel agent groups. In order to achieve credibility among *all* its constituents, the SETA should strive to ensure that everybody is kept informed and involved from the outset. This document suggests a variety of tools to assist in this process, including surveys of stakeholders, consultative and contact groups and annual strategic retreats.

4. ***SETAs can become effective disseminators of information*:** Although not directly considered by law, SETAs can be a potentially vital vehicle for establishing and strengthening stakeholder linkages through their education of stakeholders on the opportunities and rewards of workforce development initiatives.

5. ***SETAs can become instruments for outreach to previously disadvantaged groups*:** The SETA can play a role in promoting tourism in rural areas and in addressing the extent to which a "glass ceiling" exists for certain groups.

6. ***Training providers should form a partnership with employers and be more responsive to the needs of their students.***

7. ***Employers need to become aware of the positive returns of investing in training for their workers:*** This is the case even when employees leave to join other firms. All over the world, industries that have competitive labor markets with extensive cross-fertilization of workers among competitors, have shown high rates of economic growth and innovation.

8. ***Similarly, unions need to realize that it is in their best interests that their members demand training:*** Workers cannot continue to adopt 'industrial-era' adversarial positions and focus on wage bargaining. They cannot complain of being ignored when they are themselves ignoring the industry trend towards competitiveness rather than simple production. Unions should try to study the "best-practices" of their counterparts throughout the world.

PART I – GLOBAL WORKFORCE DIAGNOSTIC METHODOLOGY

The Pivotal Question

What factors account for worker productivity and job growth?

From Brazil to Moldova, countries throughout the world expect to see at least 25% of their population enter the workforce every year. With unemployment levels already above 15% and 20%, and many of these economies mired in recession, a crisis in youth unemployment is looming, threatening to further destabilize markets and reducing prospects for growth.

Macroeconomic policies matter. The “enabling environment” for business — loosening bureaucratic restrictions, sweeping away rules that promote insularity, promoting policies that encourage risk-taking entrepreneurs, while minimizing the costs of failure — these are all part of the success formula.

But research also indicates that policies that promote workforce flexibility, adaptability and innovation are at the heart of productivity and job growth. Actions that support the development of an adaptable workforce, with the skills necessary to support the dynamic requirements of a competitive economy, are critical to an industry’s ability to build and sustain competitiveness in the global marketplace. Market growth, political stability, and prosperity require workforce development strategies that are inclusive and equitable, opening new opportunities for groups such as women, ethnic minorities, and the poor.

What programs will foster and promote workforce flexibility and adaptation? How can industry and educational authorities cooperate to create relevant training programs and opportunities? What role can governments, industry, educators, and NGOs play in the development of relevant and sustainable workforce development strategies? What mechanisms are needed to broaden access to these programs and opportunities?

The Workforce Diagnostic: Linking Workforce Development to Competitiveness

The Workforce Diagnostic is a tool designed to help policy-makers, educators, and industry stakeholders understand how competitiveness and workforce development are linked in a sector. It is a tool to generate productive dialogue among the stakeholders, leading to actions and commitments that strengthen the linkages between the needs of industry and workforce development policies, to the benefit of both.

The Workforce Diagnostic is:

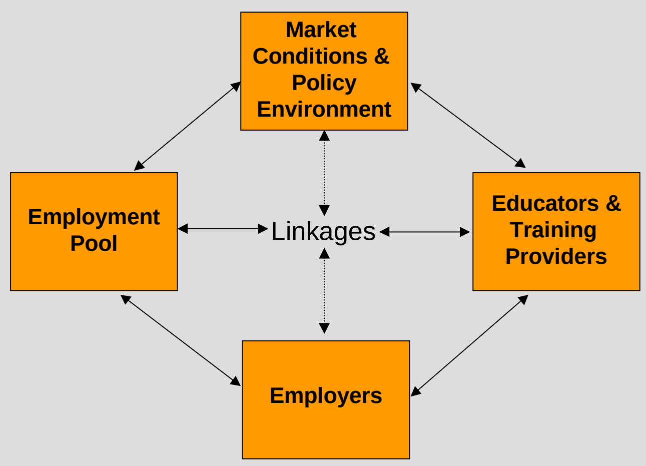
- Focused on industry clusters
- Self-winding
- Flexible and adaptable to local needs

Focused on Industry Clusters

Just as countries are diverse, the workforce development issues will vary throughout a country. As a result, the Workforce Diagnostic does not analyze the entire economy. Rather, it focuses on distinct industry clusters that share common characteristics.

An industry cluster is a collection of interconnected companies and institutions that rely upon one another to achieve and sustain competitiveness. An industry cluster, therefore, contains not just the relevant industry members, but also supporting institutions such as educators, training providers (affecting the supply of human capital), parts suppliers, distribution and transport companies, and financing organizations serving the industry.

Figure 1. Workforce Development Elements



The focus of the Workforce Diagnostic is on institutional linkages. The Diagnostic analyzes workforce development needs and policies in a cluster in terms of four elements: employers, employment pool, market conditions and policy environment, and educators / training providers. (*See Figure 1, Workforce Development Elements).* The overarching objective is to create and sustain the linkages between the four elements within a cluster.

Although these elements are broadly titled, each contains numerous layers that can be analyzed differently depending on the current environment in question. For example "market conditions and policy environment" could include the demands of the market, the policies that support or hinder workforce development, and the social and cultural contexts that need to be included in any workforce analysis.

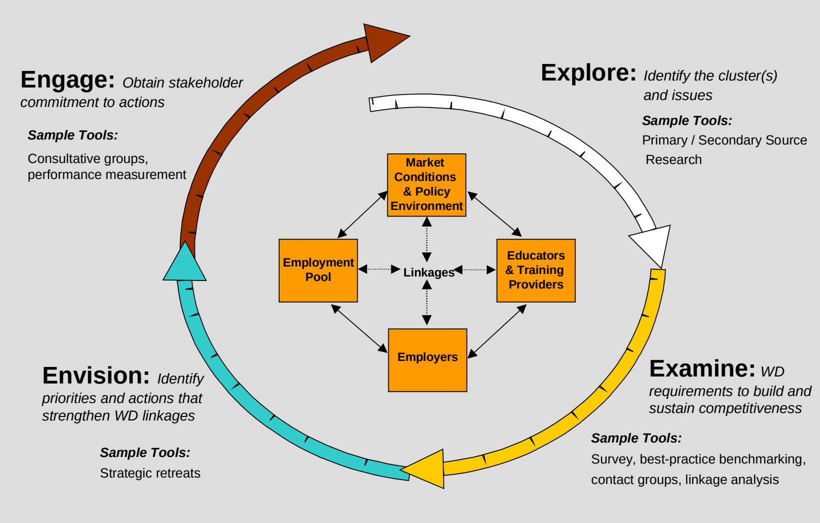
The Workforce Diagnostic examines the strength, duration, and depth of the linkages among the four elements, and how each contributes to or detracts from competitiveness within the industry cluster. It provides a **methodology** for systematically evaluating the degree of alignment between what the market demands, employers require, training providers offer, and what the labor pool brings in terms of skill endowment. By looking at each of these elements, industry, policy-makers, educators, training providers, and actual and potential employee representatives can better visualize and evaluate options for improving workforce adaptability to changing requirements.

A Self-Winding Process

The Workforce Diagnostic is a **process**, not just a product. It is designed to create a common understanding among industry players, educators, training providers, and policy-makers regarding the key workforce development issues affecting competitiveness in an industry cluster. This shared vision sets the stage for stakeholders to initiate actions that support the overall competitiveness of the industry cluster.

The Diagnostic process can be visualized as an evolving spiral. The spiral consists of four **stages**. Once the final stage has been completed, the first begins again. However, stakeholder participation is crucial in each stage. All of the stages employs a specific set of analytic and dialogue management **tools**. Each stage produces an **output**. The output from one stage provides the basis on which the subsequent stages will be built. (See Figure 2, Dynamic Workforce Diagnostic).

Figure 2. Global Workforce Diagnostic



Flexible and Adaptable to Local Needs

The Workforce Diagnostic is a flexible methodology. Depending on the current strength of the cluster, and the amount of analytical work already carried out in a country, the Workforce Diagnostic methodology allows for flexibility in terms of the type of analytic and dialogue management tools that are applied and the work undertaken at each stage.

For example, some clusters may have completed a separate in-depth analysis of each of the four aspects of workforce competitiveness outlined in *Figure 1*. What is lacking may be the ability or initiative to put the findings of these various research efforts together into a compelling set of discussion points, with the ultimate objective of generating industry-training provider dialogue on specific workforce development actions. In this case, the Workforce Diagnostic may start by reviewing and simply updating assessments carried out previously, and move directly into the Envision stage, in which much of the dialogue takes place. It then incorporates the findings from the analysis into a strategy for raising industry-training provider and other stakeholder awareness, and establishing stakeholder commitment to that workforce strategy.

The four stages in the Workforce Diagnostic, and the analytic and dialogue management tools that are part of each stage, are described briefly below.

Explore

The objective of the **Explore** stage is to identify the issues and clusters in which the Workforce Diagnostic process will focus. Sample tools used in this stage will include primary and secondary research in an attempt to answer the following questions. Listed under each question are examples of issues that may result from this research.

- ***What are current trends and issues in the country affecting competitiveness***?
  Industry retrenchment, population booms, unemployment crisis, wars, etc.
- ***What are current workforce development issues?***
  Policies, legislation, trade, legal implications, new funding, shifts in employees, portability of skills, curriculum changes, equity initiatives, wage structures, etc.
- ***Who is talking and thinking about workforce development issues?***
  Thought leaders, community leaders, stakeholders in government, industry, labor unions, educational institutions, NGOs, PVOs
- ***What clusters meet the workforce criteria?***
  Potential for job creation, politically feasible, willingness of stakeholders, etc.
- ***Do these issues and clusters have critical enabling factors?***
  Political will, economic need, demand, desire for institutional change
- ***What are the appropriate clusters and issues to include in the Diagnostic process?***
  Which of these issues are realistic and doable?

The primary output at the end of this stage is an **agreement of scope**. This output designates the clusters of focus and identifies the pertinent issues for the remainder of the Workforce Diagnostic. It should also delineate the remaining outputs and deliverables, identify the critical stakeholders, and serve as a formal approval by financial backers of remaining tasks in the Workforce Diagnostic.

Examine

During the **Examine** stage, the objectives are to (a) determine the workforce development requirements to gain and sustain competitiveness; and (b) evaluate how industry needs are presently being met. Throughout the Examine stage, the Workforce Diagnostic attempts to answer the following questions:

- ***What are the characteristics and quality of the cluster's present workforce development programs?***
  Communication and co-operation level among stakeholders
- ***What are some examples of present success stories within the cluster?***
  Organizations that have successful / quality programs
- ***What workforce development actions are necessary to gain and sustain competitiveness?***
  Skills development, increased technology training, job creation, hiring equity
- ***How does the labor force acquire the characteristics industry needs in order to sustain competitive advantage?***
  Curriculum responsive to market, continuing education in the workplace
- ***How do political, social, and economic factors affect the competitiveness of the clusters?***
  Help or hinder competitiveness
- ***What are the dynamics of the present stakeholder relationships and how do they affect workforce development?***

Working together, efficient, lack of communication, bureaucratic, barriers or constraints

The sample tools used to answer these questions might include survey instruments, best practice benchmarking, contact groups, linkage analysis, and causal mapping. The final output of the Examine stage is a **workforce development map**. This map identifies present workforce characteristics required by the cluster(s) and outlines factors affecting the development of these characteristics such as employer practices, educational or training establishment policies and practices, and stakeholder linkages and governance structures.

Envision

Through increased stakeholder dialogue, the objective of the **Envision** stage is to share information from the analysis of the workforce development elements with stakeholders and agree upon actions for promoting workforce development in a manner that enhances competitiveness. Through this dialogue, the Envision stage pushes for answers to the following questions:

- ***What are the stakeholders' common strategic priorities?***
  Short-term vs. long-term; some not always quickly resolvable
- ***What actions will stakeholders commit to? Can we develop action plans to achieve common goals?***
  Digestible actions that stakeholders can tackle and see results
- ***Who will lead these commitments and actions?***
  Identify cluster stakeholders that will fulfill leadership roles
- ***What is the institutional setting available to take development forward?***
  Where in the political agenda can workforce development be inserted?
  How is this best done? Who needs to participate?

This stage is informed by the outputs of previous stages and uses strategic retreats to reach its final output – an **action vision**. This is an agreement on the analysis of the workforce development elements (the strengths and weaknesses of linkages pointed out). The action vision should build consensus on what are the stakeholder workforce development priorities in a cluster.

Engage

The last stage of the Workforce Diagnostic is the **Engage** stage. Its objective is to secure stakeholders' commitments to implement the action plans that will further workforce development and build competitive advantage. In this stage, the Workforce Diagnostic attempts to answer the following questions:

- ***Who will be responsible for actions?***
  Government, labor, industry, workers; the specific person
- ***How will actions be institutionalized?***
  Policies, laws, committees; timeframe for implementation of commitments
- ***How will the stakeholders know when an action has been successfully implemented?***

Performance measurement indicators, appropriate benchmarks

- ***How can external organizations support and monitor the process?***

Donors, NGOs, PVOs as financial supporters, monitors, or in data collection and analysis

The Engage stage uses strategic retreats, consultative groups, and performance measurement to create an output of **specific action commitments**. These commitments can be both long-term and short-term. Long-term commitments will be implemented over a significant timeframe, while short-term commitments will vary based on the clusters studied in the Workforce Diagnostic. Short-term commitments might include RFPs, implementation reports, recommendations on governance structures, or financial commitments. The goal is to produce commitments and results that will start the Workforce Diagnostic over again in a changed, more competitive environment.

PART II – SETA STRATEGIC PLANNING METHODOLOGY

2. Introduction

This document and proposed strategic planning process evolve from one core assumption – that the SETAs have the potential to be more than simply administrative bodies that collect levies, but players that make significant contributions to workforce quality and industry competitiveness. If this indeed is the SETA's objective, then the identification of SETA priorities, and thus its sector skills plan, must come from industry and be articulated effectively to Government. The SETA must, in essence, develop into a forum for fostering effective public-private dialogue. This dialogue (see ***Insert 1***) must be based on data and facts, not anecdotes; it must focus on a comprehensive strategy and vision for the sector, rather than the parochial needs of one or two big companies. It must be inclusive and industry-wide, and seek to create a consensus based on the common interests of the players. Dialogue based on these aspects can lead to positive and productive public-private sector partnerships. These are the characteristics that embody the proposed approach to strategic planning described below.

INSERT 1

An operating premise to building a successful SETA strategic planning process is that there are "ineffective" and effective" manners to collecting data and dialoguing with stakeholders on strategic priorities and issues. The following are a list the highlights of what defines ineffective and effective strategy:

INEFFECTIVE	EFFECTIVE
- Operational Level	- Strategy-level
- Individual Company	- Industry-wide
- Ad-Hoc Complaints	- Comprehensive Vision
- Concessions	- Co-Responsibility
- Laundry Lists	- Priorities
- Opposite Sides	- Same Side of the Table
- Anecdotal Evidence	- Data and Analysis

Source: Kevin Murphy, "Effective and Ineffective Dialogue" JAA Review, January 1999.

2.1 The Process

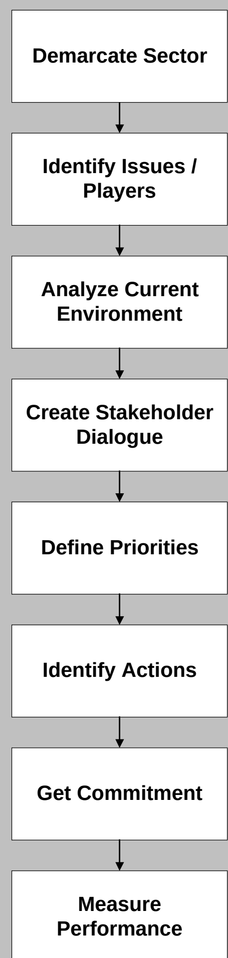
The proposed SETA strategic planning process methodology consists of a series of pre-requisites and steps that can assist the SETA in building its sector skills plan. The following section and Insert 2 outlines the recommended steps in this process.

PRE-REQUISITE: Sector Demarcation. The purpose of this process is to identify the relevant group of industry stakeholders that comprise a SETA. In some sectors, this can be a problematic exercise. Companies in a particular segment may have training needs that span more than one SETA.[9] This is a process that is being left, for the most part, to the private sector. However, accomplishing this step is a pre-requisite before a SETA can begin its strategic planning process. For example, if the sector is not clearly demarcated, then it is unknown what sub-sectors to include in the current environment analysis, and more basic, what players to include in the strategic planning process. (See ***Section 2.1***.)
STEP 1: Identify Issues and Players. The purpose of this first step is to understand the issues and people affecting the demand and supply of training in the sector. The SETA can

[9] Where does the airline industry go, for example? To a transport SETA or to the tourism SETA? Certain important skills, in food and beverage, reservation management, tourism awareness, etc. are at the center of what the tourism SETA would do. But skills in terms of route management, engineering, safety, are clearly more pertinent to a transport SETA.

utilize a variety of tools to collect and analyze data in this step. A competitive analysis is an example of one tool the SETA, and industry stakeholders, can use to identify the stakeholders and issues, then systematically exploring how these affect the skills development value chain. (See ***Section 3***.)

INSERT 2 – Proposed SETA Strategic Planning Process



STEP 2: Analyze Current Environment. Once the players and issues of the industry are known, the next step is for the SETA to consider how these issues and players affect trends, skills needs, and overall strategy in the sector. The SETA can once again utilize a variety of tools to assist in this step. For example, a survey could be very helpful in collecting data regarding employer characteristics, training attitudes, training expenditures and use of external vs. in-house training. It could also gather data on skills gaps by type of job category and type of industry, geography, size of firm, etc. In addition, the competitive analysis tool briefly described in Step 1 could also be used to inform this process step.

STEP 3: Create Stakeholder Dialogue. The previous process steps are designed to help the SETA understand the industry and its needs. The dialogue step provides qualitative information required to address sector workforce development issues. The role of the SETA in this step is to disseminate the information collected from the previous steps. Dialogue serves as a tool for building awareness and coordinating initiatives. This dialogue step helps industry players make more informed decisions about investments in training programs needed to address sector needs. It helps the SETA coordinate sector initiatives to change or modify legislation and regulations to address collective concerns. Like in the previous steps, there are numerous tools that the SETA could utilize in this process step. These include contact groups and strategic retreats.

STEP 4: Define Strategic Priorities. Once the SETA has the correct players at the table, the process moves to narrowing the long list of pertinent issues and to a shorter list of strategic priorities that the SETA and other stakeholders can actually tackle in a planning cycle. Once again there are a variety of tools that the SETA can use to identify these strategic priorities including strategic retreats.

STEP 5: Identify Actions. The question in developing a sector skills plan now becomes, "what actions need to be taken to achieve these strategic priorities?" Actions should include a description of how it fits with the strategic priority, and what the end result of the action would look like. Again the SETA can use tools such as contact groups, working groups, strategic retreats, and data from surveys and the competitive analysis to help determine the correct actions.

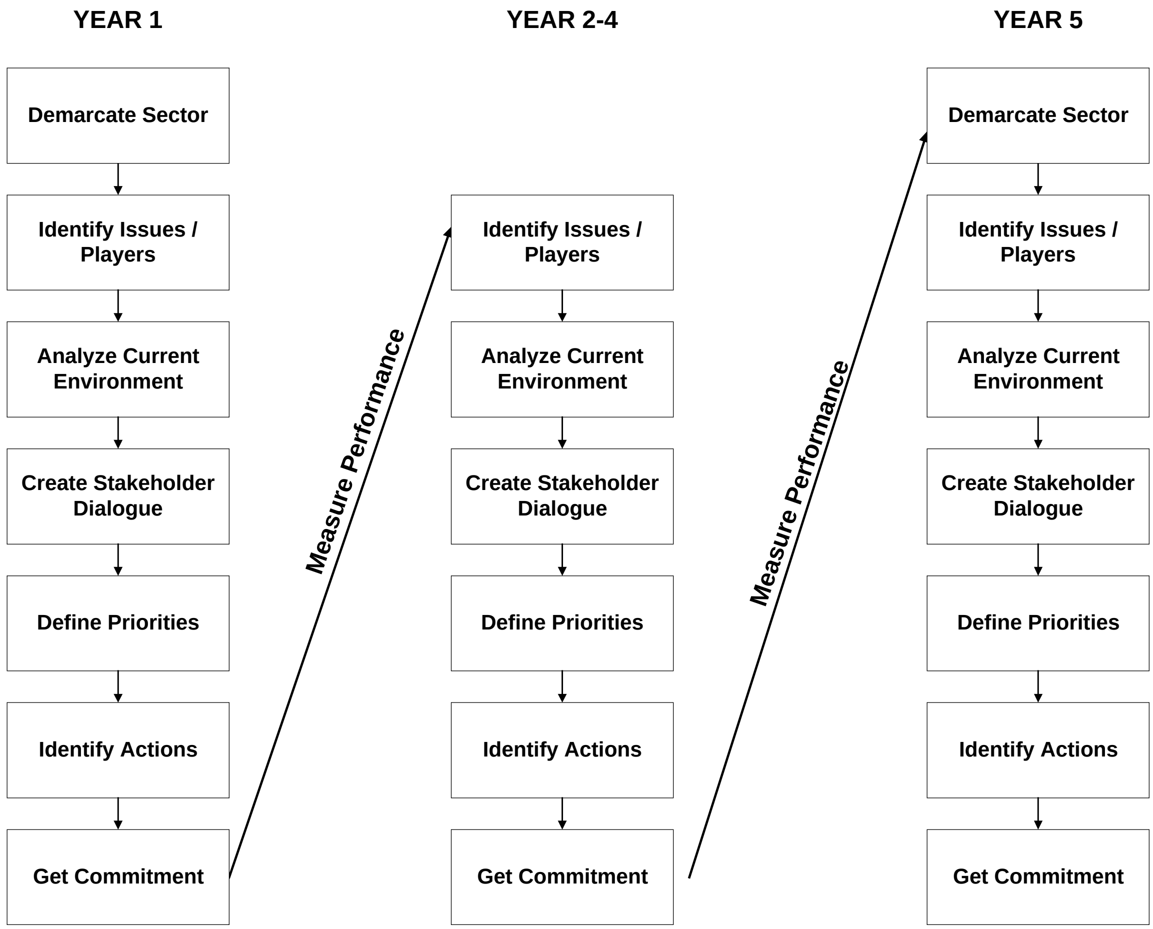
STEP 6: Get Commitment. The final step to inform the sector skills plan is to answer the question "who." Which stakeholders are going to follow through to ensure that the actions needed to reach the strategic priority are taken? In many instances the commitment may come from the SETA to undertake certain actions and these commitments are included in the sector skills plan. In other instances, stakeholders from industry, training providers, government or unions may be designated as the obvious champion of certain priorities. Soliciting commitment can come through the use of such dialogue tools as contact groups and strategic retreats.

STEP 7: Measure Performance
This final step refers to creating a process by which the SETA can evaluate its own effectiveness. This step entails developing indicators to track progress against the objectives and actions identified in the annual strategic plan. The indicators should track inputs (levy collected, performance against its approved budget), outputs (web page hits, learnerships registered, curricula certified, number of students trained in what skills, levies disbursed by enterprise size and sub-segment, outreach activities for disadvantaged groups or areas, etc.), and outcomes (e.g. measuring progress against the skills gaps measured through the survey). A general approach to establishing an effective performance measurement function at the SETA level is described in ***Section 7.***

2.1.1 Strategic Planning Cycle

The diagram below summarizes how each of these steps could be sequenced each year and from year to year. We suggest that the SETA conduct a more intense strategic planning process during its first year of existence in order to ensure that the first sector skills plan accurately reflects the newly demarcated industry. In the out years (the next three years) the SETA applies a modified version to "update" its plan and measure progress towards its annual priorities. Finally in year five, the SETA repeats review of the sector demarcation and then implements the more stringent strategic planning process conducted in year one. *(See picture below.)*

Potential SETA Strategic Planning Process - Five Year Cycle



2.2 Process Steps vs. Tools

Each of the previously described process steps has discrete objectives. However, as already mentioned, the SETA can utilize a variety of frameworks or tools to achieve these objectives. The sections that follow outline the methodology for several of these frameworks and tools including:

- Analysis of Competitiveness
- Survey Instruments
- Contact Groups
- Strategic Retreats

In this part, these tools are also presented in a certain chronological order. It must be stressed, however, that the order for actually utilizing these tools is ***not linear***. The lessons the SETA will learn by using some tools could inform more than one step in the strategic planning process. For example, although the analysis of competitiveness tool is presented first below, the results of this analysis can inform numerous steps, including Step 1 and Step 2. Indeed, the methodological process itself is ***synergistic*** in nature, with all of the tools building on and informing one another. The key to this methodology is its ***flexibility*** in using diverse tools to assist the SETA in developing a viable strategic plan for the future.

In ***Part II*** of this deliverable, we present the tourism industry results from applying certain tools in this strategic planning process pilot. Once again we present these results in the order that we utilized the tools. This is not to say that the SETA needs to use these tools in the same order to meet the objectives of the proposed seven process steps.

2.3 Strategic Planning Pre-Requisite: Sector Demarcation

For a SETA to be effective, its activities must be relevant to the stakeholders. In this context, the process of demarcation is fundamental. The legislation allows (or at least does not impede) private sector stakeholders to propose a demarcation for their sector. Beyond this, it provides little guidance as to who is to be included or excluded. Based on the experience during the pilot, guidelines have been developed to help SETAs carry out the demarcation process.

The objective of the demarcation process is to clearly identify the *relevant* group of stakeholders for the SETA. What, then, constitutes a **relevant** group in the context of a SETA? The SETAs are charged with serving as intermediaries between government and industry players (unions, industry, and relevant training providers), particularly in the area of workforce capacitation. In this context, we suggest that a plausible definition of relevant stakeholders would be: ***"groups and individuals who have an impact or in some way affect the supply of and demand for skills training in a sector."*** The advantage of this definition is that it focuses squarely on the issue: training supply and demand, and the linkages between the two. The limitation of this definition is that it is not always easy to operationalize.

2.3.1 One Approach – The Tourism Industry

At the request of the Department of Environmental Affairs and Tourism (DEAT), BMI helped to develop an approach for demarcating the tourism sector. BMI started with a basic definition of tourism, went on to identify the types of activities implied by that definition, and then the types of industry sectors and occupational categories in which those activities are undertaken.

The following are the actions and steps that BMI utilized in assisting to demarcate the tourism industry, and quantify the distribution of those currently employed not just by occupational category, but also by relevant skills. This type of detail may be useful to have from the perspective of sector training skills planning. However, it represents only one approach to quantifying skills distribution patters in the sector.

Sector Demarcation in the Tourism Industry

Tourism constitutes the activities and spending of tourists in preparing for their travel and while at their destination. As such the main components of tourism spending are:

- Travel and tourism intermediaries – service providers such as travel agents, tour operators and booking services
- Accommodation
- Food and beverage at the destination mainly restaurants and fast food and some retail food
- Transport to and at the destination
- Attractions and entertainment at the destination
- Retail spending for the trip and at the destination.

Encompassing as it does spending in many areas, there are many subsectors to the tourism industry. Typically these breakdown into the following categories:

- Passenger transport
- Travel services
- Accommodation providers
- Entertainment and attractions
- Promotion and marketing bodies
- Restaurants/Food-service
- Retail

There is also much overlap as some of the sector listed above overlap with other industries e.g. retail, passenger transport.

Tourism is often broken down further within sectors, for example accommodation comprises the segments of hotels, guest houses, Bed and Breakfasts, timeshare, self-catering, caravan and camping, game lodges and other..

It is envisaged that the South African Tourism SETA will cover at least Hospitality (hotels and restaurants), Travel services (travel agents and tour operators), and various others. It is still not clear exactly what the definition of tourism will be for the SETA and whether or not, for example, airline service staff, car hire, etc. will be covered by the tourism SETA.

Step 1: Identify and define relevant market sub-sectors

This industry definition of the relevant sub-sectors should be undertaken in a participatory process, in conjunction with all of the relevant stakeholders.

Step 2: Identify the distribution of labor force in each market sub-sector

Estimate the number of employees in each sub-sector that are occupied in industry related activities. Use interviews with industry representatives to arrive at estimates of the proportion of employees in a sector that are directly involved in industry activities.

Step 3: Identify and define relevant occupational categories in each sub-sector

Once again this step will be a difficult task for those SETAs that are undertaking sub-sector identification for the first time. However, it is an important and necessary part of the training needs analysis to identify all of the occupations that are housed in a particular SETA.

The following items may be helpful in identifying the industry occupational categories:

- The National Qualifications from ITBs that fold into the SETA; and
- The supply chain of a major industry stakeholders in the industry (i.e. what occupations make up several large entities within your industry?)

The SETA can test these occupational categories through a baseline survey by asking employers to identify occupational categories in their businesses. Industry leaders should agree with occupational categories that the SETA has identified.

Step 4: Identify distribution of labor force within each of these categories

This distribution should further break down the labor force estimates determined in Step 2 to fall in line with the occupational categories determined in Step 3. Again this step should be conducted in consultation with various industry players and confirmed through the survey of establishments.

Step 5: Map skills requirements for each occupational category in a segment

This step should be taken through the baseline survey asking employers in each sub-sector to define both functional and generic skills that are relevant to a particular occupational category. In defining the occupational categories a SETA may have already defined the skills needed in the occupation. For example, an occupation that already has defined National Qualifications will be easier to define what "functional skills" are necessary. (See ***Appendix C*** for definitions of functional and generic skills.)

In theory, at least, the results of the demarcation process should not be seen as permanent. Activities that may be relevant to a sector today may not be tomorrow. New stakeholders may come into the picture as the technology changes. It is recommended that that the demarcation process be revisited periodically, perhaps as a part of the five-year baseline updating process

3. Analysis of Competitiveness

Modern competitive advantage is necessarily different from the static comparative advantage approaches of the past. While economic indicators and benchmarks can still yield useful information, it is important to understand how stakeholder linkages, existing policies, and key players interact to generate unique opportunities for growth in an industry, as well as serious threats to that growth. The cluster of employers, employees, customers, related institutions and supporting industries needs to come together to achieve the desired objects. To the extent that the communication and coordination among the different stakeholders is lacking, it is critical to foster the creation of linkages in order to ensure that successful policies are not only properly developed, but also successfully implemented.

In order for the SETA to intermediate the skills planning process effectively and for the private sector to gain ownership of the process, stakeholders should have a broad common understanding of the elements determining the supply and demand of skills in the sector.

On the demand side, sector players—especially employers—must understand the trends and strategic goals of the industry, and how these affect the nature, quantity and type of skills needed to satisfy their customers and develop more successful products. They must start the dialogue with unions, training providers and government with a clear picture of their strategy to meet the competitive challenge in the sector.

On the supply side, stakeholders should develop a common understanding about the role of training providers in the sector; their relationship to the student pool they are drawing from (how well do they understand their current attitudes and endowment of their students—all things that affect how well they and efficiently learn); and their relationship with industry. Are training providers upgrading their strategies, methodologies, technologies, teaching materials and training skills to meet the needs of the industry *as those needs evolve?* If not, why not? What are the linkages between an industry and the training providers that explain the responsiveness or lack thereof?

3.1 Conceptual Framework

The competitiveness analysis framework described in this section has been developed as a tool to understand the ways in which skills development of the workforce contributes to developing and maintaining the industry's competitive edge. It should help the SETA and its stakeholders understand the economic, social and political factors that affect skill development of the workforce, as well as training responses, in the sector.

The framework starts with the premise that skills development should be part of the competitive strategy of most industries, especially those in the service sector. A labor force with enhanced skills is more efficient and productive. Higher-skilled workers often define the more innovative firms or industries, that can react more rapidly and nimbly to changing market conditions. All of this translates into higher margins for companies, some of which are reinvested in sustaining and expanding the competitive advantage.

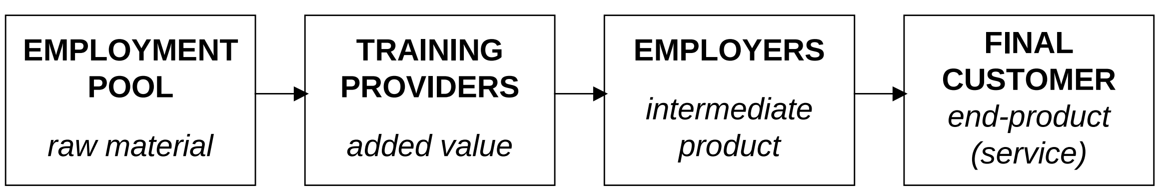
In scientific sectors, such as electronics, pharmaceutical, or software, competitive advantage is often maintained by investments in research and development, to preserve the "edge" over possible competitors "catching up". In addition to research, many of these investments are also directed to higher education, to keep the flow of qualified individuals that will hopefully continue the innovation process and improve on the existing advantage.

For service sectors, such as tourism, commerce, banking or transport, competitive advantage is developed by the quality of service itself.[10] Even though "service" could be codified to the level of a science, humans ultimately provide service. Investments in humans are commonly known as 'training' and the objective is 'skills development'.

The Skills Development Value Chain

The question is then how to do 'skills development' effectively. 'Skills' themselves are not a tangible asset,[11] but can be considered to be a product. As such, it has a market given by supply and demand conditions and an added-value chain of production. Such a 'skills development value chain' could be described as follows:

1. First, the employment pool (raw material, the existing stock of basic skills) receives added value through training by specialized providers.
2. The intermediate product, a 'trained worker', is demanded by employers to produce an end product or service.
3. The end product or service, incorporating added value from the worker, is purchased by the final customer.



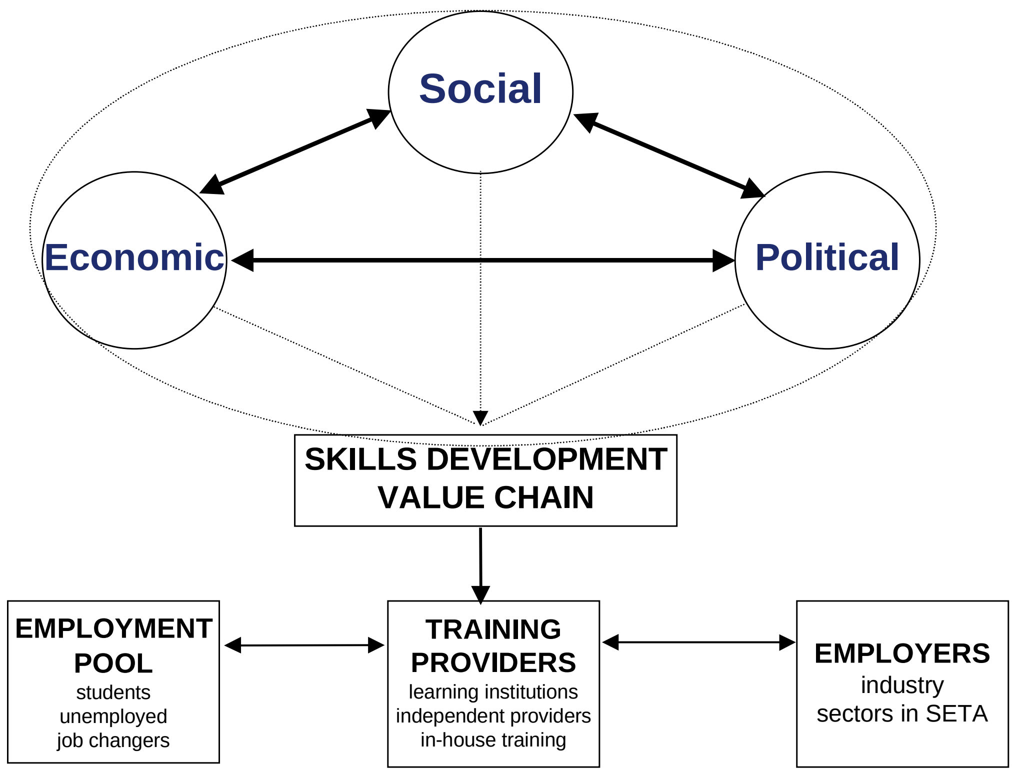
[10] In the specific case of tourism, competitive advantage builds on existing natural advantages such as beaches, forests, mountains, game, etc. Even so, globalization has also reached the tourism industry. The relative "cheapening" of travel costs in relation to personal income in developed economies and the increased ease of travel has fueled the growth of mass tourism (both business and leisure) to an extent not seen before. Even when a country has some unique attraction (natural or otherwise) to offer, the palette available to individuals is varied enough that tourists can now afford to be "choosy". In this context, sustained competitiveness in tourism still requires the additional value-added of high quality service.

[11] Something that can be easily bought in the open market for a determined price, and compared to alternatives.

Yet, as a product, skills are embedded in a human being; their value chain is not as easy to model as it would be for one describing inanimate, tangible products. Thus, simple consideration of the economic factors affecting supply and demand—as would be the case for a product such as bread or chocolate—would not be sufficient. The creation of skills is affected by social, political and economic factors. One cannot accurately describe such a value chain without understanding how the government, social institutions and economic actors influence it. For example:

- How does government legislate incentives or regulations for training activities?
- What is the role of public education institutions, unions, or other organizations in expanding training opportunities or fostering innovation?
- How do firms communicate their need for skills to workers and training providers?

The stakeholders and factors in the social, political and economic arenas form an interlinked cluster that bears influence on the employment pool supplying raw skills, training providers developing those skills, and employers demanding specialized skills. (See below.)



In order to understand this framework it is necessary to go through a few steps:
1. Understand the social, political and economic imperatives affecting skills development. The latter includes the global trends and the strategic objectives of the industry.
2. An analytical description of the various institutions and actors—stakeholder mapping
3. An analysis of the linkages among the various stakeholders.

The objective of these steps is to identify the major issues and opportunities for the development of skills in the industry, and begin to get an idea of the general priorities.

3.2 Understanding the Industry Strategic Priorities

Determining the industry's strategy for focus and growth is not necessarily a SETA task. However, the SETA does need to understand how the stated or tacit strategy—as outlined by other institutions—strives to achieve or sustain competitive advantage and how this affects the skills development value chain. In South Africa strategic priorities will probably be articulated by industry wide umbrella groups, in conjunction with the relevant cabinet department, and possibly unions. [12]

A full competitiveness analysis for the SETA should rely on secondary sources and would be beyond the SETA's scope anyhow. However, it such an analysis has not been undertaken, the industry/SETA may also engage private consulting companies to assist them in the process.[13] Data on market share, relative growth, value-added, and client and segment focus contribute to this analysis. These are generally available from interviews with industry leaders, leading companies, and from published sources.

The ultimate objective of this process for the SETA is to assess the extent to which the strategic priorities fit within the context of existing human capacity, and how they will impact future skills development.

3.3 Stakeholder Mapping

This tool is used to identify, quantify and segment the various stakeholders. It is a useful basis from which to develop estimates and project priorities. (See ***Sections 8 and 9*** for application in the South African tourism sector.) In the case of tourism, this includes:

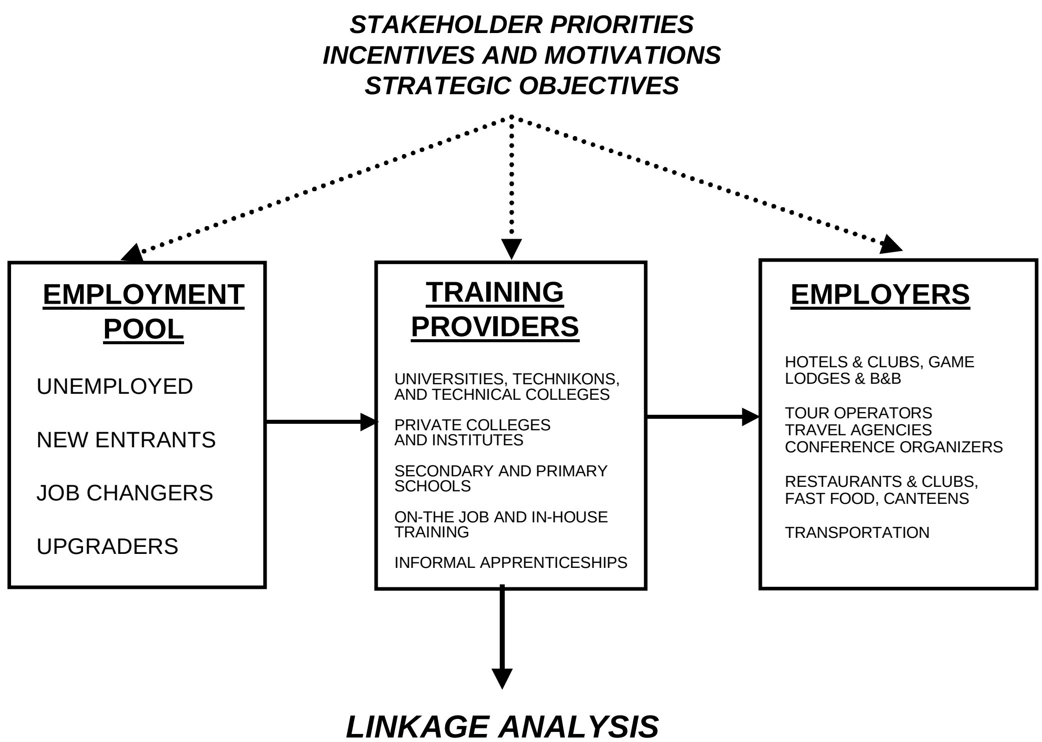
- Quantifying the labor pool from which the industry sector draws its people, including the unemployed, the new entrants and the job-changers. It also needs to consider those who are seeking to upgrade their position in the industry through continuing education. At this stage one analyzes the social realities within which people enter the labor force. This may include an analysis of the distribution of education and skills among the labor force on a gender, ethnic or regional basis and the innovations that are currently taking place to rapidly upgrade the skills and capabilities of disadvantaged groups.
- Identifying key providers of relevant training (current and potential), such as primary and secondary schools, tertiary institutions and private training providers in the country, and those specifically serving the industry analyzed.

[12] In the tourism industry, for example, the strategy was stated by the DEAT and employer groups in their *Tourism in Gear* report. In some cases, when no coherent strategy has been articulated—tacitly or explicitly—by government or private entities, the SETA may be called to make judgements about industry-wide strategic priorities or even go as far as to define them on behalf of the canonic entities.

[13] The general competitiveness analysis the PwC team undertook is presented in Section 8.

- Identifying the types of jobs in the industry by category and type of enterprise, and developing tentative estimates about the number of new jobs and the projections for future job creation. This step also involves assessing the employer needs in terms of specific skills and abilities.
- The final map involves identifying the key actors in government at the national, regional and local levels, as well as the leading social enterprises (such as PVOs or NGOs) that are contributing to skills development and innovation.

The diagram below presents a conceptualization of the above discussion, leading to the final step of the proposed SETA analysis, the analysis of linkages along and affecting the value chain.[14]



3.4 Linkage Analysis

How do the industry stakeholders develop workforce skills so that competitive advantage is sustained in a sector? How do we identify elements of synergism and dysfunctionality in the system? One is concerned with identifying the linkages among the social, economic and political stakeholders.

Along the skills development value chain, this exercise analyzes the linkage mechanisms that connect the education and training providers with the industry sector being analyzed

[14] Section 9 presents the stakeholder mapping conducted by PwC in the tourism industry.

and backwards to the prospective student-employees. Examples of such linking mechanisms include placement programs, internships, apprenticeships, advisory committees, private sector curriculum review, short courses for private companies and individuals, executive education and corporate sponsorship programs. This stage also involves an assessment of the pedagogy, technology and teaching methods and the extent to which these are responding to the rapidly changing environment.

The insights from this analysis can be graphically depicted in a linkage map.[15] should be undertaken at two levels: *macro and micro*. A macro level analysis maps the broad types of institutional relationships (formal and informal) that exist and shape sector policy choices and implementation. In addition, it is important to understand how linkages express themselves at the micro level: what are the actual practices that exist to link, or not, trainer and industry, trainer and current/prospective employee and current/prospective employee to the employers in the industry?

Section 8 presents a linkage map of the South African Tourism at the macro level. Macro level analysis helps stakeholder understand how the training is governed in a sector: how laws, regulations, personality, evolve and affect broad choices regarding training curricula, expenditures, and so on. It focuses on describing the type of relationships that exist among institutions affecting the formation of training and education policy in the sector.

Micro level linkages pertain to the actual practices at the firm level (employer or provider) that have or can establish effective bonds between students, trainers and industry. Types of micro level linkages that might exist and need to be identified:

- Between industry and trainers: look for evidence of existence of in-service short courses, use of guest lecturers and industry-trainer rotation, career placement services, learnerships or practicums.
- Between trainers and students: evidence of outcomes-based incentives such as tuition or government funding based on actual placements; use of tools such as programs to help students prepare CVs and practice interviewing, network with industry through vehicles such as alumni associations, and so forth.
- Between employers and prospective employees: how are employees being recruited and what is the role of training providers?

Section 8 also describes linkages at the micro level.

3.4.1 Formal and Informal Linkages

A linkage map should identify, define, and describe both *formal* and *informal* linkages. Formal linkages represent formal relationships between people, groups or institutions. They are created by laws, formal agreements, mandates, or regulations. In some cases, even though a formal link exists, it may not be significant—as in the case of labor laws that

[15] Section 9 presents various types of linkage maps for the tourism sector.

are never enforced or educational requirements for certain jobs that may be obviated due to an acute worker shortage. Some places to look for formal linkages are:

- Laws and Acts: such as SDA, or EEA (Equality in Employment Act)
- Policy Papers or Manuals
- Collective bargaining agreements
- Institutions, committees or task forces.
- Surveys

Informal linkages represent relations between stakeholders that are built on the basis of friendship, respect, trust, common goals, etc. They are created by individuals and could easily disappear when those individuals leave their station. They may involve informal luncheons or meetings, regular telephone calls, social interactions, etc.

Searching for and identifying informal linkages requires some level of experience, personal judgement, ‘street-smarts’, persistence, serendipity, and luck. It often involves making inferences from written documents or other people’s impressions, asking direct questions (Do you know this person? How do you get things done?), identifying patterns of activity, etc. Sifting through relevant and irrelevant informal linkages becomes easier as one spends more time in an industry or specific social environment. Some ways of beginning the identification process include:

- Interviews
- Focus and discussion groups
- Policy papers
- Retreats
- Surveys

3.5 Outputs

The framework presented before lays the basis for the conducting a training needs and skills assessment survey and initiating the mechanisms to promote dialogue. However, as the process advances, it should be revisited and refined with inputs from the survey and the other activities.

During the initial iteration, however, it should be able to produce a tentative set of critical issues and priorities, and hypotheses that can be validated and expanded by other tools. In South Africa the PwC team used the insights from an initial analysis to:

- Design the survey instrument
- Establish the objectives of the contact groups and strategic retreats, and draft lists of desired participants.
- Prepare a framework presentation for strategic retreat participates that motivated discussion about specific topics and fostered the choosing of priority areas, the development of action plans, and some stakeholder commitments.
- Describe the institutional setting and inform stakeholders about critical shortcomings of the current institutional linkages and motivate the discussion about appropriate governance structures to address these.

In a second iteration, the competitive analysis can be improved and validated using the outputs of the survey, contact groups and strategic retreats. The process can then be repeated—only if necessary—to ensure buy-in from all the relevant stakeholders.

3.6 Implications and Conclusions

Training activities, as has been argued, are critical elements of developing and sustaining competitive advantage. Investments in capacity development need to be focused to those areas where there are skills gaps, and coordinated among institutions to maximize effectiveness.

An analysis of how the political, social, economic stakeholders and their linkages contribute to or detract from competitiveness in a national sector is key to the development of an effective workforce development strategy. It should lay out the basic issues, identifying critical priorities and begin to suggest possible action plans.

As indicated at the beginning of this section, competitiveness analysis need not be the central element of a workforce development effort. The SETA itself need not undertake the entire competitive analysis and should probably contract it out.

3.7 Data and Budget Limitations

Regardless of "who" conducts the competitive analysis, the methodology presented above and the guidelines outlined in ***Appendix A*** list all the information that should be collected to undertake this type of analysis. However, not all the data points described will be relevant to every industry. The areas in which to focus the analysis will depend on the characteristics of the industry, the SETA and stakeholder interests.

The framework described above is meant to be more a tool for organizing information that already exists, rather than a call for an ambitious research program. Instead, the construct forces the SETA to systematically consider the factors affecting skills development initiatives in the sector.

Ultimately, it is important to recognize that this type of analysis is important even if a SETA did not exist. The tourism pilot study suggests a general lack of understanding among industry of the its broader operating environment. Such an undertaking can be extremely beneficial in terms of generating a shared vision and consensus on industry initiatives to address workforce development gaps.

The Skills Development Act does not have specific provisions to fund this type of data collection and analysis activity. If the SETA is to undertake any part of this type of analysis, monies for this specific activity will probably need to come from the strategic planning budget for administration line items.

The full competitive analysis does not need to be updated every year. One way to keep industry costs more manageable would be to limit the full analysis to once every five years and update select aspects of the analysis (perhaps focusing on tracking the evolution of micro and macro linkages) each year.

4. Training Needs Assessment Survey

The training needs assessment survey tool described below collects data that helps understand how employer characteristics (in terms of size, type of economic activity, and so forth) relate to attitudes towards training, training expenditures and relation with external vs. in-house training. The survey also gathers data on skills gaps by type of job category, type of industry, geography, size of firm, etc. The survey provides a picture of current shortages. It is a useful tool for both establishing a baseline and tracking progress in addressing critical gaps.

This SETA can implement this research tool at different levels depending on the SETA's timeframe in the strategic planning cycle. We propose conducting the survey at the following two levels:

- ***Baseline Survey:*** Year One and Year Five
- ***Updated Planning Survey:*** Year Two, Three, and Four

4.1 Baseline Survey

As a result of the sector demarcation, the SETA should have an in-depth understanding of the sub-sectors and skill sets that fit into the industry and what skills, both functional and generic, that the industry employees must have in order for the industry to compete. In using the baseline survey tool, the SETA is seeking to ***identify future labor changes and skill needs.*** By using a survey instrument, the SETA can determine the following outcomes.

1. Evaluate how the distribution of the labor force among key occupational categories would change in light of strategic requirements

Based on the industry's strategies, some sub-sectors, and thus occupational categories, will grow at different rates. For example, the tourism industry may estimate that the entire industry will grow by approximately 10% in the next five years, and specifically decides that it wants to focus on increasing foreign tourists. As a result, the industry's competitive strategy is to focus on developing more sophisticated tour operators. As a result, the percentage growth in tour operators might need to be more than 10% to accommodate this growth. Thus the distribution of the tour operator labor force might grow by 15% while other sub-sectors may only grow by 10%.

Developing even a very rough demand analysis will allow the SETA to estimate the sub-sectors and occupational categories that will need increased training in the short-term and long-term.

2. Identify relevant functional skills sets

The SETA can also use a baseline industry survey to ask employers what functional skills employers wanted to invest in over the next two to five years to meet the industry competitive strategies.

3. Identify generic skills sets
Similar to Step Two, the survey should also ask the employer to define what generic skills employees in different sub-sectors will need as the industry strives to implement its competitive strategies.

4. Determine opinions to additional questions. In addition to establishing a baseline of skills relevant to a sector, the SETA might also want to gather the following data, also useful for establishing priorities:

- Current attitudes towards training;
- How companies develop individual skills training strategies;
- Availability of skilled staff by functional area;
- Industry need for workers with more generic and critical outcomes skills;
- Industry workers need for ABET;
- Availability of industry training providers;
- Readiness of companies to become training providers to other companies or schools;
- Training spending averages;
- Opinions of industry stakeholder on the role of the SETA; and
- Industry opinions on time sensitive topics (e.g. legislation, events, levies).

4.1.4 Limitations to Baseline Training Needs Survey

The exercise described above is complex and expensive. Yet it is necessary in terms of providing industry and the SETA a baseline from which to begin to establish training priorities. Given the complexity of the exercise, it is recommended that it be contracted out to a professional market research firm. The Skills Development Act does not have specific provisions to fund this type of data collection and analysis activity. Monies for this specific activity will probably need to come from the strategic planning budget for administration line items.

4.2 Annual Planning Survey

The SETA will more than likely not have the time or budget to update the entire baseline training needs survey on an annual basis. But, at the same time, it should not wait another four years to understand the changing skills needs and training trends. Instead it can utilize a modified survey tool in years two through four.

As SETAs become more established there will obviously be areas of immediate concern that it may need feedback on an annual basis. For example, in light of the Employment Equity Act, it will also become important to gather information on race and gender. The SETA might also want to track training compliance issues as it may signal important changes in training allocation priorities in the sector. However, obtaining financial information such as training budget is often difficult subject to address. As a result, the SETA may want to leave this issue for the baseline training needs assessment conducted every five years.

In attempting to determine the data that needs to be collected on an annual basis to feed into the SETA strategic plan, the SETA should first consider wants to do with the data. Some possibilities include:

- Determine the areas where external training providers are needed, and to what extent existing providers offer a cost-effective service with appropriate follow-up.
- Assess what training materials are needed.
- Determine the training needs within the industry in terms of
  -Functional areas
  -Generic skills
  -Critical outcomes skills, by size of company and industry sub-sector
- Assess in what functional areas companies have problems finding skilled staff.
- Determine where learners can source their practical training component.
- Determine the overall current need for ABET within the industry.
- Assess changes in training spend on an annual basis within the industry.
- Assess how companies are implementing the Skills Development Act.
- Determine what demand exists for SETA services.

4.2.1 Choice of Methodology

The annual planning survey should utilize random sampling within a quota system. Such a methodology allows for generalization of the results across the industry sub-sector and the industry as a whole (where applicable).

The quota system detailing how many of the respondents should represent small, medium and large businesses also needs to be established. In the tourism industry pilot, the parameters for conducting the annual planning survey were based on BMI's previous experience. According to BMI, the average respondent company in the tourism industry is comprised of 20 employees. As a result, the following definitions were used in the tourism pilot study.

- Small business: 1-5 employees
- Medium business: 6-20 employees
- Large business: 21-70 (or 21 up).

In other industries, SETAs or the contractor conducting the survey will need to create an industry database of all the industry players. This database list should be created by collecting lists from publicity and industry associations, organizations, and government. The database should include names from all of the industry sub-sectors. Names of potential respondents are then drawn at random from the database.

4.2.2 Tourism Industry Pilot Methodology Example

The tourism industry is presently very fragmented and industry sub-sectors tend to operate in isolation. The travel and hospitality sub-sectors include between them the majority of occupational categories used in tourism, and cover the majority of tourism organizations. As a result, the pilot interviews were concentrated in these two sub-sectors.

Under hospitality there are approximately 405 hospitality names. The 22 interviews conducted in the pilot survey would therefore represent 5% of the estimated universe. In the travel sub-sector, as defined for the present survey, there were 270 names, which means the travel sample also represent slightly more than 5% of the estimated universe.
A sample size of 30 per category (sub-sector) is usually ample for the sample average to approximate to the normal distribution (A. de Moivre, Laplace and Gauss). However if the variance is small, sample sizes of 15 to 25 will estimate reliable values, if the sample data is normally distributed. The sample size of 22 for hospitality and 15 for travel can therefore be considered appropriate and representative, which would mean that the results obtained in the pilot survey can be considered significant. The rejection rate (i.e. the number of interviews refused, which would lower the universe) was insignificant, with only one person declining, for reasons of time, to do an interview.

Sub-Sector	Interviews Completed	Interviews in ’97 Baseline
Hospitality	**22**	**135**
Accommodation		
Catering	8	
Conference Centers	1	
Travel	**15**	**90**
Travel Services	12	
Travel Conveyance (air, car)	3	
Destination Management	**3**	**31**
Attractions	2	
Marketing information and development	2	
TOTAL	**40**	**256**

Given all the above, and with regard to the fact that random sampling was strictly carried out both in selection of names to go onto the field worker's list and in subsequent selection of a name to contact for an interview, BMI is confident that the survey sample is representative of the estimated universe (as far as this can be known) and that the findings are statistically significant.

4.2.3 Interviews Techniques

Interviews should be carried out either by face-to-face or telephonic methods, depending on timing, distance, and availability of the respondent. The tourism pilot SETA annual planning survey was designed so that the interviews could be conducted in approximately 20 to 30 minutes. This timing, however, varies depending on how well informed the respondent is on company matters.

In order to limit the interview to this time, only questions of a general nature can be asked, to elicit a 'yes' or 'no' response, and no in-depth probing. The intention of the annual planning survey is not to do a skills audit of any depth but to reserve large-scale research to be done every five years in the baseline survey.

4.2.4 Analysis of Findings

Analysis of findings should be conducted based on the following three breakdowns:

- Industry sub-sector
- Size of business (by number of employees within selected parameters
- Question topic

Research findings by size of business can be analyzed overall, but not within industry sub-sectors as the sample there will be too small. For example, n the tourism pilot the information was not analyzed in terms of individual categories within the sub-sectors, as these samples were too small.

4.2.5 Respondent 'Buy-in'

The average businessman in South Africa is being bombarded with requests for research interviews and there is a growing amount of consumer resistance. He does not feel altruistic enough to do a questionnaire, however brief, merely for the sake of providing his SETA with information that might or might not be used in his favor. He needs to get some comparative information of benefit to his business out of the research.

This “buy-in” is ultimately of benefit also to the SETA, as information is made available to businesses in their sector which can be used to improve collection of training data, and to suggest methods of formulating training business plans. A crucial task of SETAs will be the circulation of information on an interactive basis. As a result, whether a SETA outsources this survey research function or keeps in internal, we suggest that the research findings be made available to all respondents.

4.2.6 Quality Control of Field Work

In order to ensure that the implementation of the survey instrument is valid and significant, the SETA or outsourced survey administrator needs a quality assurance system. In the case of the tourism industry pilot, the survey administrator briefed the field workers thoroughly at the start of the fieldwork. She outlined the intentions of the research survey, the type of person to be interviewed, and the interpretation she requires for each question. Field workers are given lists of organizations to be contacted and for every interview required to be done, two or three names were supplied. Where field workers were unable to attend the briefing (i.e. in Cape Town and Durban) full notes and a tape of the briefing are supplied.

All field staff working on the survey were experienced in training research and under the supervision of an excellent field manager. The field manager’s task is to ensure that the data returned is within the expected parameters (if not, e.g. if training spent is way over the average for percentage of payroll, she will contact the interviewee and request the reason). She checks back on every fifth questionnaire returned that the person named was actually interviewed and that the information given is vouched for.

The field manager is also responsible for ensuring that all questionnaires are fully completed and the information supplied is in line with the original intentions of the researcher, and for the coding of the information for data analysis.

Introduction: Dialogue Tools

Successful policy cannot be developed in a vacuum; stakeholders need to be involved to contribute their opinions and field experience. An important element of this methodology is the implementation of mechanisms that allow stakeholders to participate in decision-making and policy implementation. Such involvement promotes and fosters commitments among the people that will be directly affected by the new policies.

Furthermore, there is only so much information that can be obtained through formal data gathering techniques such as surveys and interviews. Surveys are excellent vehicles to gather general, macro-level information, but are less successful at pinpointing complex or detailed ideas. Interviews are very good for fleshing out specific issues, but often only capture the isolated opinions of a specific individual. Group discussions are an ideal medium to obtain tempered or consensus opinions, since individuals are able to incorporate elements of other views into their own.

We have identified two activities that *both* promote stakeholder involvement and allow the researchers to improve the quality of their information:

- Contact Groups
- Strategic Retreats

These will be described in more detail in the next sub-sections.

5. Contact Groups

As defined in this document, *contact groups* are similar to *focus groups*, a common technique used in market research to explore the attitudes or desires of groups of individuals. These are small groups of 8 to 10 individuals, led by a facilitator. In a way, it is a form of group interview, where a sample of individuals from certain target groups are asked to discuss their opinions on a given topic. While this is an excellent medium to collect or validate information, *contact groups* also emphasize the information *exchange* or dialogue part of the dynamics.

5.1 Objectives

In the context of this methodology, contact groups have two *general* objectives:

- To initiate and promote dialogue among mid- and lower level stakeholders
- To validate information gathered in the course of the training needs assessment

In addition, contact group discussions can have specific objectives, such as:

- Identifying the complexities of a specific issue, e.g.: the problems with standardizing curricula across training providers.
- Exploring issues that are difficult to quantify, e.g.: the linkages between certain stakeholders in the industry.
- Obtaining very specific information, e.g.: student attitudes towards career paths in the tourism industry.

5.2 Dynamics

Contact groups are moderated by a *facilitator,* whose role is to promote the dialogue and maintain the order and focus of the discussion. The facilitator prepares in advance a discussion agenda, setting up for himself/herself the objectives of the session, the general questions to be asked, and the general order of the discussion. (See ***Appendix E*** for more details on facilitation techniques.)

As with an interview, the contact group leader should take notes, but concentrate on facilitating the discussion and keeping the participants focused. He/she should prepare a more detailed report **after** the participants have left. Alternatively, the focus group leader could be accompanied by a "recorder" who will be responsible for taking all the notes and will intervene little in the discussion.

5.3 Planning and Logistics

Contact groups should include optimally 8-10 individuals, *no more than 15.* They should be held in relatively small rooms that increase the level of intimacy in the discussion. There should be a round table to sit the participants. If this is not possible, rectangular tables could be laid out so as to maximize the visual interaction.

Typically, participants are selected randomly from among the target group and invited to spend two or three hours discussing the topic at hand—preferably outside their place of work. Often, it is important that they **not** be given too much advance notice of the group's objective itself, so that they come with an open disposition and without strongly pre-determined opinions. As with other forms of data gathering, it is **imperative** for the workers to be informed that management supports the process.

As a technique for a training needs assessment, focus group sessions are less comprehensive than individual interviews or surveys. They are considerably more efficient, however, since the opinions of large numbers of individuals can be obtained in relatively short time.

6. Strategic Retreats

The strategic retreat is a valuable dialogue tool to allow participants to step out of their daily responsibilities in order to address specific issues and create a unified vision. Specifically in reference to the SETA strategic planning process, these retreats can allow stakeholders a forum to discuss issues relevant to training and allow the SETA to receive input into its strategic plan.

6.1 Objectives

The first step in organizing a strategic retreat is to set clear objectives. If the SETA chooses to facilitate more than one retreat, each retreat's objectives should complement the others and fit into the larger strategy of the process. In addition, a single retreat will contain several different sessions or modules. Each of these sessions should also have stated objectives that fit into the goals of the overall retreat and process. The following are questions that can assist in setting the overall project, retreat, and module objectives:

- How do these retreats fit into the overall strategic planning process?
- What does the SETA hope to accomplish at the strategic retreat?
- Does the SETA need to facilitate more than one retreat in order to reach its objectives?
- Does the SETA have the same objectives for both strategic retreats?

These objectives should at a minimum include identifying the main issues and setting priorities. A successful retreat would go further to lay out action plans and elicit potential commitments from stakeholders.

6.2 Dynamics

Part of the facilitators' role is to build group dynamics between the participants. There are four basic steps to creating this dynamic:

Get Their Attention

- Begin with a question that helps the group to focus
- Set rules for retreat participation
- Define and establish the role of the facilitator

Gain Their Interest

The facilitator can gain the participants' interest by using numerous different techniques including visualizations, icebreakers, or just asking the following direct questions:

- "Why are we here?" (i.e. identifying the issues and problems)
- "What do we hope to accomplish?" (i.e. identifying the potential solutions)
- "How are we going to accomplish it?" (i.e. what process should we take to reach the solution.)

Create a Desire

The facilitator needs to establish how the participants will benefit from the retreat and how others not present will benefit. Because desire is created through emotion rather than through knowledge, the facilitators must work on understanding the true needs of the participants and the impact of these issues on their roles and responsibilities. Ultimately this is done through the skillful us of questions.

Provide Action Plans

The facilitators should reinforce decisions made by the participants by helping the group to develop post retreat change plans and performance measures to see that the actions are actually taken after the retreat ends. If the retreat is successful it will create a momentum that encourages stakeholder actions after the retreat is complete.

Group Dynamic Ground Rules

In addition to steps that help to foster positive group dynamics there are rules the participants should follow to aid in this process. These might include:

- Stick to the agenda;
- Listen to others speak;
- Be respectful;
- Strive for group consensus;
- Leave job title at the door;
- Start and stop on time;
- Turn off cellular phones; and
- No smoking.

6.3 Planning and Logistics

The planning of successful retreats require the host to contemplate the "who, what, when, where, why, and how" events will transpire. In-depth planning requires setting clear objectives and anticipating the outcomes of the retreats. The following questions should be addressed when planning a retreat:

- Why are you having a retreat?
- Who should participate?
- Where is the best place for the retreat?
- When should the retreat take place?
- How are you going to ensure that you meet your objectives?

6.4 Agenda Setting

Good agendas help answer the who, what, when, where, why and how. Providing the participants with an agenda will help to structure the retreat by allowing them to know what topics will be covered and where their input is necessary. Once objectives are set for both the larger retreat and the individual modules, setting the agenda should be clear and relatively easy.

There are four components to an agenda:

Opening validation and summary

This section of the retreat includes both the opening and closing of the retreat. The opening sets the tone for the retreat by outlining what will transpire throughout the day and what we hope to accomplish. Senior managers should validate the importance of this type of retreat as they explain why this retreat deserves all stakeholders' participation. Finally, summarizing at the end of retreat reemphasizes the objectives, reinforces what was accomplished, creates closure and emphasizes the next steps.

Issue definition

Much of the strategic retreat will be spent on defining the current environment of the industry by outlining stakeholders' issues and concerns. The facilitators should set boundaries for this discussion to ensure that these sessions remain positive and useful to meeting the objectives.

Issue resolution

After the issues are clearly defined, the facilitators should assist the participants in defining the future visions, the gap between how things are today verses how the participants want to see it tomorrow. Finally the facilitators need to lead the participants into establishing steps to get from the "today reality" to the "tomorrow vision."

Please see ***Appendix H*** for a more detailed description of objectives, dynamics, issues and facilitation techniques that can be utilized in strategic retreats.

6.5 Process and Outputs

As every strategic retreat has a different dynamic, a good facilitator should be able to set the tone of the discussion, let participants take it in the directions they want to go, and at the end of the day still go away with concrete results. A typical process flow would lead participants into:

- separating the critical issues from those that have some magnified importance, but are not relevant at the moment;
- grouping critical issues into a compact group of strategic priorities;
- discussing concrete action plans that go beyond a simple wish-list and focus on pragmatic implementation; and
- making commitments to contribute to those action plans where they or the institutions they represent can have a beneficial impact.

7. Performance Measurement[16]

As outlined in ***Section 1*** of this deliverable, the proposed annual SETA strategic planning process does not end with the development of the strategic plan. Instead the SETA should use the priorities, actions, and commitments in its plan to measure progress throughout the year. The ultimate goal of this step is to answer the following crucial questions:

- How will the SETA measure success? By what indicators?
- Using those measures, did the SETA successfully meet its annual goals?
- If yes, what is the next benchmark that the SETA needs to meet in the following year?
- If no, what went wrong and what mechanisms does the SETA put in place to correct this shortcoming?

7.1 Types of Performance Indicators

Measuring the SETA's progress in meetings its strategic goals should be analyzed on three different levels: 1)inputs; 2) outputs; and 3) outcomes.

Inputs

Inputs refer to the "activities and materials that the SETA utilizes to carry out its mission." The major input that allows the SETA to function will be the levy the SETA collects from its members.

Outputs

From the inputs the SETA will produce certain outputs. In other words, what did the SETA do with the levy money? The following are potential output indicators:

- Percentage of levy given back in the form of training grants;
- Percentage of levy used for administrative tasks;
- Variety of learnerships registered;
- Types of curricula certified by the SETA;
- Number of students trained in approved training programs;
- Number of web-page hits;
- Industry fora held;
- Publications distributed to SETA members; and
- Number of occupational categories for which National Qualifications are defined.

Outputs are helpful in providing quantitative information on the SETA's activity. They provide the SETA and its members with a quick overview of what the SETA has accomplished throughout the year. In other words, if the SETA set a goal of providing 50% of the levy back in the form of training grants and it reports at the end of the year that it provided 60% back, the SETA will be have reached its goal.

[16] Benchmarking and performance measurement has become a "science" in itself. As a result, this section provides only a high-level overview of the methodology for performance measurement.

A SETA's performance, however, cannot simply be understood using qualitative data. For example, suppose a SETA sets a goal of certifying 25 training programs in a planning year, but at the end of the year it has only certified 10 training programs. The SETA has failed to meet its strategic planning goal. The real question, however, is why? Did the SETA not actively use its resources to certify qualified programs, or were there simply not 25 programs that deserved accreditation? If the latter is true, then the question becomes what steps did the SETA take to help develop these training programs to make them successful? Did the SETA provide any technical assistance to the uncertified programs? How will the SETA change its goal and strategic priority in the coming year as a result of this output?

Outcomes
Inputs and outputs assist in taking a snapshot of the SETA's performance, however, in order to understand its long-term benefit, the SETA must also measure the ***outcomes*** of its activities. In other words, if a SETA takes the levy as a monetary input and issues training grants as a monetary output, what is the added value to industry and community?

One key outcome that a SETA could measure is the reduction of the skills gap. Through the baseline skills needs analysis and the annual planning survey (see ***Section 4***), the SETA will ask employers to identify the level of skills their employees presently have and the level that employers ideally are seeking. The survey identifies this gap for both functional and generic "critical crossfield outcome" skills. If in year one of the strategic planning process, the baseline skills needs analysis identifies the largest gap in self-management skills, the SETA may decide to make decreasing this gap one of its strategic priorities. Based on this strategic priority the SETA may choose to require all curricula to include modules on "self-management." In the annual survey the next year the SETA will be able to see if this "output" caused the "outcome" of reducing the skills gap in self management.

Measuring "outcomes" is not an easy task. There will not be a 100 percent direct correlation between what actions or outputs a SETA produces and the resulting outcome. In the previous example, the "self management" skills gap may be reduced. But this reduction may also be a function of the implementation of a new education system in primary and secondary schools that focuses on problem solving at an early age. On the other hand, this skills gap may not be reduced for several years, does this mean the SETA has failed or should abandon that strategic priority in the next strategic plan? These are the tough decisions that need to be addressed when creating strategic plans. In the end, however, outcomes will be indicative of the SETA performance and must be a crucial part of its review process.

7.2 Collecting Data and Reporting Performance

After the SETA creates its strategic plan and identifies indicators by which it will measure its performance in the coming year, it must also set up mechanisms to collect and report this data. Some examples might include:

- A database where SETA employees report output information on a regular basis;
- A database where SETA members report information on number of employees trained;
- SETA performance measurement committee that collects and analyzes the data; and

- An annual report that describes the inputs, outputs, and outcomes achieved throughout the year.

The key to success in performance measurement is to collect the data throughout the year, and not wait until it is time to write the next strategic report to identify SETA progress.

7.3 Self Correcting Mechanisms

At the end of the fiscal year, the annual report comes out identifying how the SETA performed. What next? The proposed SETA annual strategic planning process begins again by implementing both analytical tools and dialogue mechanisms. Through this participatory process, SETA members, training providers, government officials, and labor unions should be able to act provide input as to what needs to change, what goals should be reassessed and what actions need to be taken.

Ultimately, according to the Skills Development Act, if the SETA performance is very poor the Minister of Labor has the ability to intercede in the SETA process. However, if the SETA is measuring performance throughout the year, receiving input from members, listening to industry, and responding, then the SETA will be able to direct its own path to success.

PART III: SOUTH AFRICAN TOURISM INDUSTRY PILOT

Introduction

Where the previous sections reviewed the methodology for different tools and frameworks that a SETA could undertake to inform its strategic planning process, the following sections outline the results of piloting these tools in the South African tourism and hospitality industry from October 1998 through March 1999.[17]

The sections below outline the results for each methodological framework or tool in a certain chronological order. Once again it must be stressed that the order for actually conducting these tools and defining these frameworks was *not linear*. The lessons we learned while testing some tools informed the results of other tools and frameworks. For example, although the analysis of competitiveness is presented first below, the results of this framework were informed by information gained at the contact groups and strategic retreats. Indeed, as presented in Part I of this deliverable and described in the example above, the methodology itself is *synergistic* in nature, with all of the tools building on and informing one another.

For this pilot, we chose to present the results in the following manner. First is a macro-level analysis of competitiveness that emphasizes the *demand* for skills in the sector; then a more specific analysis of the training providers to the tourism industry-- the *supply* of training to develop skills. Additional sections describe the specific insights, perspectives and conclusions we gathered in the course of running a small pilot survey, four contact groups and two strategic retreats. Although we present the insights in modular form, it is only by looking at them in sum that the Tourism SETA can begin to use this analysis to inform its strategy.

8. Analysis of Competitiveness – Demand Side

The business side of the tourism industry has come together to propose coherent strategies. These envision an industry growing at a fast pace in the next five years and becoming an even more important part of the country's economic development. Employer groups and the government tourism department have developed a dense network of linkages that have enabled them to coordinate effectively on many policies.

Unfortunately, the process has not extended effectively to the fostering of skills development or the provision of training. There is little communication between external training providers and employers, with the result that a high percentage of training is conducted in-house and is highly company-specific. Furthermore, the linkages on the government side of the training value chain are relatively weak. A comprehensive training strategy needs to be formulated to match the existing growth strategy of the industry.

[17] This sector was chosen partly because of the availability of data and partly because it is perceived to be a dynamic sector with good prospects for growth.

The analysis presented in the following sections follows the methodology outlined in ***Section 3*** of this report. We begin with the analysis of the *economic sphere*, followed by a brief outline of the *political* issues affecting the industry. The *social sphere* and the *linkage map*, due to their inter-relation are combined in one section at the end.

There have been many studies of competitiveness for the South African tourism industry in recent years. We have extracted the most relevant data and combined it with additional data gathered in the course of our interviews, surveys, contact groups and strategic retreats. Much of the descriptive data that we used to inform the analysis is contained in ***Appendix B***. The linkage map is—as far as we have determined—a novel analytical tool; we developed it on the basis of the insights of people with many years of experience in the South African tourism industry, in addition to selected interviews with people who are involved with the various institutions described.

8.1 Economic Sphere – The SWOT Analysis

8.1.1 South African Tourism Strategies

In *"Tourism in Gear"* (1997) the Department of Environmental Affairs and Tourism, in conjunction with the business sector, laid out an ambitious growth program that emphasizes the overseas segment of the sector. For the period 1998-2000 highlights of these growth targets include:

- Increase tourism contribution from 4.7% of GDP to 8% by 2000
- Increase in foreign exchange earnings by 15% per annum
- Increase arrivals from overseas by an average rate of 17% annually; corresponding increases in arrivals from the continent by 6% and in domestic tourists by 2.5%
- Increase sustainable employment opportunities by almost 60%
- Increase by 15% the number tourism ventures owned or operated by disadvantaged entrepreneurs.

In order to achieve these growth targets, the following strategies were chosen:

- A national approach to promotion and marketing focusing on the high-yield segments of international markets. This approach would try to attract:
  - Retired, wealthy individuals
  - Upwardly mobile professionals and their families
  - Backpackers
- Domestic promotion would be emphasized at the level of provincial tourism authorities
- Broaden and diversify the product offering to emphasize the African elements of the country's offerings
- Promote entrepreneurship and community shareholding in tourism
- Promote sustainable management of natural and cultural resources
- Establish a tourist-friendly workforce and population, capable of consistently ensuring service, hospitality and safety of visitors.

Cognizant that a push for international tourists would require a significant increase in service standards, the document also lays out the action of developing a tourism human resource development strategy that is complimentary to the national framework. Specific actions include:

- Conduct an investigation of tourism training needs and resources
- Establish a Tourism SETA
- Establish a Southern Africa Tourism Training Institute
- Develop and launch the “Ubuntu-We-Care” general hospitality program
- Introduce, in conjunction with the Department of Education, tourism as a subject in secondary schools.

While many of these programs have begun, at the level of government and in cooperation with industry groups, the effective links with training providers or the coordination of training programs were left as a task for the eventual SETA. This has emerged as a primary action item for the SETA as soon as it is created.

8.1.2 Constraints to Tourism Growth

While the section above paints a picture of a growing sector, though it exhibits some tendency towards oligopolistic behavior, there are several factors that threaten the viability and continued expansion of tourism as a job creator for the country:

- Poor standards of service – especially when the value for money equation is taken into account;
- Infrastructure development constraints – poor returns on tourism projects;
- Poor protection of the environment;
- Poor integration of local communities into tourism;
- Tourism not previously seen as a national (provincial or local) priority sector;
- Lack of awareness of tourism as a leisure activity;
- Lack of inclusive, effective national (provincial and local) structures within tourism;
- Becoming known as an expensive destination;
- Poor national marketing and internal marketing of destinations;
- Insufficient trained and skilled staff to meet demand;
- Unrest amongst the vast sectors of the population; and
- Crime and violence and perceptions thereof.

8.1.3 Economic SWOT Analysis

To grow the tourism industry at the pace required, the industry needs to understand its areas of strength and opportunity as well as its potential pitfalls. A SWOT analysis provides a simple overview of the economic sphere.

The following analysis is based on tourism indicators and data that are presented as backup documentation in ***Appendix B***. Although the quantitative data available in the South

African tourism industry is not ideal to generate a comprehensive picture of competitiveness, we are able to grasp the potential of the industry from this SWOT picture.

STRENGTHS	WEAKNESSES
-Weak currency -Predominantly market-based industry -Mature industry operators -Excellent actual and potential product range	-Lack of government support and incentives -Poor overall returns in the industry -Over regulated / bureaucratic requirements -Highly regulated labor environment (worsening) -Very poor national generic marketing -Not yet using technology to comp. Advantage -Very poor industry research and statistics -Poor industry attitudes towards training
OPPORTUNITIES	**THREATS**
-Tourism is growth industry worldwide -South Africa still has a low share -Development of PDI market -Worldwide trend towards eco-tourism -Virtually untapped market segments	-International tourism is increasingly competitive -Major competitors more focused and targeted -Worldwide recession -Perceptions of terrorism and criminality

This table paints a picture of an industry with strengths in terms of its natural attractions, and extensive opportunities to grow, but with weaknesses that hinder the ability to realize them. As will be argued in the next section, many of the tacit and explicit strategies for the industry are based on attracting sophisticated, high-income or special-interest tourists. Such customers will pay high prices, but they will also expected high value in return. Most of that value comes in the form of specialized services that demand specialized skills, among them technical expertise, ability and willingness to be flexible, knowledge, sophistication, etc.

In order to capitalize on these opportunities, which is crucial for economic growth, industry stakeholders need to develop actionable steps that fit into coherent human development strategy. For example, in order to capitalize on the eco-tourism sector in South Africa, what actions need to be taken? Are there “quick hit” opportunities that will produce sustainable increased growth and drive momentum for other opportunities to materialize? Setting priorities that follow the stated strategies is the key to maximizing the opportunities.

(***Appendix B*** provides a more comprehensive discussion of the SWOT table.)

8.2 Political Sphere – A Coordinated Policy?

Many of the elements in the political sphere are addressed either in the previous or the next sections. For the purposes of skill development, it is important, however, to emphasize three elements here:

1. the lack of real support and over-regulation on the part of the national government;
2. the split between national and provincial competencies in the area of tourism; and
3. the lack of a coordinated human resource development strategy among the three key ministerial departments in the area, the DOL, the DOE and the DEAT.

8.2.1 Role of the National Government

Tourism is still not truly a government priority, and has not yet been really understood by government. Government has been moving closer to this largely prodded by the tourism business sector (TBCSA), the general business sector (the National Business Trust) and its own widely uttered statements that tourism has the potential to grow the economy, a fact which partially contributed to a reasonable emphasis on tourism in the Job Summit.

Government commitment and resources given to tourism are still inadequate. The political focus on education, health, uplifting the poor, equity, etc, while very important and necessary, sometimes results in legislation and actions that constrain industry and tourism industry growth, as well as create priority foci which are not always the best for economic or tourism growth. Both the Equality in Employment and the Skills Development Acts have the potential to develop massive regulatory bureaucracies that would quell entrepreneurship, especially among the SMMEs. While the need and benefits of such laws are recognized by most stakeholders in the industry, there is a persistent fear that more time will be spent satisfying bureaucratic paperwork requirements than addressing the real needs in skills development and training.

A reason for some of the slow development and transformation of tourism has been the feeling that the status-quo was adequate. At the same time, South Africa suddenly found itself with an unprecedented positive profile on the international stage which caused unparalleled growth in international tourism to the country. The tourism industry failed to optimally capitalize on this and maintain this excellent image to attract tourists.

Tourism is still widely perceived as an “elitist activity” and therefore negatively viewed by many PDIs. It is possible that this prevents, or prevented, some ANC and other black politicians form addressing tourism as a priority issue for the fear of losing the support of some of their constituents.

8.2.2 National-Provincial Split

Tourism in South Africa is a concurrent national government and provincial government competency. Each provincial government has therefore examined its role in tourism and the tourism institutional structures which it believes are required to execute this role. This has resulted in a proliferation of green papers, white papers, acts, strategic frameworks, business plans, memoranda of association etc. emanating from the provinces, and the setting up of various departmental structures, statutory bodies, boards and so on. At the end of 1995, Satour closed its regional offices. Most of the regional tourism bodies continued to operate for a while, but later closed or merged with the provincial entities being created.

The Tourism in Gear tourism strategy document hardly touches on activity in tourism below the national level. In some provinces there is very little co-ordination between the local level tourism bodies and the next levels up, but in others they are linked in to the regional councils who assist with their funding. In KwaZulu Natal alone there are some 52 local tourism bodies.

There exist guidelines for Provincial tourism structures and roles, and there was a recommendation in the White Paper that "*it is important and necessary that some form of consistency across provinces be developed*." However, our understanding from various discussions is that the structures vary from province to province.

Therefore, we now have a proliferation of provincial tourism bodies and/or departments. Some provinces only have a tourism body, some have both a body and a department, and some have only a department. To compound the issue, in some provinces the "parks board" has been combined with the tourism body, or has been incorporated into, or reports to, the tourism department. Some provinces have been playing "chess" with the tourism functions, restructuring the departments and bodies on a fairly regular basis.

Furthermore, tourism responsibility lies with different departments depending on the province, ranging from trade and industry, through environment affairs to finance and economics.

In summary, regional and area tourism facilitation, marketing and development in South Africa has fallen prey to a number of factors:

- Provincial political power games
- The newness of the responsibility to, and the learning curve required by, those in authority
- Lack of budget
- Lack of coordination
- Lack of national leadership

The DEAT recently produced a framework paper, drawn up with the provinces, which provided guidelines on what would be the roles of the national government, the provincial governments and the local governments with respect to tourism.[18] This paper emphasizes that "*it is essential that the strategies of government tourism agencies are directed by the political leaders…. to this end the Minmec Tourism, a joint forum of the national tourism Minister and the provincial Members of Executive Councils responsible for tourism [should meet] regularly to discuss and agree on tourism policies.*" The paper goes on to lay out a series of specific guidelines that distribute responsibilities among national, provincial and local governments in the areas of:

- Tourism legislation
- International relations and agreements

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- Marketing and promotion
- Domestic tourism marketing
- Provision of tourism infrastructure
- Tourism standards and awareness
- Tourism training

For the last item, the responsibilities of the national DEAT are basically the same as those laid out in *Tourism in Gear*, including the emphasis on working with the SETA to develop a comprehensive training strategy that includes setting qualification standards, coordinating curricula, and managing the allocation of training funds from the national levy. The provincial responsibilities in this area are directly subordinated to the national authorities, and are limited to implementing national programs in the province. A special condition was added that forces provinces to consult with the national SETA before they develop and implement provincially-based training programs.

The DEAT document proposes a good framework, but it is questionable how much of it can be coordinated. Certainly, industry representatives and training providers in the strategic retreats expressed great skepticism, and feared that that they would be subjected to duplicated regulation.

8.2.3 Lack of a Coordinated Human Resource Development Strategy

The coordination of government's approach to tourism is poor. The various national departments embark on different tourism initiatives often without informing the DEAT and without any coordination to ensure that policies, strategies and actions complement, and do not duplicate, each other.

Even a national effort such as the creation of the SETA becomes enmeshed in "turf" complications. For example, the SETA is responsible for standardizing training curricula and accrediting providers and is supervised by the DOL. Yet, many of the training providers are tertiary education institutions, such as tecknikons, which are regulated by the DOE. Similarly, the DOE and the DEAT participate together in a committee to teach tourism awareness skills in secondary schools. This is an area where the future SETA could participate actively, not only to contribute to the content of the materials, but also to coordinate with post-secondary tourism training efforts. At a more macro-level, effective secondary education has a fundamental impact on the quality and effectiveness of training efforts led by the DOL. As far as we were able to determine, however, the Human Capacity Development area of the DOL is only marginally involved in this type of effort. This lack of communication among government institutions contrasts with the more densely linked institutions of the private sector. The linkage maps of tourism industry stakeholders we developed will be presented and discussed in the next section.
Please see ***Appendix B*** for more detailed information on the Political Sphere of the South African tourism industry.

8.3 Social Sphere – Analysis of Linkages

Over the past few years the tourism industry has created many institutions to address its growth needs. These have fostered a dense network of linkages among stakeholders that have contributed to the successful development of policies and strategies. Most of these linkages, however, are at this point still driven by individual personalities and involve permanently established leaders. While a less transient institutional framework would be desirable, the current situation is not alarming. Institutional theory and experience in other settings indicate that successful leaders eventually institutionalize their networks. Some of the institutions being formed such as The Tourism Forum (TTF) and the Tourism SETA could provide an excellent opportunity to institutionalize and formalize some of the successful linkages.

At the center of many interactions lie the Tourism Business Council of South Africa (TBCSA), an umbrella group of the private sector, and the Department of Environmental Affairs and Tourism (DEAT), representing the government sector. A notable absence in this dialogue, however, is the labor sector. Union groups, for various reasons, have marginalized themselves from the strategic planning process in this industry, and have preferred to concentrate their resources in traditional collective bargaining. Their ability to influence future policy in the industry is therefore threatened.

In general, one can observe that linkages in the government sector are rare and weak, while the linkages among industry stakeholders are varied and strong. While industry has been a driving force in developing sector strategy, the various cabinet departments, excepting the DEAT, have not been as active or coordinated as could be desired. This is especially true in the area of human capacity development, where the DOE, the DOL and the DEAT have each pursued important but uncoordinated policies. In this area, the tourism industry as a whole has been relatively uncoordinated and fragmented among various bodies, most notably the Hospitality Industry Training Board (HITB) and the Travel Education and Training Association of South Africa (TETASA). Although their influence on overall tourism sector strategy is limited, these two groups are expected to form the core of the future Tourism SETA and should see their influence on the industry increase. The HITB in particular has been very effective in fostering discussion on training-related issues for its segment of the market.

The following section describes the major institutions in the industry. We then present a series of diagrams showing the linkages (or lack thereof) among the various stakeholders. This is complemented by a brief discussion of the personalities that drive the industry at this time. Finally, we discuss some of the institutional strategies that have been articulated by government and industry.

8.3.1 Important Institutions in the Tourism Sector

The following paragraphs lay out the most important institutions of the sector at the industry, government and labor levels.

8.3.1.1 Industry

There are around 30 primarily sectoral associations in the tourism industry for groups such as airlines, hotels, car hire, clubs, conference, self-catering, tour operators, etc.). Many associations are members of the TBCSA and a number sit on the board of the HITB. The two most powerful associations are SATSA (South African Tour and Safari Association and FEDHASA (Federated Hospitality Association of South Africa). In some sectors, big businesses are very supportive and active in their respective associations, but in others such as hotels, the big groups have formed a separate loose alliance and not joined (or have left) the industry association.

One of the industry associations, FEDHASA, is an umbrella body for a number of smaller associations including the Hotel Association, the Self-Catering Association, the Association of Clubs, the Restaurant Association, and SATCHI, the South African Trainers, Consultants and Service Providers for the Hospitality Industry. Many SATCHI members are accredited with the HITB, and have good relationships with the HITB executive and staff.

Tourism Business Council of South Africa (TBCSA):
The TBCSA was formed three years ago to provide a forum for the entire tourism private sector to “speak with one voice” to government. Most major players and associations in the industry are members, and its board is structured to enable big businesses, small businesses, associations and black business to be represented.

Its membership base is still not as all encompassing as desired, but nevertheless it has succeeded in becoming the private sector entity with which government (the DEAT) and Satour communicate with respect to tourism issues and in nominating private sector representatives to the Tourism Forum (see below). It also has a number of policy subcommittees in the areas of SMME development, marketing, safety and security, tourism funding, environmental Affairs and infrastructure, training and education, etc.

Its CEO Michael Farr was seconded as CEO to Satour for 18 months and enjoys good relationships with its board and with the DEAT. Colin Walker, now a consultant to the TBCSA, but who was acting CEO before Farr’s return, is well-regarded in most quarters of the industry.

Satour (South African Tourism Board):
A statutory body whose main role is international marketing of South Africa. It also handles facilities rating, though currently for accommodation only. Its board comprises of government (national and provincial) representatives, and representatives from business, labor and civil society. It has a number of sub-committees on which the private sector also serves, for example: marketing, exhibitions, etc.

The new Satour CEO communicates regularly, both informally and formally, with the DEAT. Via the Satour Board and the composition of many of Satour’s sub-committees that include TBCSA representatives, the TBCSA has significant linkages with Satour. These are both formal and informal, as many committees and some board members are active TBCSA members and regularly liaise informally with TBCSA board members, executives and members. This includes Liz Westby Nun, on the board of both organizations, and Glenda Moore on the Satour marketing committee and on the TBCSA board. The new Satour CEO himself has not, as yet, developed other strong relationships in the tourism industry.

Satour does not have a role or mandate in training or education in the Tourism industry; however, Satour currently accredits tourist guides in South Africa and is therefore involved in training standards in this area alone. There is currently, however, a national exercise being conducted to review the policy and regulations with regard to tour guides in South Africa and this has been commissioned by the DEAT. Satour's role with respect to tour guides may therefore change.

8.3.1.2 Government

The main government institutions are cabinet departments at the national level, as well as smaller entities at the provincial level. (See Political Sphere.)

Department of Environmental Affairs and Tourism (DEAT):
The national government department with responsibility for tourism. There are ± 7 tourism functionaries within a department of more than 150 in total. It has a number of sub-committees / task groups, including ***TTAC, the Tourism Training Advisory Committee*** which was headed by Hendrik Steyn, the longest serving tourism official in the department. Hendrik has recently left the DEAT, and Saheed Bayat has taken over his portfolio. Saheed Bayat was at Satour on contract for 2 years as a change agent, and prior to that was in academia. One could assume that he has good informal links with Satour. TTAC has a very broad representation including training providers, the HITB, and industry representatives.

Patrick Fitzgerald, the relatively new Director General for Tourism in the DEAT, replacing Dr. Michael Fabricious, has very little tourism experience, and is therefore also developing relationships. Dr. Fabricious' imminent departure from the DEAT may influence its relationship with industry generally as he was held in high regard by many players in the industry and it is felt that within the constraints of budget and the civil service, he achieved a great deal. Dr. Fabricious does not appear to have a close relationship with Michael Farr, Patrick Fitgerald or Tanya Abrahamse.

Department of Labor (DOL):
The government department concerned with skills development. Although it has formal linkages with other cabinet departments such as the DEAT and the DOE, very little use, if any, is made of these. It tends to operate independently from them, with the result that some of its policies duplicate or are not coordinated with those of the other relevant departments. The only operating links between the DOL and the DEAT in the specific area of tourism training are via the HITB.

It will have formal links with the SETA once it is officially formed, as it has a formal link with the HITB. All unions are registered with the DOL but there is little communication or cooperation between the tourism unions and the DOL.

Department of Education (DOE):
Has two sub-committees which are looking at Tourism education and hospitality education in secondary schools. The DEAT and the HITB are represented on these committees. The DOL does not participate in these efforts. The DOE is responsible for supervising university and technikon programs. Since these are among the most important training providers for the SETAs, it would be critical for them to participate actively in the setting up of these bodies. Thus far, however, they have been removed from the SETA creation process and their advisory role has been minimal. Many of the participants in the contact groups and strategic retreats mentioned basic skills and attitudes as some of the critical skills needed for workers in the tourism industry, and suggested that more should be done about this at the primary and secondary educational levels.

The Southern Africa Tourism Training Institute (SATTI):
A new national body proposed by the DEAT after research and recommendations from a study sponsored by the Spanish Government. SATTI will also, at least initially, be funded through unilateral aid from Spain. It would act in a support capacity to the SETA and provide capacity and resources on a "one-off basis" to address needs as identified. It will probably not have a formal link to the SETA. This is considered to be a "pet" project of Peter Mokaba, the Deputy Minister of Environmental Affairs and Tourism, and should have good links through him to the DEAT.

Other Government Departments:
Virtually all government departments have a role to play in tourism. There are mostly disconnected formal linkages between these departments. A representative of the Department of Trade and Industry (DTI) is currently sitting in the TTF, but a hoped for representative from the Department of Finance has not materialized. The former has a direct interest in tourism affairs since trade and investment are the primary sources of business tourists. The Department of Finance also plays an important role, not only in promoting an enabling environment, but also because it funds Satour and the Tourism Department.

The Provinces:
Although tourism is a concurrent national and provincial government competency, there is little coordination or contact between the various authorities. The tourism structures in the various provinces vary considerably, both on the government and private sector side. The minister for each provincial government department tasked with tourism sits on a DEAT committee of tourism ministries.

Within the provinces there are also attempts to coordinate and liaise with local and community tourism organizations. Many such organizations are so-called "publicity associations" set-up through municipal-private sector partnerships, primarily to market the town, city or area as a tourism destination. Local tourism organizations also include local government departments, and local community tourism organizations whose brief in many instances goes beyond marketing to development. The South African Community Tourism Association represents all types of local tourism organizations.

8.3.1.3 Labor

There are a number of unions active in tourism and hospitality, the two strongest being SACCAWU (South African Commercial Catering and Allied Workers Union) and the Food Workers Union. Unions are registered with the DOL, and a number of unions are represented on the HITB board. Most of the large companies in tourism have formal recognition agreements with one or more unions and bargain annually over wages. Most small businesses do not formally recognize unions. The formal linkages between the unions and the HITB and the DOL are not effective.

8.3.1.4 Mixed Institutions

Some institutions are in themselves a result of formal linkages among the government and the private sector.

The Tourism Forum (TTF):
A body *recently* set up by government and the private sector (TBCSA), comprising eight representatives from each. It will be a consultative council at which any macro strategic issues relating to tourism will be discussed and macro policy and strategy decisions will be taken. It is intended that it will operate on consensus. Government's representatives will include representatives from Satour. The first meeting took place on February 15th 1999. The Forum is intended to create the partnership between Government and the private sector which is deemed to be a pre-requisite for tourism development. It is similar to models in Canada, Australia, Malaysia etc.

The Department of Trade and Industry (DTI) is represented on the TTF. A representative of the Unions and a representative of the South Africa National Civics Organization (SANCO) have also been invited to attend the forum. The TBCSA's representatives include Tony Ansara, the CEO of the HITB as well as Michael Farr and David Wigley. Other TBCSA representatives include Hans Enderly (CEO of the City Lodge Group), Held Pereira (MD of Southern Sun) and three others. Liz Westby Nun and Stuart Lumbka (the new Satour CEO) represent Satour and Dr. Pallo Jordan (Minister of Environment Affairs and Tourism), Peter Mokaba, Professor Patrick Fitzgerald, Dr. Tanya Abrahamse and David Frost (special advisor to Minister Pallo Jordan) represent the DEAT and the Ministry.

Via the extensive representation on this forum of people from Satour, the DEAT and the TBCSA, there is no doubt that informal linkages between the forum's members exist. It is, however, too early to understand the effectiveness of the forum and how well its formal links will work in feeding policies and strategies back down to the DEAT, other government departments, Satour and the TBCSA for implementation.

Hospitality Industry Training Board (HITB):
The HITB has been in existence for seven years and is a statutory body which collects levies on payroll from the hospitality industry. It accredits training courses in the industry and employers claim back some or all of accredited course costs for their employees from the HITB. The HITB has also been piloting learnerships and implementing a National Qualifications Framework in the industry.

The HITB has developed a good relationship with the Human Capacity Development Directorate at the DOL. However, current leadership changes at the DOL may have an impact. Tony Ansara chairs the TBCSA policy committee on Training and Education; he is also one the TBCSA representatives on the TTF. He therefore has very good informal relationships with these entities. He is also on TTAC and appears to enjoy good relationships with many of the other parties in TTAC.

Travel Education and Training Association of South Africa (TETASA):
TETASA was recently merged into the HITB. TETASA is entirely voluntary but attempts to quality control and facilitate travel and tourism training. Although the merger is said to be in effect, the two entities operate fairly independently and there may be tensions between them.

It is generally accepted that HITB with TETASA will become the Tourism, Hospitality and Leisure SETA, and it is expected to be appointed a pilot SETA in 1999. As a SETA it will also have formal links with the DOL. The HITB board has government, labor and private sector representatives.

8.3.2 Analysis of Linkages[19]

Current Situation
Effective strategy implementation requires not only strong institutions, but also a strong *institutional setting.* While it is useful to identify the institutions that work in a given area, it is also important to understand how the institutions relate to each other. Strategy implementation will only be successful to the extent that institutions apply their diverse competencies in a coordinated fashion. This is not only a way to be more efficient in the use of scarce resources, but also ensures ownership and accountability.

In order to gain a better understanding of the various relationships between the institutions named above, we developed linkage maps.

[19] These maps were developed in cooperation with Gillian Saunders of Grant Thornton Kessel Feinstein, based on her almost two decades of experience with the South African tourism industry.

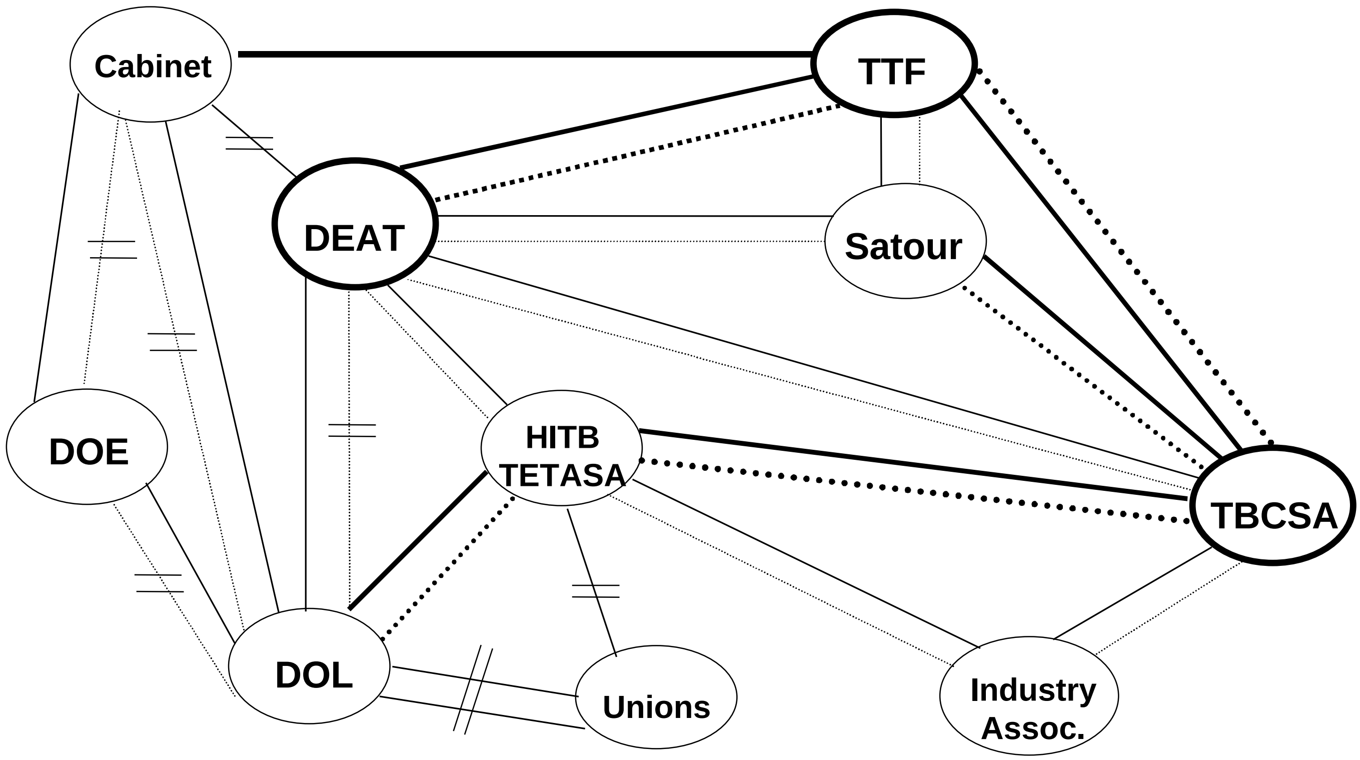
For the tourism sector, a large element of success has been based on the development of strong linkages between various key stakeholders in the industry. As has been discussed in the previous sections, linkages between the private sector institutions are strong, while linkages among government institutions are weak or non-existent. (See Linkage Map I.) The most striking feature is the triangle formed by the TBCSA, the DEAT, and their coordinating body, the TTF. At a sector level, the DEAT provides the only significant linkages across the public-private divide. Its cooperation with the TBCSA to set up the Tourism Forum jointly and its involvement in the marketing activities of Satour indicates a solid institutional foundation on which future government-industry cooperation can build upon. It could also provide a basis for establishing linkages with the labor sector, which—at this point—are absent.

There are some other important gaps in leadership and disconnects between critical stakeholders in the industry (and in the country as a whole). Training providers have received relatively little direction and no one group or individual has emerged among them to lead in the development of new or expanded training programs for industry workers. Notably, the universities (with the notable exception of the Tourism Dept. at the University of Pretoria[20]) have completely ignored the industry and abdicated the opportunity to provide advanced training for higher-level, future managers.

[20] Probably due to the leadership of Prof. Ernest Heath, a former Satour board member.

Linkage Map I

LINKAGES IN THE TOURISM INDUSTRY: OVERVIEW FOR 1999[21]



Historical Evolution of Current Linkages

Although there is still more work to be done in the area of institutional building and linking, it has become apparent that the tourism industry in South Africa is uniquely fortunate in having very strong leadership at various levels, and friendly relations among some of the key stakeholders. This has not always been so. The current institutional framework is a result of many individual and group efforts over the past decade. Since we were interested to explore the history and evolution of the current linkages, we attempted to develop a linkage map for 1989. (See Linkage Map II.)

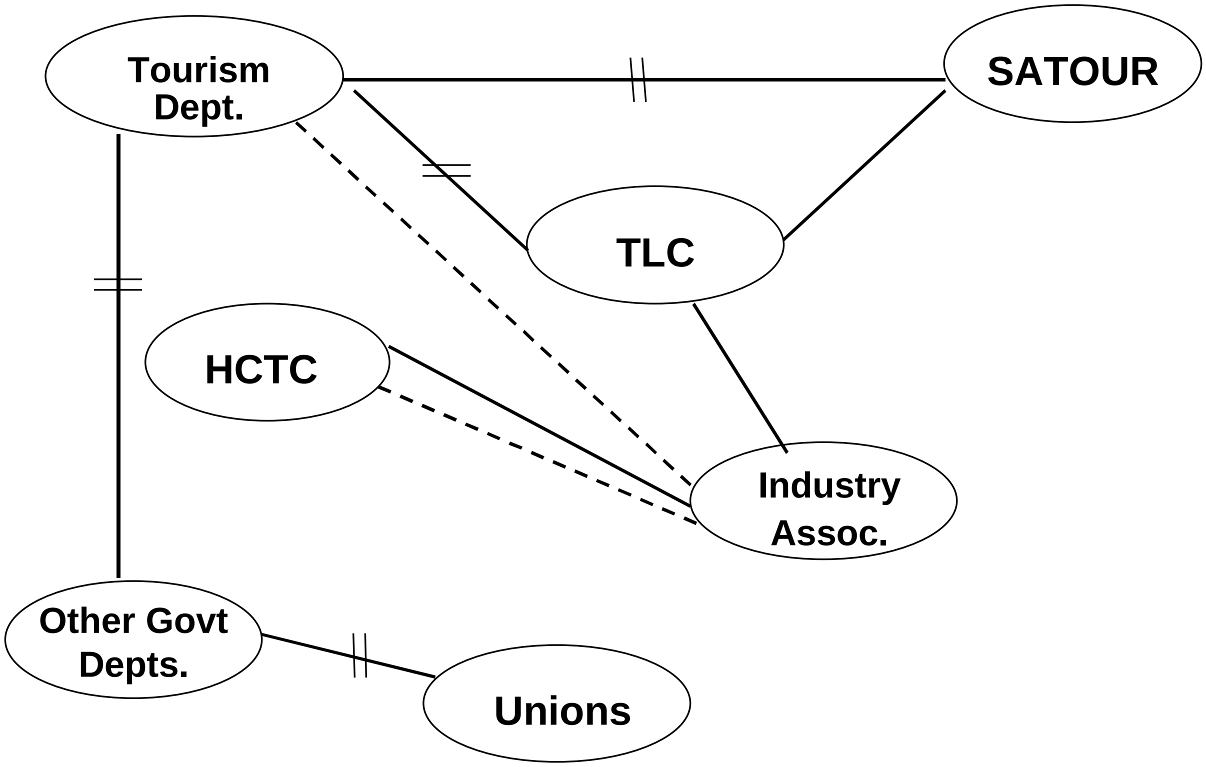
Linkage Map II

[21] Formal linkages are denoted by solid lines. Formal relationships exist where direct ownership, membership, registration or entitlement to board seats exists. This indicates that communication takes place (or should take place) between two entities. In the cases where a formal relationship exists but does not function effectively, that is, a "disconnect", a break in the formal line is shown.

Informal linkages are denoted by dotted lines. Informal relationships exist where there is dialogue between the entities, largely based on relationships and not following or through the formal channels. Entities can communicate through both formal and informal linkages.

Thick lines indicate a linkage that works very effectively.

LINKAGES IN THE TOURISM INDUSTRY: OVERVIEW FOR 1989 [22]



It should be emphasized that South Africa—as a whole—has undergone profound political, social and economic change between 1989 and 1999. In 1989 Nelson Mandela was still a prisoner, apartheid, though somewhat relaxed, was still in full force, the National Party was in power, and the economy was run on the basis of a siege mentality. Against this background, tourism was not seen as a priority or even an issue by the government in power. Overseas tourism to South Africa was limited, and domestic tourism a pastime mainly of the white population. Tourism from Africa—mostly migrant labor—constituted about 50% of foreign arrivals.

With the exception of a few tourism industry players, the industry was not taken very seriously. It was not until the turn of the decade when the broader governmental and industry community in South Africa started to pay some attention to tourism. This was witnessed by a number of reports and reviews of the industry and a slightly new strategic approach from Satour.

[22] Legend:
- TLC Tourism Liaison Council
- HCTC Hotel and Catering Training Council (predecessor to HITB)

Around that time the Board of Trade and Industry conducted an investigation into the tourism sector, and in 1991 Satour produced its Strategic Framework for Tourism Development in South Africa. These reports and studies probably heralded the beginnings of tourism as an economic sector with potential in South Africa.

It was really the 1994 elections and the ensuing demand-led growth that provided the impetus for the vastly changed tourism linkage map which exists today. The DEAT expanded and the private sector began to organize in a much more effective manner. The HITB, founded in 1992 preceded much of this activity, and was a forerunner of the evolution of the tourism industry in South Africa.

Satour had been established by “The South African Tourism Board Act” of 1983. Its main role in 1989, as it is now, was to promote South Africa as a destination for foreign tourists. In addition Satour was beginning to conduct research into the industry. As early as 1982 it commissioned research into domestic tourism, while the twice-yearly international tourism research surveys commenced in the early 1990’s. Before that, only ad-hoc international research and the overall arrival statistics were available. Satour was staffed largely with academics and civil servants and generally industry and Satour went about their business with very little interaction.

The Tourism Department reported to the Department of Trade and Industry in 1989. As far as we are aware there was only one departmental staff member with a responsibility for tourism until after the 1994 elections. Tourism moved from Trade and Industry, through the Department of Administration, was briefly a national government department alone during 1993, and then moved to Environment Affairs in 1994 after the election. Generally speaking the various departments took a low-key role in tourism and were, if anything, mainly reactive.

This Tourism Liaison Council (TLC) was an invited group of executives of the trade associations representing the tourism industry, convened by Satour. It represented 16 associations in 1989. This had grown to 22 by 1994. It was seen as the “voice” of the industry, but generally made few if any pronouncements, and was thought to take few decisions. The representatives on the council, as executives of associations only, had no mandate and often little strategic and overall industry knowledge. The TLC, although it continued to meet for many months, was effectively rendered obsolete by the formation of the TBCSA.

Over the years there have been some changes in government departmental structure, although the same principals applied 10 years ago as do now; all government departments played a role in tourism, but there were few formal linkages.

The Hotel and Catering Industry Training Council was FEDHASA’s training arm. (At the time FEDHASA represented hotels, catering, restaurants, and the liquor trade.) The HCTC’s funding was derived from FEDHASA and from the provision of training services and facilities.

In 1988 FEDHASA resolved to pursue the HCTC becoming an industry training board. The HCTC only began pursuing this option in some detail in 1990. In June 1991 the Minister of Manpower accredited the Hospitality Industries Training Board, and in March 1992 the Hospitality Industries Training Scheme, negotiated with industry and the DOL, came into effect.

At the industry association level, there were fewer associations in 1989 (16), and generally they were less active than the current 30 or so associations. SATSA (the South African Tour and Safari Association) and FEDHASA were then, and are still now after TBCSA, the biggest and most vocal associations.

Finally, unions were probably as strong within the hotel industry in 1989 as they are now. SACCAWU was a player at the time along with one or two other unions such as NAHRWU (National Hotel and Restaurant Workers Union). There were, as now, few effective linkages between the unions and government or the tourism bodies.

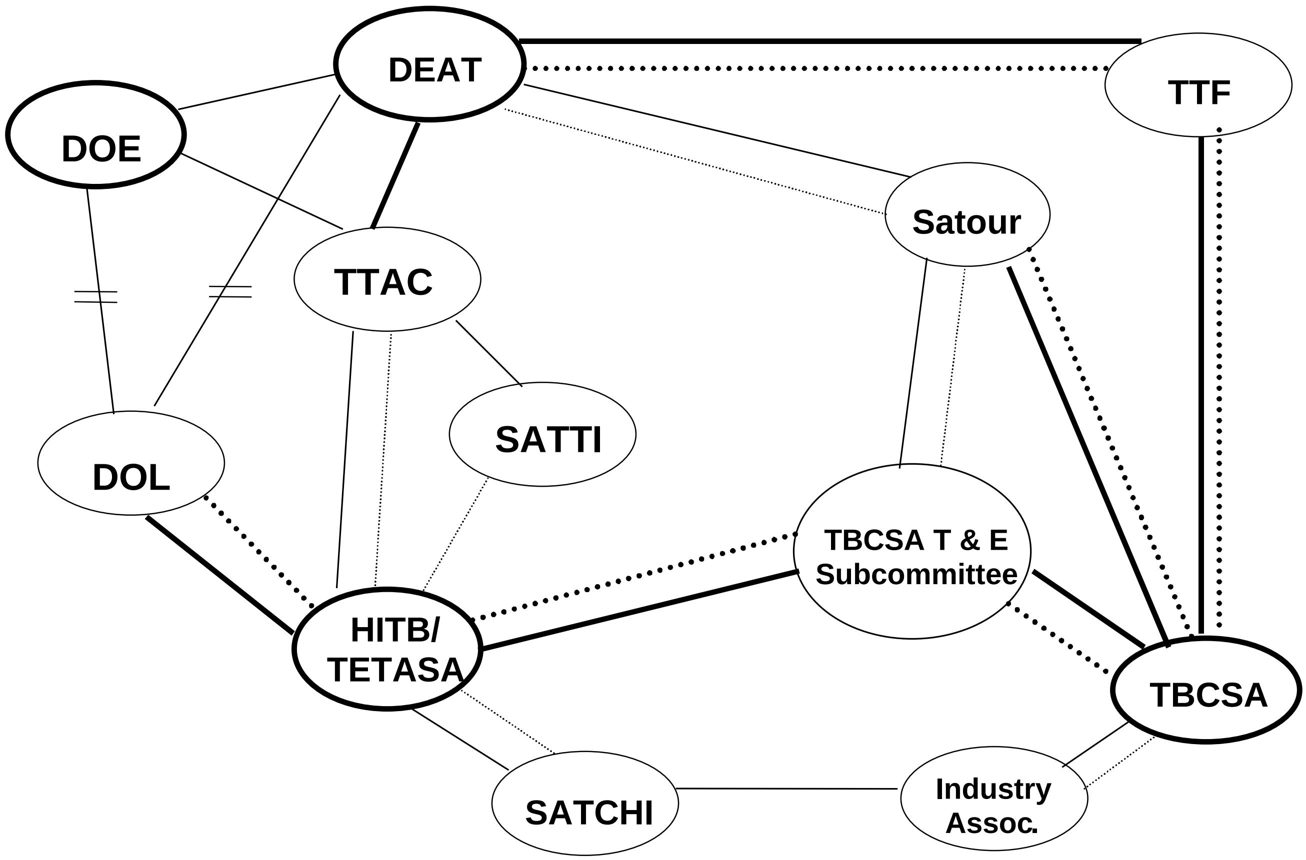
Comparing the 1999 institutional situation to what existed in 1989 is important, especially when considering the establishment of SETAs in other sectors of the economy. The dialogue that needs to occur in determining the training policy for any sector is greatly facilitated by an existing institutional framework, even if it is personality-driven—as it is still the case for tourism.

Institutional Linkages affecting Training Programs in the Tourism Sector
In the specific area of training, the DOL has a close relationship with the HITB and TETASA, the institutions that are expected to form the basis of the future SETA, but not with the DOE or the DEAT, which should be able to provide valuable input. On its own, the HITB/TETASA has developed some linkages to the DEAT. The triangulation of relationships involving the DOL, the DEAT and the HITB/TETASA would be very beneficial for the successful launching of the Travel, Leisure and Tourism SETA.

Involving the DOE and its efforts to introduce tourism education in the primary and secondary levels, although formally not contemplated in the Skills Development Act, could only be considered beneficial. Such an involvement would go a long way in addressing the attitudes and basic skills gaps that employers are currently most concerned with. Further, to the extent that new entrants into the labor pool come with better skills, it will facilitate the task of the SETA and its training providers to train them and integrate them effectively in the industry's strategy.

Linkage Map III

INSTITUTIONAL LINKAGES AFFECTING TRAINING PROGRAMS



Personalities driving Informal Linkages in the Industry

In the course of interviews and discussions during our visit to South Africa, we were able to identify a few "focal points" around which—it seems—most of the tourism activity and decision-making evolves.[23] These individuals, and the institutions they lead, are highly respected, both in terms of their own leadership and the work they perform.

- ***David Wigley, Chairperson of TBCSA:*** previously CEO of Fedics, Mr. Wigley has been instrumental in many of the directions tourism has taken in the political and social spheres. Fedics is a contract catering company, which, during the mid-nineties also took a major stake in Protea, a major local hotel group. Mr. Wigley was an early and long-serving Chairman of FEDHASA, the HCTC and its successor HITB. He was the leader of the movement within the business community to start the TBCSA, and from within the TBCSA, he has spearheaded the new partnership with government resulting in the formation of the TTF and more business influence and representation within

[23] These individuals/institutions were repeatedly referred to during interviews.

Satour and on its committees. Mr. Wigley was also responsible for starting the consultative process with government in 1994/1995 that resulted in the tourism green paper which preceded the White Paper. As the Chair of the TBCSA, he was also instrumental, along with the TBCSA board, in selecting Michael Farr as its CEO in 1997, and in Farr's subsequent secondment to Satour as acting CEO. Colin Walker, who became acting CEO of the TBCSA when Farr moved to Satour, previously worked at Fedics under him. Mr. Wigley is deservedly well respected for the role he has played in bringing tourism to the attention of government and in creating a tourism vision and strategy for tourism in South Africa.

- ***Mr. Peter Mokaba, Deputy Minister, DEAT:*** has taken an active interest in tourism since before the 1994 elections. He is seen by industry as the political champion of tourism—more so than Pallo Jordan, the minister– and has advanced the attention paid to tourism by government beyond its previous low levels. He spearheaded much of the tourism input into the Job Summit. After the 1999 elections Mr. Mokaba may no longer be in the tourism ministry.

- ***Mr. Tony Ansara, Hospitality Industry Training Board***: The HITB has been consistently regarded as one of the most successful Training Boards. Mr. Ansara and his staff have led their counterparts in devising successful programs, involving the private sector in the planning process, and establishing the specific industry qualifications framework. Various groups refer to Mr. Ansara/HITB as the driver in key process, and Mr. Ansara himself maintains close communication to the Departments of Labor and Tourism, Satour, and the Tourism Business Council.

- ***Dr*. *Michael Fabricious, Tourism Directorate, DEAT*:** as a government department concerned with a specific industry, the DEAT already has enormous coordination and resource power. This has been increased by a favorable perception among business leaders that "Fabricious is somebody we can work with" and a willingness of the DEAT to involve itself in coordinating activities. It seems most initiatives in the industry include the DEAT's input, not necessarily due to any bureaucratic requirement. Dr. Fabricious has recently resigned, to lead the tourism department of the Western Cape. Mr. Patrick Fitzgerald has been appointed to his post, and has taken an active attitude towards tourism. He is, however, a new player with whom relationships have to be developed.

In their own specific areas, Messrs. Ansara and Fabricious have been instrumental in leading the debate and—ultimately—getting things done. They have been an important instrument in linking the disparate groups, partly because of their personal credibility and partly due to their command of powerful institutional resources. From our initial analysis, this does not appear to be the case in most other industries.

8.4 Demand to Supply Analysis

This section in conjunction with the data presented in ***Appendix B*** begins to analyze the competitiveness of the tourism industry through the tri-partite framework (economic, political, and social spheres). Thus far, this analysis of competitiveness has been a *demand driven* exercise.

We now turn our attention to the *supply side* of this equation, answering many of the following questions:

- If the tourism industry is attempting to reach certain targets, what does this mean for developing the workforce?
- How will this growth strategy affect the skills workers need?
- How will training providers react?

9. Analysis of Competitiveness – Supply Side

The objectives of this supply side competitive analysis, better referred to as a training provider analysis, are:

- To analyze training providers in South Africa in the context of the needs of the tourism industry;
- To provide tools for "mapping" and analyzing this sector;
- To evaluate the impact of current trends on training providers; and
- To provide recommendations to local stakeholders.

This analysis begins by quantifying the needs of the tourism industry and creating a "map" of the tourism training industry.[24] This allows one to visualize the context for training providers and to identify key players and trends. The map facilitates the assessment of the linkages among various stakeholders in this system. By providing a "map" of the trainees, trainers and industry, a series of important questions are then identified. The overview of the tourism training "map" is presented at the end of this section.

After presenting the map, the analysis begins by looking at the trends in the tourism industry for current and future jobs. It then looks at workforce development in light of the current tourism industry strategy for competitiveness. The analysis proceeds to look at the existing job pool. It then looks at the structure of the training industry itself and the limitations of that industry as revealed in this study. On the basis of this analysis, recommendations are then made.

9.1 Limitations

This is meant to be a preliminary guide rather than an exhaustive evaluation of the training provider industry. It is meant to be illustrative of an annual process by which the industry would evaluate its competitiveness, identify its human resource constraints and revisit its strategy. It is meant to also contribute tourism industry input to the overall workforce development strategy that supports competitiveness at the firm, industry cluster and national level.

9.2 Training Needs of the Tourism Industry

9.2.1 Current and Future Jobs

One way to quantify the jobs needed by the tourism industry is to identify the jobs that currently exist. Looking at the expected growth rate provides a very rough estimate of the numbers of people that must be trained in the future. Job estimates vary greatly and range

[24] See USAID Manual for Action in the Private Sector (MAPS), Washington D.C., 1988. The MAPS methodology was developed by Dr. James E. Austin and Kevin X. Murphy of J.E. Austin Associates and implemented in 18 countries to create strategies for promoting private sector development.

from 250,000 to 550,000 depending on the definitions and methods used. The higher numbers often include jobs not specifically related to tourism per se, such as fast food and eating establishments not frequented by tourists or transport workers who deal with commuters. The best estimates of jobs in the tourism industry are found in the 1997 BMI study, Tourism Training Needs and Resources in South Africa. The study identified some 324,000 jobs. These jobs were broken down by sub-industry group as presented in Exhibit 2 and as follows:

Gastronomy	117,000
Accommodations	88,000
Transport	47,000
Travel Services	20,000
Attractions	20,000
Other	29,000
	======
Total	**324,000**

In terms of the actual jobs that were currently being filled in the industry, the breakdown is as follows:

Type of Job	Existing Jobs (000s)
Waiters	60
Cleaning Staff	57
Cooking	55
Management	30
Front Office	27
Supervisory	17
Travel Agents	15
Administration	9
Guides	8
Drivers/Taxi	8
Bartenders	7
Other Sales Staff	6
Specialist Staff	3
Other Staff	22
Total	**324**

9.2.2 Future Job Growth and Supply and Demand

It was beyond the scope of this effort to do a sophisticated research and econometric exercise on future supply and demand in the tourism industry. Nonetheless, some general estimates can be provided. International arrivals to South Africa grew by about 16% per year in the immediate post-apartheid period and have slowed recently. This compares with world growth forecasts of 4.3% provided by the World Tourism Organization. The growth of the overall South African tourism industry (including domestic tourism) is projected at 8-12%.[25] Therefore, taking an average figure of 10%, one can expect to see about 32,000 additional jobs being created in the tourism sector. If one multiplies the current jobs listed above by 10%, one can have a first approximation of the jobs that need to be filled. However, this is too simplistic a way to think about the training needs of the tourism sector. To do this, one must understand the current tourism competitiveness strategy of the industry and then examine the linkages and implications for tourism training.

9.3 Tourism Industry Strategy: Implications for Training

9.3.1 Target Markets

According to the current tourism industry strategy in Tourism in Gear (DEAT, 1997) the South African tourism industry strategy will focus on high income groups and potentially high income groups such as the retired, wealthy and mobile segment, the upwardly mobile young professionals and the youth market. It will do so in regions of Western Europe, the Americas and South East Asia. These segments of the market will require trained people in the areas of safety and security, distinct and high cuisine, "high touch" service[26] and spa and health club services. The industry must build on this initial client segmentation and segment the market not only by regional, age and socio-economic backgrounds but also by motive of travel. This will allow for a more sophisticated targeting and profiling of the kind of tourist South Africa seeks to attract.

9.3.2 Product Offerings

The tourism strategy goes on to identify specific product-service offerings that South Africa will provide. These include eco-tourism, cultural tourism, adventure tourism, sports tourism, conferences, business and special interests. This implies the need to develop specialized training in ecology, culture, safety, scuba, golf, tennis, conference management and other specialized skills.

9.3.3 Government Priorities

The Government has also laid out some priorities for tourism industry growth and development that have implications for the training industry. The Government is seeking to bring tourism to underdeveloped regions. This implies the need for a regional strategy for training delivery. The Government would also like to encourage small business development in this sector. This requires a strategy to provide training to small businesses and to entrepreneurs. Unfortunately, small businesses will find it relatively more costly than large businesses to apply for SETA training grants because of the scale of their organizations. The Government also places a priority on sustainable management which implies the need for training and awareness related to conservation.

[25] Tourism Talk. Grant Thorton Kessel Feinstein, 1998.
[26] High touch service refers to additional service, immediate problem resolution and exceptionally friendly staff and will be elaborated on below.

9.3.4 What Businesses Want: Aptitudes or Attitudes?

The BMI survey done in the context of this study revealed that the primary motive for seeking training for their employees was to improve customer service (43%) and this was twice the level of response for other motives such as increasing knowledge (20%) or improving efficiency (10%). This is consistent with other findings where employers report that the most important quality in hiring is the attitude of the applicant. One employer said, "I'd rather hire the person with a good smile and the right attitude and train him or her myself than hire a person who is already trained but lacks the right attitude." Employers seem to stress attitudes over aptitudes and training programs would do well to address the development of a friendly and service-oriented mindset as part of their overall skills development strategy.

9.3.5 High Touch Service Means Training People to Think

High touch service refers to changes in strategy that empower front line employees to resolve problems for customers regardless of their particular rank or function in the enterprise. It also refers to providing services beyond those normally expected. It also includes especially cordial and friendly attitudes. This requires careful staff selection, excellent training and the fostering of a culture of service within the organization. It requires training that teaches people to think and solve problems. For example, if a hotel client says to the maid, "my telephone doesn't work," the last thing they want to hear is that "this is not my responsibility, please call the operator." Rather, the appropriate response is to take charge of resolving the client problem immediately by contacting the appropriate person and ensuring that the job gets done. This requires judgement on the part of the front-line staff. The need for "high touch service" has implications for training providers that need to train people in how to think, not just what to think.

9.4 The Labor Pool and the Social Context

9.4.1 Large Pool of Job-Seekers

Every year, approximately 400,000-500,000 people enter the labor force in South Africa according to the Department of Labor. This makes the 32,000 new jobs per year in tourism significant as they can provide a significant portion of these new entrants with jobs.

In addition, there were approximately 2.2M people unemployed in South Africa in 1997 (22.9% of the work force) according to the Central Statistical Service of the Government of South Africa based on those recorded in the census. The actual number is often estimated to be much higher.

About 2% of the workforce may be considered to be in transition at any given time from one job to another. The implication of this is that many people want to enter this industry. This, according to feedback, is resulting in the emergence of training providers who capitalize on this demand but who may not be qualified to provide the kind of training that the industry needs.

9.4.2 Bi-Modal Distribution of the Workforce

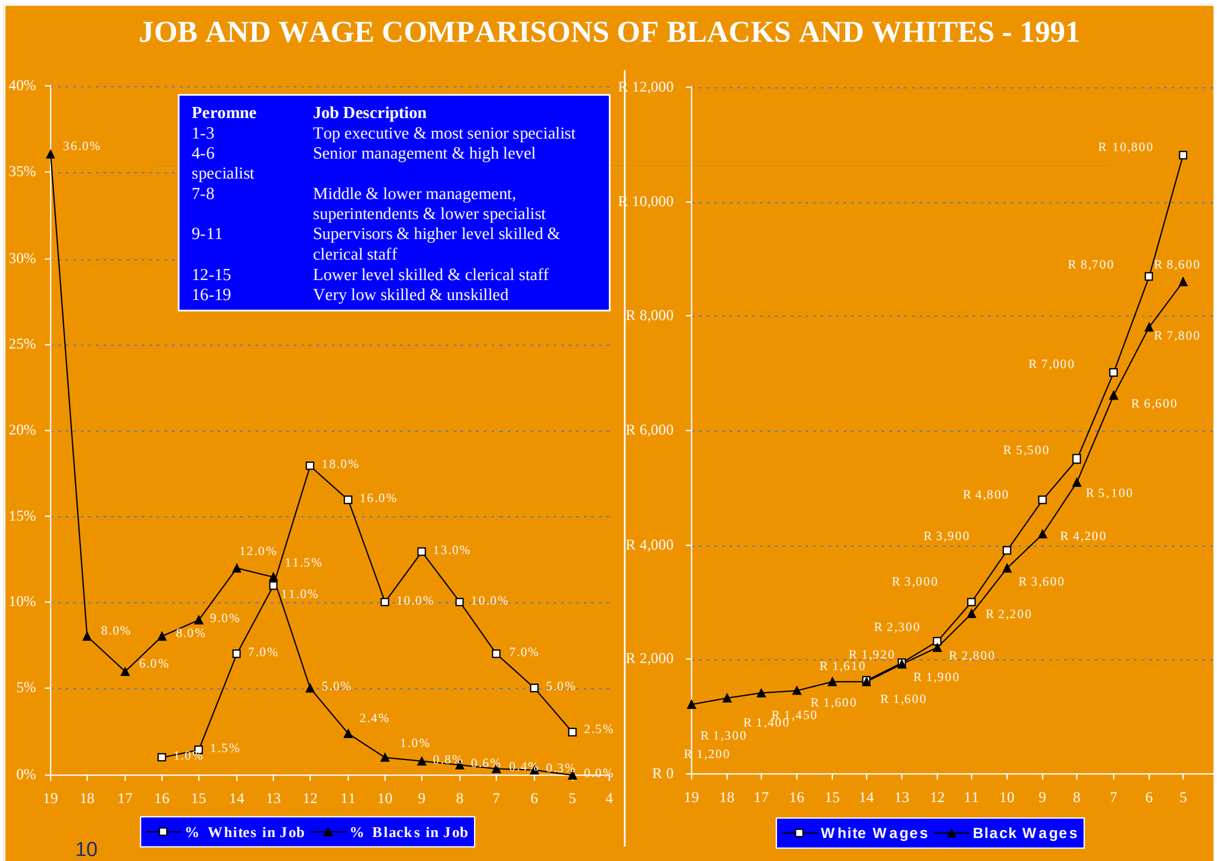
The legacy of apartheid has created a bimodal labor force as documented by the BMI-J.E. Austin Associates Benchmark Study on Black Economic Empowerment of 1994. The majority of black jobs in 1994 were in the lowest 20% of job categories. Black-owned enterprises were disproportionately grouped into personal services and trade. This, along with the educational legacy of the same era, has created a bi-modal distribution in the skill levels of the labor force, a social inequity that is being addressed by the current government. This provides a special challenge to training providers to revise their methods and approaches to reach this target population and to innovate with methodologies that can most efficiently and effectively transfer the skills and attitudes being sought by the industry.

According to the 1997 Statistics South Africa (formerly the Central Statistical Service), 53% of people in South Africa live below the poverty line (2/3 of the black population). The labor force is 70% black, 17% white, 10% colored and 3% Indian. Unemployment rates among blacks were 36.9%, colored 27.8%, Indian 13.4% and white 5.5% in 1995.

In 1996, 19.3% of the population age 20 and older had no education at all, 24.2% had completed some primary education, 33.9% had completed some secondary education, 16.4% had completed through Standard 10, and 6.2% had completed higher education of some kind. Furthermore, the UN reports that income distribution for South Africa is among the most unequal in the world.

The private sector and the education and training providers are being asked to address the inequalities in their hiring practices and training initiatives. They are therefore investing in training and also subcontracting with small and black-owned enterprises according to the anecdotal evidence provided in the contact groups. Many hotels now subcontract the maid services and restaurant staff from black firms, for example, rather than managing this function themselves.

The challenge of reaching this target population will require new methods, approaches, and more appropriate curriculum. The Government has already introduced a number of initiatives to respond to this challenge that will be discussed in the next section.



Note: Based on a survey of 222 620 employees
Source: Prof Robert Klitgaard, Development of Southern Africa, 1994

9.4.3 Tourism Trainers Face a Dual Challenge

The tourism training providers face the dual challenge of 1) responding to the strategic, competitive and practical needs of the tourism industry and 2) adapting their methods and approaches to formerly disadvantaged population groups. This will require innovation, responsiveness and ongoing adaptation to come up with the most effective and efficient means for equipping approximately 32,000 people per year with essential skills and attitudes while upgrading the skills of over 300,000 people currently employed. With this in mind, it is important to now analyze the training provider industry and the linkages to industry.

9.5 The Tourism Training Industry

The training industry is a critical part of the cluster of related and supporting industries for a competitive tourism sector as illustrated in the Competitive Diamond model. A competitive tourism industry is exposed to the most rigorous and demanding consumers and develops strategies to attract and keep such high-income customers. To do this, it must relentlessly upgrade its human resources as a part of this strategy. For this, it needs to count on a responsive training industry.

9.5.1 Key Questions for Tourism Trainers

How responsive is the tourism training industry at present? This question formed the basis of much of the analytical work conducted by the team. This over-arching question can be broken down into a series of specific questions:

- How closely and directly exposed are training institutions to the exacting demands and signals of the tourism industry?
- Do these signals lead to timely innovation to meet those needs?
- Are training providers upgrading their strategies, methodologies, technologies, teaching materials and training skills to meet the needs of the industry *as those needs evolve?*
- What are the linkages between the tourism industry and the training providers that explain the responsiveness or lack thereof?

9.5.2 Mapping the Tourism Trainers

By creating a map of the training provider industry, one can identify the important actors among the labor force, the training providers and the tourism industry.

There are approximately 22,000 primary schools, 6,612 public secondary schools (of which about 152 are technical colleges), 15 technikons and 22 universities. In addition, there are also thousands of private schools, including "colleges" which operate at both the secondary and tertiary level. Some 150 of these private colleges are members of the Association of Private Colleges. In addition, a majority of training is actually being conducted in-house by the tourism industry itself. The following are the major sub-segments of the training providers.

Universities and Technikons: Need to Update Curriculum and Methods

Three of the 22 South African universities and 12 of the 15 technikons in South Africa have specifically targeted tourism. The University of Pretoria is regarded as having one of the premier tourism programs. A visit to the Cape Technikon revealed efforts to offer special courses to private firms and to upgrade its linkages with the industry. Other Technikons include ML Salton (Durban), Mangosuthu Technikon, Natal, Northern Transavaal, Peninsula Technikon, Port Elizabeth Technikon, Technikon OSS, Technikon Pretoria, Technikon RSA, Technikon Wits, Vaal Triangle Technikon, Transkei Technikon, Border Technikon, and Setlogelo. Feedback from contact groups and during the strategic retreat indicated a slow upgrading of curriculum and methods. The tourism industry reported that students emerge from these institutions lacking the appropriate skills and attitudes. The educators and trainers reported that there was a lack of good communication with the industry. They believe that their own curriculum was responsive to the hierarchy above them in the educational structure but not necessarily to the evolving needs of the tourism industry. The students also reported that they were being taught with very traditional methodologies that do not emphasize critical thinking.

Private Colleges: Better Information and Standards Needed

According to Jean McKenzie of the Association of Private Colleges, there are "about 150 members of our association and thousands of other private training institutes." To her knowledge, "only a handful are oriented towards tourism." These include Mariv Travel College, Travel Learning Center and Burnham College. (Innovations College and non-member Pretoria Marketing College also attended contact groups). The Association does not provide accreditation but does inspect to see that members have adequate premises and equipment and original course material and software (rather than pirated). Private colleges are thinking of setting up their own SETA. Members pay 960R per year to the association.

Private colleges have to be closer to the market to survive. Therefore, they tend to use more trainers from industry and update their curriculum. Part of their ability to attract students depends on the ability to create expectation in the mind of the student that paying for college will lead to better job prospects. However, formal placement programs were said by contact group members to be weak. There was also a lot of concern expressed during the contact groups regarding "fly-by-night" training institutes that have entered the tourism training industry but that are not doing a quality job. There is also a need for better and more transparent and consistent information for the public and the industry on existing training providers.

Primary and Secondary Schools: Need to Diffuse Innovations

There are approximately 6,612 secondary schools, some 152 are technical "colleges" (grades 10-11) according to sources at the National Business Initiative. A recent study found significant variation across programs and schools. In general, linkages with industry were found to be weak. The curriculum, under a National Curriculum framework, is viewed as quite outdated. One observer commented, "it is institution driven rather than industry driven or learner driven." This was also confirmed in focus groups with industry representatives, educators and students.

There have been some interesting initiatives to introduce initiatives at this level. Some NGOs, such as Reach and Teach, have been introducing curriculum changes at high school level. Others have been seeking to introduce programs like Junior Achievement that are designed to awaken entrepreneurial talent among students and expose them to business skills. The challenge is to diffuse such programs more widely at the secondary and even primary levels.

In-House Training Providers

The median figure for spending on training by tourism-related companies was 3.5% of wages. It is thus evident that considerable time and resources are being devoted by the industry itself to equipping the workforce with the tools to respond to the practical needs of industry. Indeed, for many job functions, such as waiters and waitresses, there may be no prior training experience outside the firm. Some 42% of firms train only in-house.

However, some 50% of tourism industry enterprises combine in-house and external training. There seems to be interest in offloading training functions to external training providers if such providers could actually replicate the practical training being provided directly. This would seem to present an opportunity for training institutions that are astute enough to identify this demand and design programs that effectively respond to it.

9.5.3 Trainer-Industry Linkages Are Weak

Analysis of linkages that often exist between trainers and industry revealed a lack of such linkages as reported in the contact groups. One normal linkage is between placement functions of educational institutions and recruitment departments of companies. However, it was reported that students typically do not receive workshops on C.V. preparation, do not get workshops on how to prepare for, and what to do in, a job interview.[27] There are few schools that offer on-site or off-site arrangements for job interviews. Many do not even have job bulletin boards. Some offer informal social get-togethers on job opportunities.

The alumni network or association is another linkage mechanism. Most schools also do not yet use their alumni network in a systematic way to provide exposure or counseling to students or to promote linkages with the industry.

9.5.3.1 Curriculum Needs Are Not Quick to Respond to a Changing Industry

Curriculum is slow to be renewed. Industry has not generally been consulted on curriculum development. The emphasis by the Ministry of Education on outcomes-based learning now requires the updating of curriculum and consultation with industry in the process of updating that curriculum.

9.5.3.2 Teaching Technology Needs to Be Modernized

Teaching technologies are low-tech with students not using computers in the classroom nor using Internet-resources. Advances in computers, multi-media, communications and pedagogical technique have combined in recent years to increase the skills required in the tourism industry. New technologies also offer new opportunities for training providers. These offer the potential to lower training cost, to achieve greater impact in less time and to more rapidly improve performance systems. Examples include distance learning, CD-ROM multi-media training programs, just-in-time-learning, on-demand learning and computer simulations. [28]

9.5.3.3 In-Service Short Courses Need to Be Developed

Executive or in-service training courses are another mechanism to test the relevance of course offerings by outside trainers. If these prove to be relevant, they often provide a source of funding for educational institutions. In addition to helping to subsidize full-time

[27] A visit to Cape Technikon, however, found that they offer help to students in C.V. preparation and the use of an active alumni network to counsel students and find apprenticeships.

[28] Just-in-time learning are performance enhancement systems located in the workplace that employees are able to use at the moment of learning a new task or improving their ability to do certain required tasks. On-demand learning refers to educational and training resources that are at the command of the user when they have the time and/or motivation to utilize them. CD-ROM multi-media training programs take advantage of the multiple ways in which people learn—through visual, auditory, interactive, symbolic and textual formats that are often combined. Distributed learning and distance learning allow people to learn from remote sites at their home or workstations.

student education, executive courses keep faculty in close touch with the industries they serve, stimulate development of timely course materials (also used for full-time students) and promote interest by industry in the training institute.

9.5.3.4 Use of Guest Lecturers and Teacher-Industry Rotations

Encouragement of guest lecturers from industry enhances the relevance of courses for students while promoting the exposure of students to real-life concerns. Site visits to real companies involved in the tourism industry also promote a sense of realism.

Another mechanism to promote linkages is that of rotations where industry people teach for a semester or two and teachers spend an equivalent period in industry. This helps promote informal linkages. Some of this taking place in the private colleges. Lecturers come from industry in many private colleges.

9.5.3.5 Career Placement Services

Students report being unprepared to market themselves upon leaving most training institutes. In some countries, this is addressed through placement services such as workshops on C.V. development, job interview workshops, on-site interviews, career placement offices and even job bulletin boards or informal cocktails between students and industry representatives. Currently, these linkage mechanisms seem to be weak as reported by representatives from South African universities, technikons and private colleges (Exhibit 12-14).

9.5.3.6 Governance Issues and Funding Incentives

One explanation for the historic lack of linkages between training providers and industry is found in governance structures. The educational institutes mainly look vertically at those approving curriculum and budgets rather than horizontally at the employers of their students in the industry. Even private colleges may look primarily to those paying the bills (students and course participants) rather than to industry. Current government initiatives seek to address these funding and governance constraints by encouraging industry-training linkages and priorities in a number of ways.

9.5.4 Education in the Industrial Age vs. the Information Age

People in the educational systems worldwide are recognizing that schools have been a mirror image of the factory. In factories people wore uniforms and schools instituted a similar requirement. Factories used bells to announce the start of work and the coffee break or lunch break. Schools did the same to announce recess. Factories used batch-processing systems to manufacture products on a mass basis to a set minimum standard. Schools were designed in the same way to “batch-process” children according to some minimum standards to meet the needs of mass education. Factories instituted quality control procedures to examine products for defects and resubmit the rejects for another round of batch processing or for disposal. Schools have treated children in the same way, examining them to see if they met minimum standards and then sending them back for reprocessing (same process) again.

This educational model is no longer adequate for the information age where people are required to engage in creative thinking. Memory is now stored in a computer requiring students to remember less and think more. Knowing how to distinguish good information from bad information, or where to go to get information is now more important than simply memorizing the teacher's lectures. With modern learning technologies, students can often learn at an individualized pace. Students with specialized needs can get targeted remedial assistance on an ongoing basis without waiting to "fail" at the end of the year. If South African industries seek to become competitive, this will require an upgrading in the South African approach to education, reported by South Africans interviewed in this exercise to be rather traditional.

9.6 Impacts on Training Providers of Government Initiatives

The institutional environment is characterized by important changes in the institutional environment designed to emphasize training.

9.6.1 Department of Education: Outcomes Based Education

The DOE is stressing "critical crossfield outcomes" or foundation skills that are essential and apply across industries and careers. These include critical thinking, communication, organizing and decision-making. This outcomes-based learning is targeted at all bands of education: pre-school-9th Grade; 10-12th Grades and Higher Education. An effort is being made to stress functional skills especially at the 10-12th Grade levels.

9.6.2 Skills Development Act

The Skills Development Act creates the National Qualifications Framework, the National Skills Authority, SETAs and learnerships, focusing on acquisition and certification of skills. This piece of legislation is aimed an enhancing the practical skills of those entering industry from schools, and enhancing the overall skill level of those employees already in the industry. The implications of this legislation on training providers are vast.

The SETA is required by law to approve workplace skills plans. As a result, companies that conduct in-house training will now have to get approval for their training plans from the SETA and directly link that training plan to the National Qualifications Framework.

Although not explicit in the legislation, it appears that external tourism training providers will also need for SETA to approve their training plans or curriculums if these institutions desire to registered as official providers of tourism training. These external trainers include private training organizations, private colleges, public technical colleges, technikons, and even universities. The industry already spends over three times the SETA levy on training.

The major issue is whether the 1% levy will be treated as a nuisance tax by companies or whether it will have a catalytic impact on training, an issue that will be touched on below.

9.6.3 Multiple Accreditation Systems

SETAs are expected to link accreditation of training providers to the needs of industry. However, there is also the DOE accreditation system through SERTEC. The harmonization of these accreditation systems is fundamental to promoting a responsive training provider industry. This will require better coordination between DOL and DOE. The training providers are a bit confused concerning multiple accreditation at this point.

9.6.4 "Learnerships"

"Learnerships" may help build linkages between training providers and industry. Under the learnership, training and practical experience with a firm will be staggered. This will be tied into the National Qualifications Framework so as to recognize and certify skill levels and to target the unemployed. Learnerships will require expanded linkages between industry and training providers and the SETAs will seek to promote them.

9.7 Recommendations to the Tourism Industry

The overall recommendation to the tourism industry is to take a pro-active approach. Specific recommendations to the industry are the following:

1. Include a Human Resources and Training Chapter in an Annual State of South African Tourism Yearbook that would include:
   - Data on jobs created;
   - Estimates of training expenditures by the industry and results achieved;
   - Estimated labor demand by labor category;
   - Annual numbers of graduates from the major tourism training organizations; and
   - A discussion of issues related to training for the tourism industry.

2. Publish and continually update an on-line Directory of Tourism Organizations including a section on "Training Providers." List the accredited training organizations serving this sector, their course offerings, their contact information and other relevant details which will allow potential entrants to the labor force to identify training programs and the industry to identify training providers.

3. Conduct an Annual Tourism Industry Strategic Planning Conference that would be inclusive of the entire industry.
   - Involve at least one major joint session with training providers;
   - Analyze opportunities and constraints as well as strengths and weaknesses of the tourism training industry; and
   - Present practical recommendations on how to improve the relevance and efficiency of training and strengthen linkages between training providers and the industry.

4. A number of mechanisms can help to analyze these questions and to assess the competitiveness of training providers:
   - Statistics on productivity, number of people hired, numbers trained at various skill levels, estimated industry training expenditures;
   - Annual survey of users (as part of wider annual industry survey); and
   - Dialogue sessions with industry, trainers and students.

9.8 Recommendations for Training Institutes

There are also a number of recommendations for training providers:

Publish and annually update a directory of tourism training providers
This directory will promote transparency, improve communication and foster greater utilization of outside training providers. The directory should indicate those which have received accreditation.

Improve mechanisms to place students in jobs
Improve the practical support for students and their marketability to the industry using approaches that have worked successfully in North America and that could be tested in South Africa:

- C.V. preparation classes
- Interview workshops
- Job placement bulletin boards
- Clearing house for on-site or off-site interviews
- Informal get-togethers between students and industry people
- Career days (perhaps in conjunction with industry conferences)
- Alumni directories including place of current employment

Create a participatory curriculum development process
Actively involve industry in curriculum development and standards development, beyond the minimum specified under the outcomes-based learning regulations.

Allow feedback mechanisms from students
These would include student evaluations on each course and overall evaluations of how to improve the training. Feedback from students indicated that while some teacher evaluation is conducted, the responsiveness to student feedback needs to be strengthened.

Include attitude training
According to this study, employers are in a constant struggle to find individuals with the needed positive attitude to succeed in the industry. Although some schools are stressing customer relations, tourism awareness, and basic life skills, all training programs need to include these subjects as they are vital to training success.

Pursue technology upgrading

Training institutes should explore expanding individual access to computers and the Internet in those areas where a) CD-ROM and multi-media packages can speed the acquisition of skills (e.g. learning of English), or b) where they will be critical to subsequent job performance.

Improve teaching methods
These will have to provide "high touch" service and the judgement skills being required even of front-line staff. It is no longer enough to view a maid as a maid but rather as the critical front-line point of contact and service to the client.

Conduct an annual survey of users
As part of an Annual Competitiveness Survey of the South African Tourism Industry, a training section should be included on human resources and training. This should present indicators on human resource supply and demand, such as specific job openings expected, numbers of people being trained in various disciplines and training results for the previous year. It should also include qualitative survey feedback from the industry on its needs and level of satisfaction with how these are being met. This survey will be especially important in the early years of the introduction of the new DOL approach to training standards, SETAs and training levies. It is important to get prompt feedback from the industry to address the inevitable glitches that will arise during implementation.

The need for better industry-trainer dialogue
To respond to the challenges mentioned above, there is a need to foster not more dialogue but more effective dialogue between trainers and the industry. Such dialogue needs to take as a point of departure the strategic needs of the industry. This dialogue must be informed by sound data and analysis rather than anecdotes. It needs to be driven by non-defensive mutual learning for mutual benefit. And it needs to be institutionalized in some fashion rather than being ad-hoc.

9.9 Two Scenarios

Some 4 years in the future, one of two scenarios will prevail. In the first, the SETA is viewed by the tourism industry, by training providers and by government as having more than achieved the initial expectations. It is credited with playing a dynamic role in helping the South African Tourism Industry achieve its economic, commercial and social objectives. The initial governance structure was careful to include not only representatives from the employers and employees but also from educational and training institutes and from innovative NGOs working with local communities. The result has been that the tourism industry has been able to implement its competitive strategy for going after high-income segments of the market with improved products and services because it now has people more appropriately and efficiently trained to provide customers with what they want and need. Self-correcting mechanisms, in the form of annual reviews, allowed the SETA to correct the inevitable problems that arose in the first several years. The result is that most tourism businesses find it very efficient to submit their training plans and tap into training grants. Simplified applications made it easy for even small businesses to apply for training grants. The SETA has also been successful at stimulating greater cooperation between the industry and training providers. There is a training provider session at each annual Tourism Industry Annual Conference and Strategic Review. The SETA can also point with pride to the numbers of previously disadvantaged people who are not only employed, but who are rapidly acquiring skills that allow them to advance in the industry.

There is another possible scenario. Imagine that in four years time, only the large companies find it worth their while to apply for the training grants. Most companies view the 1% levy as just another nuisance tax, not an incentive to train. They find the procedures to qualify for training grants not worth applying for. The SETA is viewed by the industry as yet another layer of bureaucracy. Because the SETA enjoys guaranteed funding, it is not particularly responsive to the industry. It sees itself as an agent of the Department of Labor. As long as it keeps people happy there, its future is guaranteed. The Board includes representatives of industry and labor, but these are appointed rather than elected by their respective constituent groups. The linkages between the industry and training providers have improved somewhat but remain quite weak. Tourism industry companies still meet their needs primarily through in-house training and do their best to comply with the regulations regarding qualifications. The levy is more a drain on the industry than a spur to innovation and the upgrading of their human resources that responds to their competitive strategy.

The stakeholders involved can work now to develop the appropriate regulations to position the SETA to take the catalytic role described in the first scenario.

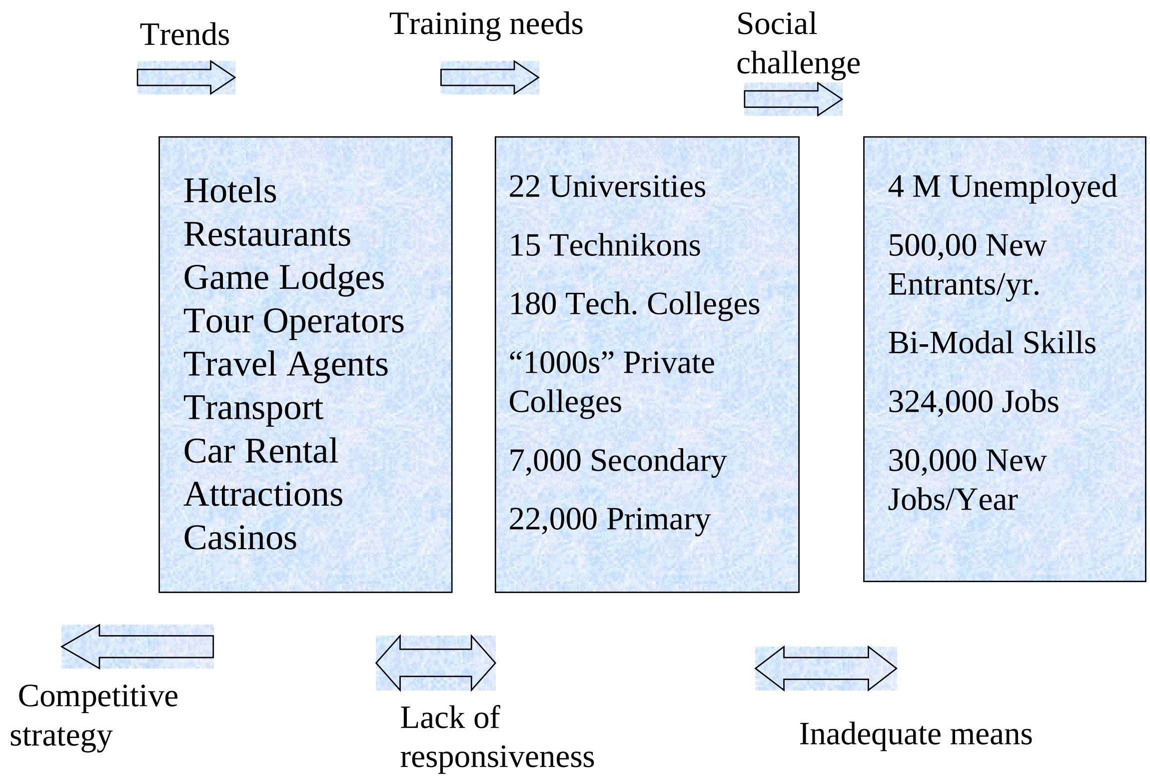
Or…they can remain uninvolved and resign themselves to the alternative scenario.

9.9.1 Implementation Issues

The decision of the government to create a system of competency standards and labor categories to improve the liquidity of the labor market, reduce barriers to entry, reduce the risk of hiring and promote employment will create demand for training organizations that can "train to specification." This will also create value in the minds of trainees who should perceive greater value in the training acquired knowing that it is "portable," transferable and officially recognized.

The major issue is the coordination between outcome-based learning in primary and secondary schools and the National Qualifications Framework. Another major issue is the extent to which the NQF will actually be the same as the skills and qualifications required by the changing and evolving industry seeking to meet strategic and competitive goals. It is important in the implementation phase that these skills be closely linked to the industry strategy to enhance competitiveness. Otherwise there is the danger of preparing people for the strategic needs of yesterday rather than tomorrow.

MAPPING STAKEHOLDERS IN RSA TOURISM WORKFORCE


Trends
Training needs
Social challenge
Hotels
Restaurants
Game Lodges
Tour Operators
Travel Agents
Transport
Car Rental
Attractions
Casinos
22 Universities
15 Technikons
180 Tech. Colleges
"1000s" Private Colleges
7,000 Secondary
22,000 Primary
4 M Unemployed
500,00 New Entrants/yr.
Bi-Modal Skills
324,000 Jobs
30,000 New Jobs/Year
Competitive strategy
Lack of responsiveness
Inadequate means

10. Training Needs Assessment Survey

10.1 Baseline Survey

When we began the pilot study in South Africa in November 1998, the team conducted an exhaustive literary research review and initial interviews to determine what research had already been conducted in the tourism industry.

In 1997, BMI conducted an in-depth study for the Department of Environmental Affairs and Tourism (DEAT) that helped to define many of the steps necessary for a baseline skills needs analysis. This included defining sub-sectors and occupational categories and providing guidelines on the number of present tourism industry jobs. With this baseline analysis already complete, in the pilot we were able to move directly to conducting the SETA annual planning survey to update the data collected in this BMI baseline study.

For more details on the results of the tourism industry baseline skills needs analysis, please see the *"Tourism Training Needs and Resources in South Africa – A Situation Analysis to Assist in the Formulation of a Tourism Training Strategy"* BMI, 1997.

10.2 Annual Planning Survey

As outlined in the executive summary, part of our pilot in the tourism industry included conducting a pilot SETA annual planning survey. The following were the objectives of the pilot survey:

- To understand training attitudes and the availability of training providers;
- To identify skills gap for staff, supervisors, management;
- To explain industry's knowledge of legislation; and
- To understand expectations for the SETA.

Due to limited time and budget, the survey researcher conducted 40 telephonic interviews covering the hospitality, travel, and destination management sub-sectors. Although this is a small sample size, the results are still statistically significant in two of the three sub-sectors (travel and hospitality.) The complete methodology used for the tourism industry pilot survey is highlighted in ***Section 4.2*** and described in detail in ***Annex I*** of ***Appendix C***.

10.2.2 Results

The findings of the survey focused on industry's attitudes toward training, the functional and critical crossfield outcome skills gaps, and the services that industry wants the SETA to provide. The following section portrays a brief overview of the raw results. The key results are summarized in the ***Executive Summary*** and an entire stand-alone document on the tourism industry pilot survey can be found in ***Appendix C.*** In addition, a copy of the actual survey is in ***Appendix D***.

General skills training situation:

- 50% of respondents train in-house and externally
- 42.5% of respondents train in-house
- 2.5% of respondents train externally
- 5% of respondents say they do not train

Level of shortage in finding external training providers:

Respondents were asked to evaluate the current shortage of external training providers by tourism industry category on a five point scale (1 = no shortage; 5 = severe shortage). The following are the results:

- Accommodation 2.53
- Tour operators 2.33
- Food preparations 2.14
- Food and drink services 2.09
- Travel consultants 2.07
- Tour guides 2.00
- Reservation clerks 2.00

Percentage of wage bill spent on training in last financial year?

- Average spent 4.45%
- Median spent 3.50%

Skills gaps for certain occupational categories:

Respondents were asked to rate the level of actual skills that their staff level employees presently possess and the level of skill the employer ideally wants the staff to possess. Because different skills are needed in different occupations, this rating was conducted in three areas: 1) food and drink services (staff level); 2) reservation clerks (staff level); and 3) managers and supervisors. The respondents evaluated the skills on a five-point scale (5=very high; 1= very low). As a result, the largest skills gap that could occur is a four (if the employer wants the employee to be at a five and the employee presently is a one). The results presented below are an average of the respondents who answered in that category. The following are the top four skills with the largest gaps for each category.

<u>*Food and Drink Services*</u>

- Tourism awareness 1.71
- Problem solving 1.6
- Self-management 1.33
- Communication 1.19

<u>*Reservation Clerks*</u>

- Language 0.94
- Self management 0.86
- Marketing 0.66
- Communication 0.66

<u>*Supervisors and Managers*</u>

- Sales 0.96
- Analytical 0.90
- People skills 0.83
- Problem solving 0.79

Recruitment of supervisors and managers:
The survey also gathered data on where the tourism industry recruits its supervisors and managers. The following are the results:

- 30% of respondents recruit managers externally
- 17.5% of respondents recruit supervisors externally
- 15% of the respondents feel their staff do not have the necessary skills to be promoted to supervisors or managers
- 7.5% of the respondents feel their staff lack managerial potential

Use of probable SETA services:
We also used the survey to identify respondent's attitudes to the Skill Development Act and the SETA concept. The following are the services that respondents felt they would use/like the SETA to provide (5 = very likely use; 1 = very unlikely to use):

- Provide training grants 3.44
- Act as training provider and employer link 3.39
- Provide information on the NQF 3.15
- Provide training provider accreditation 3.00
- Assistance with learnerships 2.94
- Find training materials 2.86
- Approve workplace skill plans 2.81
- Provide guidelines on internal training assessors 2.57
- Find training providers 2.47

Recruitment by population group and disability
With the recent passage of the Equity Employment Act, we also asked numerous questions regarding finding skilled employees by population group and those with disabilities. The following are the overall conclusions of these questions:

- A majority of respondents presently have no problem recruiting skilled white, female staff at all skill levels.
- A majority of respondents presently have a shortage of colored, black, and Indian employees at the supervisory and management levels.
- According to the respondents, there is a major shortage of skilled male staff at the managerial level.
- Nearly all companies are unable to find skilled disabled staff on all skill levels.

10.2.2 Replicating the Process

After piloting the survey in the tourism industry, we believe that this tool is dynamic and flexible enough to be utilized by other SETAs. It produced viable data on employers' attitudes toward training and skills gaps that can be useful for every SETA to track and use in building a strategic plan.

There are only two tables that will need modification in order for other SETAs to utilize the survey: 1) Table B: Functional Skill Needs, and 2) Table C: Critical Crossfield Outcome Sub-sectors. Table B will need to be changed to represent those specific skills most utilized in a particular industry. For Table C, we asked the respondents to rank the critical crossfield skills in three sub-sectors. These sub-sectors will also need to be changed to represent the largest sub-sectors in a particular industry.

11. Contact Groups

As part of the pilot SETA strategic planning process, PricewaterhouseCoopers facilitated four tourism industry contact groups. Two were held on Thursday, March 4 and two on Friday, March 5. In total, 26 stakeholders participated in the four contact groups. (See ***Appendix G*** for list of the participants.) Participants were divided into contact groups in the following manner:

Contact Group 1: Training Providers
Contact Group 2: Industry Stakeholders
Contact Group 3: Tourism Students
Contact Group 4: Industry Stakeholders and Training Providers

The overall methodology for the contact groups is described in detail earlier in this deliverable. The contact groups began with a formal presentation outlining the project, the future SETA, the present status of the tourism industry, and how training will fit into the growth of the industry. The participants were then split into two groups to discuss in small groups.

11.1 Results

The contact groups were a positive method for allowing stakeholders to openly express their concerns and ideas. The following is a brief summary of the main issue that each contact group addressed. Expanded contact group notes can be found in ***Appendix G.***

Contact Group 1: Training Providers

- Standardization of the accreditation process across public and private institutions
- The need to know more about the tourism industry (statistics)
- Lack of dialogue between training providers and industry

Contact Group 2: Industry Stakeholders

- Training providers are often overly theoretical and lack industry experience
- Participants liked the concept of the regular monthly contact groups
- To aid their planning process, the SETA could set up consultative groups that meet on a regular (bi-monthly, quarterly) basis, rather than an end-of-the-year slew of activity
- Since the service culture is not present, there is not an awareness that the quality of the service should be uniformly high, and that high rewards in the form of tips will then follow.

Contact Group 3: Tourism Students

- Benefit of practicums
- Lack of job placement facilities at their training institutions

- Some colleges promise to teach certain skills and then do not (referred to by some as the "fly by night" training providers)

Contact Group 4: Industry Stakeholders and Training Providers

- Attitude is the single most important criteria of employers
- Language at the staff level is the critical problem
- Charismatic leaders in certain sub-sectors of the industry have made those niches successful.
- Students with tourism degrees will still not enter the industry as middle managers; they need to work their way up.

11.2 Lessons Learned

Based on the lessons learned in conducting these pilot contact groups, we would make the following recommendations if the SETA chooses to use this dialogue technique as a tool in its strategic planning process.

Hold Contact Groups Frequently

Again because of timing and budgetary constraints, we only held a small number of contact groups and members of all of the sub-sectors of the tourism industry were not present. The participants expressed their desire to have contact groups meet more frequently. However, there were different opinions expressed whether these monthly contact groups should have the same or different members.

Attendance

The contact groups are aimed at middle managers, human resource managers, and training providers. Although we had a high attendance from training providers, we found that it was difficult to persuade industry stakeholders to take time off work to attend. However, those that did attend found it very useful. As a result, it may be necessary to hold contact groups at a variety of times and dates to ensure participation from all sub-sectors of the industry.

11.3 Replicating the Process

After piloting the contact groups, we believe that these sessions are replicable in other industry SETAs. The methodology is flexible enough to fit the issues pertinent to any industry.

12. Strategic Retreats

As part of the pilot SETA strategic planning process, we facilitated two strategic retreats on Tuesday, March 9 and Thursday, March 11. The first retreat was larger with 45 participants and the second included 17 participants. (See ***Appendix I*** for a full list of the participants). These stakeholders represented industry, training providers, associations, and government. Labor unions were invited but did not attend. In addition, the participants were from the various sub-sectors of the tourism industry, including hospitality, gastronomy, travel, attractions, and transport.
The following were the stated objectives of the retreats:

- Evaluate the trends of the industry and the impact on human capacity development;
- Discuss implications of the pilot survey results for the future role of the SETA;
- Explore the linkages between training providers and employers, and opportunities for mutual cooperation;
- Understand participants expectations for the future Tourism SETA; and
- Develop an "action vision" for the SETA in its strategic planning process.

The ultimate goal of the retreats was to raise issues of concern and develop actions that the SETA could include in its strategic plan. In addition, the goal was also to identify actions that the participants could take to improve the SETA and the industry as a whole.

In order to move the dialogue from issues to actions, the facilitators used the following strategy. After each presentation the participants were allowed to raise issues and concerns. Towards the end of the day, the facilitators and the participants narrowed this laundry list by combining the issues that had similar qualities. The participants were then required to prioritize this short list by what issues was most important to them. Finally, the participants identified actions that the SETA or other stakeholders could take to address these issues.

As stated in the methodology section of this deliverable, the facilitators used a variety of techniques throughout the retreat to meet these goals and objectives. These techniques included:

- Formal presentations;
- Visualizations;
- Plenary dialogue; and
- Small group dialogue.

12.1 Results

The following is a brief summary of the issues, strategic priorities, actions and commitments that were discussed at both of the tourism industry strategic retreats. Expanded strategic retreat notes can be found in ***Appendix J.***

12.1.1 Issues

Throughout the first strategic retreat the participants raised a list of issues and concerns. These included the following general issues:

- Lack of an integrated tourism industry marketing campaign
- Need for greater partnership between training providers and industry
- Need for statistical information about industry made available to broader base of stakeholders
- Information database
- Screening / counseling of in-house training providers
- Curriculum overlap among training providers
- Need to understand where critical skills gaps are so training providers can focus on those skills
- Difficulty of including basic critical crossfield outcome skills in training
- Attitude is as important as aptitude
- SETA should accredit all training providers
- Increased monitoring of training standards
- Formal commitment by SETA to facilitate communication

12.1.2 Strategic Priorities

After extensive discussion, the participants summarized and grouped these issues to the following short list of strategic priorities:

- ***Strategic Priority 1: SETA Structure and Governance***
  The participants identified the need for the SETA to have input from all sub-sectors and stakeholders in defining their structure and governance mechanisms. They also questioned how they could ensure that the SETA would be responsive to the entire industry's needs.

- ***Strategic Priority 2: Improving Industry-Wide Communication***
  Throughout the retreats, participants discussed the lack of communication in the industry. Specifically, the participants discussed the lack of dialogue between employers, training providers and government.

- ***Strategic Priority 3: Skills Development and Certification/Standardization Issues***
  The skills gap is very large between what skills are needed in the tourism industry and what the skills that a majority of entrants into this market possess. The participants emphasized the need to improve these critical crossfield outcome skills. An issue of special concern is the need to ensure that there exists a uniform certification/accreditation process and that the SETA fosters the standardization of curricula among training providers.

12.1.3 Action Items

After laying out the critical strategic priorities, participants were broken into groups to discuss and develop actions for each of them. In addition to outlining the actions, the facilitators attempted to elicit commitment on what organization(s) should be responsible for undertaking the action. The following were the actions as well as any commitments that were designed by the participants:

Strategic Priority 1: SETA Structure and Governance

Action 1: The Compositions of the SETA Board
According to the retreat participants, the SETA Board should include the following individuals:

- One industry representative for each SETA chamber (two if the chamber is very large)
- One union member for each industry representative on the board
- At least one education or training provider representative
- One representative of the non-governmental organizations

Action 2: Host an Annual Tourism Forum
The participants felt the strong need for a regular or annual industry-wide forum to discuss training and related issues of interest to everybody. This forum could be sponsored by the SETA or DEAT.

Action 3: Funding
The participants felt strongly that the levy should be collected by the SETA, not by the SA Revenue Authority. They expressed concern that if SA Revenue Services did the collection, the process of receiving grants back would be much more onerous and time consuming.

Action 4: Quality Assurance
As dictated in the legislation, the SETA must register as an ETQA. In addition, the participants believed that the SETA must have an open mind to accrediting new providers entering the market and to new curriculum ideas. The accreditation process must be flexible enough to change as training changes to respond to the market.

Strategic Priority 2: Improving Industry-Wide Communication and Linkages

Action 1: Assist in the collection and distribution of information to the industry
The industry is seeking hard statistical data that will better allow them to plan for the future. The participants envision the ability to collect and distribute this information in four manners:

1. Training Provider Conferences
2. Newsletters (electronic and printed) / Webpage
3. Regional Consultative Groups
4. Information Database
5. Annual Handbook

Strategic Priority 3: Skills Development

Action 1: Coordinate a Common Accreditation System
Under the Skills Development Act, the SETA has an obligation to approve tourism training programs. However, this SETA "seal of approval" is only for industry organizations and private colleges. It also participates in the setting of curricula for primary and secondary school tourism awareness programs, but not public technikons, technical colleges, or universities. For these public institutions, SERTEC assumes this accreditation role. To ensure that both public and private institutions are accredited against the same standards, the participants felt that the SETA should take an active role in the SERTEC accreditation process. This could include having SETA representatives and industry members on the SERTEC accreditation boards and having the SETA and training providers to ensure that dialogue between accreditation programs begins. The end goal is to ensure that a "seal of approval" for private institutions from the SETA is equivalent to a SERTEC accreditation.

Action 2: Facilitate Industry Links Through Learnerships
As stated in the legislation, the SETA should actively work to provide a linkage between training providers and industry through this new learnership program. At the same time, stakeholders need to be active in pursuing their own linkages.

Action 3: Include Life Skills as Part of All Curriculums
The participants felt that all training providers should be responsible for providing some type of basic life skills classes in their curriculum and that the accreditation process should ensure these are responding to the needs of the incoming students.

12.1.4 Commitment

Although the participants developed numerous actions that the SETA should undertake, they also discussed and stated that the responsibility of becoming involved and improving communication falls to all stakeholders. Specifically they emphasized the need for the following commitments:

- Industry stakeholders to work with the disadvantaged groups and tourism awareness programs in the secondary schools and for industry.
- Training providers, government, industry, and unions to supply information to the SETA database and manuals with updated information.
- Organizations that do not normally pay a levy to the SETA would be willing pay a nominal fee for access to the certain types of information in the database and the annual handbook.
- Training providers, especially in rural areas, would commit to spread the information and activities of the SETA in the course of their normal outreach activities.

The issues raised in the second strategic retreat were similar, yet not identical. This is a function of the level (fewer senior and more mid-level representatives) and types of organization (less trainer provider and more industry focused). It is for this reason that the results of the second retreat are detailed below rather than merged with the observations above.

12.1.5 Issues

Throughout the second strategic retreat the participants raised the following general issues:

- Lack of coordination of training
- Flow of information
- No communication in the value chain: what providers need; what trainers need
- Need for general awareness and culture of tourism starting already in primary and secondary education. (Need to coordinate effectively with DOE and DEAT programs.)
- Abundance of tourism organizations; now adding the SETA. Need to establish a coordinated system.
- Be careful in applying too many layers between industry and training providers
- Generation of levy
- What are the training products and the costs
- Standardization process
- SETA is not in the business of training
- Division between provincial and national

12.1.6 Strategic Priorities

After increased discussion, the participants reduced these issues to the following short list of strategic priorities:

- ***Strategic Priority 1: SETA Communication / Marketing / Disbursement of Information***
  The participants strongly believed that one of the SETA's roles should be to foster effective dialogue and assist in the dissemination of industry information. As a result of this concern, the participants discussed numerous ideas to improve information and communication in the industry.

- ***Strategic Priority 2: Standardization / Accreditation / Basic Skills***
  Once again the concern over different accreditation systems between public and private institutions was a major issue, and specifically how industry will know what programs are certified by the SETA.

- ***Strategic Priority 3: SETA Services / Organization / Governance***
  As in the first retreat, the participants wanted to begin planning how the SETA would be organized to include as much participation among stakeholders as possible. Specifically the participants expressed the need for the SETA to develop an easy financing system for industry to get training grants back from their levy money.

- ***Strategic Priority 4: Changing the Industry Mindset on Training***
  Finally, participants believe that the SETA and the rest of the industry, government and unions must attempt to change the perception of training. Everyone must realize that the benefit of training is a more prosperous people, and thus a more successful industry.

12.1.7 Action Items

After laying out the strategic priorities, the participants were broken into groups to discuss and develop actions for each of the strategic priorities. In addition to outlining the actions, the facilitators attempted to elicit commitment on what organization(s) should be responsible for undertaking an action. The following were the actions as well as any commitments that were designed by the participants:

<u>Strategic Priority 1: SETA Communication / Marketing / Dissemination of Information</u>

Action 1: SETA Marketing Road Show

- The SETA should travel to industry associations and different provinces to describe the who, what, when, where and why of the SETA
- Follow up road show with constant information via e-mail and printed matter.

Action 2: Create an Information Database

The SETA should create a tourism industry database that supplies stakeholders with industry statistics. The SETA will manage the database; however, all stakeholders will be responsible for inputting and providing information into the database. Non-levy payers would pay a nominal fee to access certain types of information. The SETA would not be allowed to sell the database for direct-marketing purposes.

Action 3: Hosting Conferences / Forums

The participants felt that the SETA should initiate conferences and forums on the topic of training in the industry.

<u>Strategic Priority 2: Standardization / Accreditation/ Basic Skills</u>

Action 1: SETA Should Coordinate with DOE

The participants believe it is crucial for the SETA to coordinate with DOE on standardizing how DOE and the SETA should accredit training programs.

Action 2: Organization of SETA Chambers

The participants believe the chambers should be set up by industry sub-sector. In addition the SETA chambers and their elected representatives should be in charge of devising standard criteria and assisting with the development of the NQs for the occupational categories in that chamber.

<u>Strategic Priority 3: SETA Services / Operations / Governance</u>

Action 1: Financing

The SETA should design an easy and straightforward process that allows members to receive training grants in a timely manner.

Action 2: Create an Inclusive Process

The SETA should encourage the Tourism Training Advisory Council to include members that represent all categories of the tourism industry to ensure the set-up of the SETA had input from everyone. The SETA should also use the Tourism Training Advisory Council to set up the SETA governance. The newly established Tourism Forum could serve as an effective industry-wide coordination body and could organize annual industry-wide conferences to discuss competitiveness and growth strategy.

Strategic Priority 4: Changing the Mindset Toward Training

Action 1: Be the Champion for Training

Through a public relations campaign the SETA should emphasize the importance of training. The SETA should have sales representatives and road shows to push the idea of training to CEOs and HR managers and provide case studies of success stories and failures in training.

Action 2: Allow Training to Innovate Quickly

As the industry grows and changes so will the training needed. The participants firmly believe the SETA needs to allow the accreditation process to change with the industry trends. The participants want to work with the SETA and DOE to revamp the accreditation process to review programs every 6 months and update NQFs for the industry every 6 months to 1 year to ensure they match what skills the industry needs.

12.1.8 Commitment

As noted above, the majority of the actions are tasks that the participants created to help the SETA function more effectively. There were however, numerous commitments that the participants expressed that other institutions or organizations should undertake. These include:

- Training providers should work with DOE and SETA to develop a more unified accreditation process
- Training providers, industry, and government must supply the SETA database with current information
- DEAT along with other industry actors should host a tourism wide conference
- The HITB will encourage the Tourism Training Advisory Council to include all members of the industry, including museums.

12.2 Lessons Learned

The pilot strategic retreats confirm our belief in the importance of the dialogue-fostering techniques in this SETA strategic planning process. Specifically, the retreats proved important for three reasons:

1. Establishing linkages between stakeholders;
2. Providing a forum to receive input from future SETA members; and
3. Understanding the current dynamics between industry and training providers and the desire for change.

If these retreats were held again in the SETA strategic planning process, there are several minor changes that we would make to improve the retreats. These changes include:

- ***Ensuring participation by all sub-sectors within the industry***
  Although we invited members from all sub-sectors of the industry and from different types of institutions (i.e. industry, labor, training providers, government, non-governmental organizations), we did not have representatives from all components. It was especially unfortunate not to have representation from organized labor groups. In future retreats, the future SETA and the Department of Labor should be more involved in the invitation process.

- ***Allowing for more dialogue in plenary and small groups***
  The participants expressed that they enjoyed and felt the discussion sessions were very worthwhile and productive. As a result, they suggested that more time should be allowed for discussing the "action vision."

- ***Continue using outside facilitators***
  Both the participants and HITB emphasized that if the SETA was to host these retreats as part of their annual strategic planning process, that they should continue to be facilitated by an outside organization. The participants felt more comfortable discussing topics with outside facilitators. Participants felt that if the SETA ran the retreats the dialogue would be biased towards what the SETA wanted to accomplish, *not* what the participants desired.

12.3 Replicating the Process

After piloting the strategic retreats we believe that these sessions are replicable in other industry SETAs. The methodology is general enough to fit the issues pertinent to any industry. In addition, we believe that many of the actions that participants developed for the Tourism SETA will be pertinent to actions other SETAs may want or need to take.

As previously stated in this deliverable, there is one pre-requisite for the strategic retreats to work in other SETAs. In these pilot retreats, we did not spend considerable time discussing the demarcation of the sector. Indeed, although there remains some concern about whether particular organizations fall into the Tourism SETA (e.g. airlines, conference facilities) the industry is rather clearly defined. Sub-sectors and even most occupational categories are established. If an industry does not have this type of clarity in its demarcation prior to beginning the SETA strategic planning process, the retreats will end up focusing on "who should be included" rather than "what should be accomplished."

PART IV - APPENDICES

Appendix A: Conducting a Competitive Analysis

There are four steps to the framework described above. The first three of these involve describing the individual spheres of influence—using any available data and techniques—as each of them relates to the overall competitiveness of the industry. The eventual objective is to get to a SWOT table or conclusion that summarizes the general *competitiveness-aiding* picture for each sphere. Especially in the case of the social and political spheres, an appreciation of the *nimbleness* of the stakeholders is useful, in order to evaluate how they can help to foster and sustain competitive advantage at the economic level.[29]

The linkage map—the fourth step (macro and micro level)—is then developed in order to emphasize the formal or informal links or disconnects that create synergy (anti-synergy) in the system. Useful elements in a linkage map presentation include defining:

- *centrality* and *transience*: the role of individual actors or institutions in linking various stakeholders to each other.
- *leadership:* the ability of certain stakeholders to lead others and/or command resources to develop and implement action plans.
- *path dependency* and *stability:* the 'history' of linkage development. Have given links always existed? When were they established? Why? Are they institutionally stable or dependent on specific individuals? These questions address the issue of links persisting through time or being fleeting.

Describing the Spheres

The description of the economic, political, and social spheres—in the context of a specific industry or the country as a whole—can be accomplished in many ways.[30] Depending on the objective, the available data and access to analytical resources, describing the spheres can be done in great detail or quite superficially. Various biases can be also imposed on the analysis, such as for example: [31]

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[29] For example in the case of the tourism industry:

- extensive bureaucratic paperwork to get permits could stymie investment and/or modernization (high transaction costs at the political level);
- scarcity of training providers or ineffectiveness of training programs will hamper provision of high quality services. (institutional insufficiency at the social level).

[30] This framework could eventually be developed into a larger methodology to analyze competitiveness. For the purposes of this project, however, it is only being used as a general tool to complement the more specific workforce development methodology.

[31] It is important to note, however, that biases are simply relative personal or institutional opinions, and not necessarily absolute statements on the efficacy or success of a given policy. In our current analysis, and given our primary task of evaluating *workforce development*, and not focus on competitive strategy, we are not adopting any one bias, but are simply using this as a *static* tool to describe *the prospects of competitiveness.*

Further development of the theoretical and policy background of the "tripartite approach", and testing in various environments could eventually produce a "competitiveness framework" applicable to various contexts. At this point, this is not our objective.

- a competitive market will foster investment and growth, and the latter will require increased and more specialized workforce training;
- democratic systems promote individual freedoms, driving innovation and improvement of working conditions; and
- the involvement of non-profit institutions (such as NGOs) and aid agencies has beneficial effects in improving overall policy-making and implementation.

What is important in describing the spheres of influence, however, is to address and analyze the general issues of their impact on the industry.

Economic

This sphere encompasses the entire macro- and microeconomic environment affecting the industry, as well as business-/firm-level aspects. One could do a general description or use any of the existing techniques to analyze competitiveness, such as Porter's Five Forces Analysis, Prahalad & Hamel's Core Competencies Analysis or even a simple SWOT analysis.

➢ How is the industry market working?
  - level of concentration among top players (e.g., large hotel chains, large transportation groups, etc.)
  - participation of small business (e.g., B&Bs, family-based transportation outfits, community-led tours, etc.)

➢ Is there extensive competition or is the market dominated by only few players?
  - supply-level (% of business generated by top players)
  - demand-level (% of business generated by top customers)

➢ What type of products (services) does the market offer?
  - "plain-vanilla" tours: basic beach or game parks, city tours
  - specialized packages: environmental, high-activity, etc.
  - specialized services: children, retirees, etc.

➢ On what segments of the markets are the industry players focusing on?
  - high-end vs. mid-level vs. low-end
  - backpackers, businesspersons, sophisticated adventure-seekers, etc.

➢ Who are the external competitors and what actions are they taking?

As mentioned in the previous section, for an industry with relatively *global open trade*, the national industry needs to be considered simply as one of many competitors in a larger global market, thus the concept of *national* competitive advantage as an extension of *firm* competitive advantage. As has also been argued, tourism is certainly the case of an open trade industry since foreign tourists—at least—can choose to visit other countries instead.

Political

This sphere covers the *institutions of state* in a larger sense, and more specifically the *government* itself. It considers the government interventions, laws, regulations, certifications, etc. imposed on industry players, workers and other stakeholders; bureaucratic efficiency, and industrial policies.[32]

For the purposes of a competitiveness analysis, however, a SWOT analysis could still provide important perspectives. Some of the critical questions to be answered here include:

- How does the government work?
  - democratic-participatory vs. authoritarian
  - largely centralized vs. decentralized decision-making
  - strong national government vs. strong provincial/regional governments
- Where is policy initiated?
  - executive staff (e.g., chief of staff office)
  - cabinet meetings
  - congress
  - individual ministries
- What are the main political bodies in the government that influence policy-making for the industry (or at a national level)?
- What responsibilities and powers does each body have?
- How are laws proposed and approved—particularly labor and education laws?
- Who has the upper hand (department/ministry, congress, the president's brother, etc.?) in deciding the education and training policy and program agenda?
- What is the general ideology with respect to intervention, regulation, etc., i.e.: statist, liberal or paternalistic, in the sectors being evaluated?
- Does the government also have ownership stakes in business?
- Which key institutions (Ministries of Education, Labor, Tourism) formulate policy?

Social

In terms of stakeholders and institutions, this is the larger and certainly most important sphere. In terms of influence, the large numbers and diversity of interest groups, creates enormous collective action problems. For a specific industry, the main actors in this sphere are workers and their associations (unions, confederations), training and educational institutions and other non-profit or non-governmental institutions with stakes in the evolution of the industry, such as NGOs, aid agencies, marketing bodies or training providers. The important questions to ask at this level are:

- What types of institutions are in place in the sectors under study?
  - NGOs
  - unions / associations
  - community groups / coordinating bodies
  - training providers
  - research centers or marketing bodies
- What aspects of the industry do they focus on?
  - training/capacity-building

[32] The work of Robert Putnam, Samuel Huntington, and Joel Migdal comes to mind in this type of analysis, though political scientists have developed no standard, simplified analytical techniques and have performed their case studies on an individual basis.

  - new product development
  - marketing
  - funding/financing/resource-generation
- ➢ How do these institutions interact on specific issues or policies?
- ➢ Are there any gaps in terms of necessary institutions, such as training providers?
- ➢ What are the objectives and powers of unions?
- ➢ What type of leadership is there? That is, are there any respected individuals or institutions in the industry around which decision-making and planning converge? Are there any individuals or institutions capable of building consensus around policies and achieving successful implementation?
- ➢ Who are the influential individual players or groups?
  - players/groups with access to resources
  - players/groups who can influence policy and implementation by virtue of enjoying widespread respect

An Example: The Chilean Salmon Industry

A brief description of capacity development in the Chilean salmon industry is useful to explain how the analysis of the individual spheres and linkages fit together. It is probably better to describe the example of the Chilean salmon industry, an industry that went from not existing 15 years ago, to becoming the second largest in the world (after Norway) two years ago. A few elements:

- The southern part of Chile's long coastline has enormous natural advantages for salmon farming: cold waters and long fjord-like inland sea channels with abundant marine life. However, there was little knowledge in the country at the time about salmon production.
- The government sponsored extensive research and information exchange into salmon-farming techniques, provided incentives for entrepreneurs to invest in small-size operations, and—eventually—provided support to market the product abroad. On the political sphere, it was able to move quickly, due to a high level of decentralization in decision making and the ability of certain ministries to agree on various policies. The government also sponsored training programs for prospective industry employees.
- The participation of many small businesses soon created a highly competitive and dynamic market, where firms competed with each other to increase productivity, both technically and at a human level. (Training and keeping the best workers became a necessary element of success.)
- A few para-governmental organizations and NGOs such as PROCHILE and Fundación Chile helped at various stages of the value chain, with assistance in research, marketing, human capacity development, etc. Various community and worker associations were created in the fishery areas of Puerto Montt and Chaitén as a way to support workers in those remote locations. The groups provided support to each other and facilitated the assimilation of new workers and their families.
- Formal linkages were provided by various government policy documents on developing the salmon industry, in addition to the existing laws governing fishing and exploitation natural resources. Certain ministries were given direct charter to cooperate in order to assure the success of the project.

- Informal linkages abounded and were a large reason for the spectacular growth of the industry. Among the most important were the relationship between the salmon entrepreneurs, and both local and national governments. The cooperation between the NGOs and the entrepreneurs on capacity development, marketing and research support, and between the businesses themselves maximized the benefit from the resources the government was investing in the project. Eventually, the salmon industry bred a large group of support industries in the areas of packaging, freezing, transport, etc.
- For all of these activities new workers were trained and—in many cases—the early trainees became trainers themselves (or even entrepreneurs) to support the growth of the workforce.

Appendix B: Tourism Industry Pilot Competitive Analysis Supplement

The following data and analysis was used to inform and understand the competitiveness of the South African tourism industry. This information should be used in conjunction with information provided in ***Section 6.***

<u>ECONOMIC SPHERE</u>

Major Subsectors Within the Industry
The most widely accepted definition of tourism is "to travel outside one's own regular travel patterns and habits". This is a very broad definition and encompasses all day-trip travel, as well as all travel to spend one or more nights away from home, for business, leisure, family matters, etc. It also includes domestic as well as international travel. Tourism constitutes the activities and spending of tourists in preparing for their travel and while at their destination. As such the main components of tourism spending are:

- Travel and tourism intermediaries – service providers such as travel agents, tour operators and booking services
- Accommodation
- Food and beverage at the destination mainly restaurants and fast food and some retail food
- Transport to and at the destination
- Attractions and entertainment at the destination
- Retail spending for the trip and at the destination.

Encompassing as it does spending in many areas, there are many subsectors to the tourism industry. Typically these breakdown into the following categories, each with many sub-categories:

- Passenger transport
- Travel services
- Accommodation providers
- Entertainment and attractions
- Promotion and marketing bodies
- Restaurants/Food-service
- Retail

There is also much overlap as some of the sector listed above overlap with other industries e.g. retail, passenger transport.

Tourism in the Context of a World Market
Tourism is the world's largest industry, and one that continues to expand at a faster rate than the global economy. The *World Travel & Tourism Council* ("WTTC") estimates that tourism is now a $4.4 trillion industry and that this figure will grow to $10 trillion by the year 2010. The *World Tourism Organisation* ("WTO") forecasts that international tourist arrivals will

increase to nearly 700 million by the year 2000 and will reach 1.6 billion by 2020, representing growth between 1995 and 2020 of 4.3% *per annum*.

More than 600 million people travelled abroad in 1997. The United States, Japan and Germany generated the most tourists. France, the USA and Spain received the highest numbers of them. Europe continues to record well over half of all international tourist arrivals, although its relative share is predicted to give way somewhat over the long term, as tourism to other regions of the world - especially the East Asia/Pacific region - increases.

WORLD TRAVEL & TOURISM AGGREGATES

		1998	Projection 2010	Annual growth
Jobs	Millions	231	328	3,0%
Employment		*1 in 10*	*1 in 9*	
GDP	US$bn	3 564	8 008	4,0%
Ratio of total GDP		*11,6%*	*12,5%*	
Capital expenditure	US$bn	779	1 769	4,5%
Taxes	US$bn	802	1 800	*7,0%*
Ratio of all taxes		*10,6%*	*11,4%*	
Exports	US$bn	917	2 277	5,4%
Ratio of all exports		*12,7%*	*12,3%*	

Source: World Travel & Tourism Council.

The *WTO*'s projects that long-distance travel will increase from around a fifth to nearly a quarter of all international tourist movements by the year 2020. Africa's share of total tourist arrivals is projected to increase from 3.5% to 4.7% over this period.

Tourism, broadly defined, is one of the most potent generators of jobs. In 1998 the sector accounted for an estimated 231 million jobs; equivalent to 9.4% or 1-in-10 of all jobs. This ratio is expected to increase to 1-in-9 of all jobs by the year 2000.

Size of the Sector and Growth in South Africa

International Tourism Growth in South Africa

It is widely accepted that South Africa has significant potential to increase its foreign leisure tourism and other key foreign tourism markets e.g. conference and convention, sporting events etc. Foreign business tourism and all segments of the domestic tourism markets will largely grow at the same rate as local economic growth. Some particular drivers will impel domestic tourism to grow at a rate marginally higher than local economic growth. These include the emerging black tourism market and the high growth in conferencing.

The WTTC base forecast of tourism growth which is summarized in the table below, is based on growth predictions of a small group of experts in South Africa as well as the WEFA economic model and the WTTC expertise. In these projections foreign tourism is predicted to grow at ±12% for the next two to three years, thereafter declining slowly to around the worldwide average of 4% to 5% per annum by the year 2005.

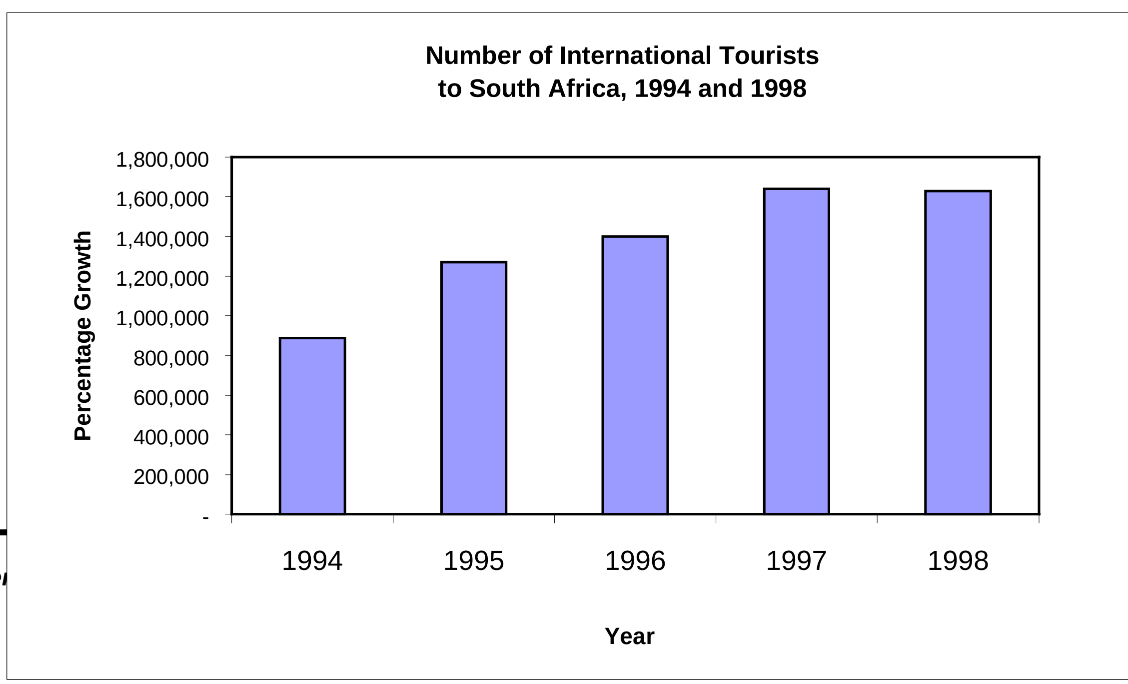
By 2005 South Africa is expecting of the order of 3,1 million international air arrival tourists, and possibly some 20 million domestic tourists taking 38 million trips (the domestic figures should be treated with caution). Tourism should provide 464300 direct jobs, 122400 more than currently (or approximately 20 000 new jobs yearly), and almost one million direct and related jobs in total, in 2005. Tourism total contribution to GDP should have risen to 9.4%, and foreign tourism will be contributing R 48 billion of spending and domestic tourism R63.6 billion in spending.

The following table and graphs show the growth of international tourism to South Africa. It is important to note that since 1994, international tourism has grown at a compound annual growth rate of 16.4%, not far from the growth target, almost doubling in size. However, most of that growth occurred in the earlier years. From 1997 to 1998, international tourists actually decreased by 0.7%.

International Tourists to South Africa by Country of Origin

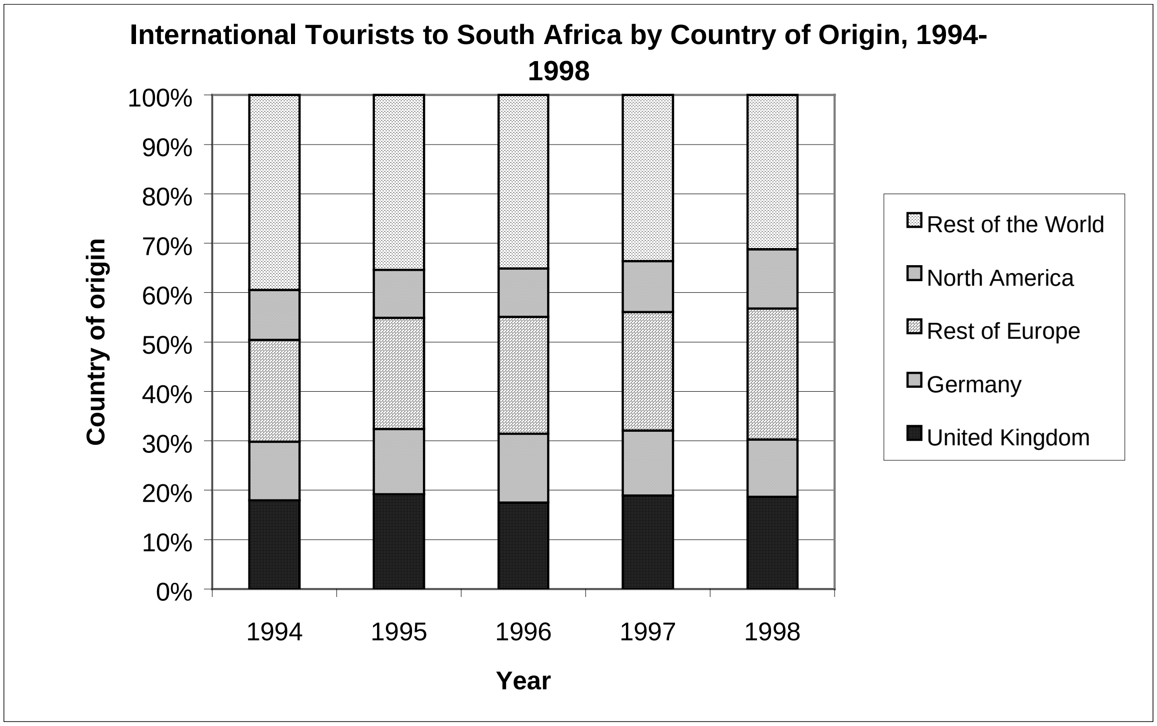
Origin	1994	1995	1996	1997	1998 F
United Kingdom	159,604	243,621	244,401	310,373	303,819
Germany	105,109	168,186	195,473	215,419	189,238
Rest of Europe	183,054	285,732	331,292	393,939	431,478
North America	89,793	124,354	137,217	169,241	194,840
Rest of World	350,893	449,587	491,692	551,354	509,203
Total	888,453	1,271,480	1,400,075	1,640,326	1,628,578

Note: Includes all overseas arrivals and air arrivals from Africa. 1998 figures forecasted.



CAGR: 16.4% Source: Stats SA and Satour

Almost two third of international tourists come from high-income countries; this proportion has increased in recent years, as these also show higher rates of growth.



Product Diversification

International tourists have tended to concentrate their visits in just four provinces, Gauteng, the Western Cape, KwaZulu Natal and Mpumalanga. This regional concentration has actually increased in recent years, contrary to the goals of diversifying the product base. It is argued that the strong increase in visits to the Western Cape, at the expense of the other provinces is a result of the dramatic increase in violence in criminality. This observation, combined with the drop in growth rates of international visits in the most recent years is not a good prospect for the industry's ability to achieve its targets with respect to the international markets.

International Tourists to Provinces		
Province Visited	**1995**	**1998**
Gauteng	32%	29%
Western Cape	24%	30%
KwaZulu-Natal	15%	12%
Mpumalanga	10%	10%
Other	20%	18%
1998 Figures for Summer Only		

Purpose of Visit

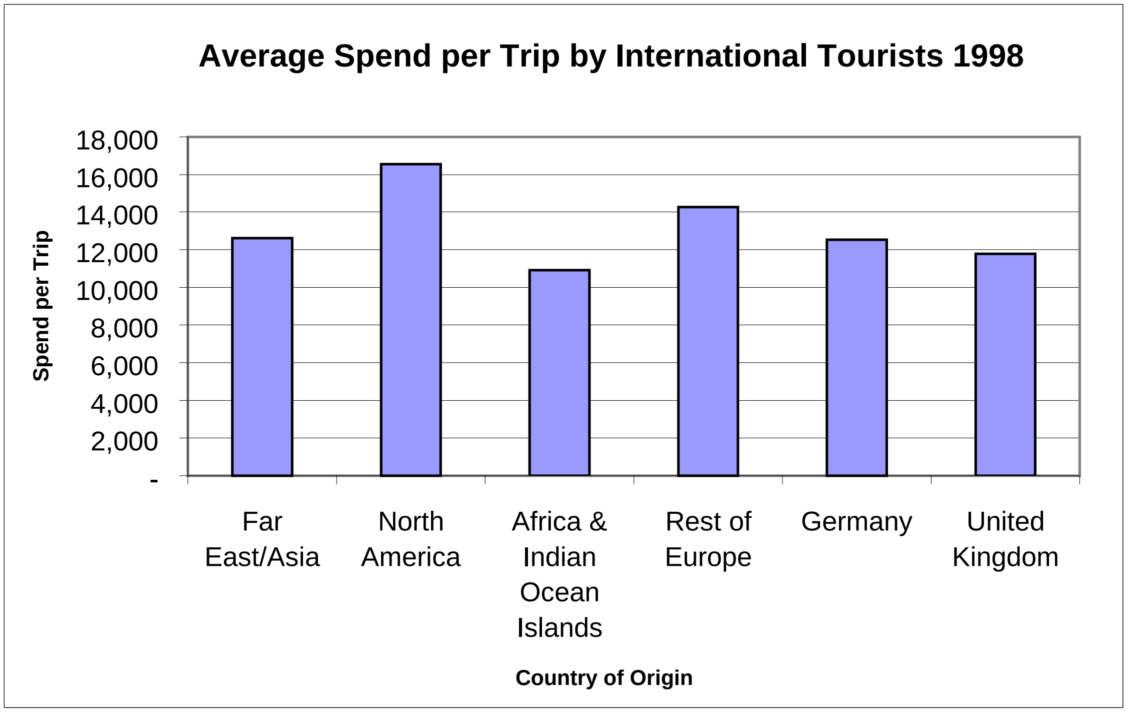
Another important segmentation of tourists is their reason for coming. The general strategy of *Tourism in Gear* is geared towards increases in holiday tourists. However, since 1994, the proportion of holiday visits has decreased, while the proportion of business visits has increased. Holiday tourists seem to be held back by an increasing perception of instability in the country. Unless this trend is reversed, achieving the desired growth targets may become impossible.

International Tourists to South Africa by Purpose of Visit		
	1994	1998
Business	21%	28%
Holiday	45%	43%
VFR	25%	22%
Other	9%	7%
Total	100%	100%
1998 figures for summer only		

Average Expenditures by International Tourists

Although the figures are skewed by the fact that tourists from certain regions come to South Africa for the primary purpose of shopping, it is nonetheless interesting to look at the available figures.

The top generating countries for tourists to South Africa, Germany and the UK, are also the countries whose tourists have lower average spends per day. Highest daily spends are made by tourists from the far east ad from North America, followed by Africa and Indian Ocean Islands. African tourists (excluding cross-border arrivals) are high spenders as they often visit South Africa for major shopping, or medical purposes, as well as on government related business and to attend conferences. When the length of stay is taken into account, tourists from North America are still by far the biggest spenders on trips to South Africa. Far Eastern tourists drop down the scale of spenders in spite of a high daily spend, because of their short stay in the country. German and UK tourists gain ground as good trip spenders because of their longer average stays, but are still not spending as much as the average foreign tourist per trip. Other excellent tourists from an overall trip spend perspective are from the “rest of Europe” where a fairly long stay and high spend combine to give higher than average trip spends. Africa and Indian Ocean tourists make the lowest spend per trip in spite of higher than average daily spending. This is because these tourists come simply to shop or for business or special reasons and return as soon as the task is complete. They rarely include a leisure element in their trip.



Contribution to the Economy

The *WTTC* has recently completed an exercise to assess tourism contribution to GDP and employment in South Africa, using its internationally accepted methodology. The results of this preliminary exercise are summarised in the table below. According to their estimates:

- in 1997 travel and tourism was worth nearly R 60.5 billion (Rand), and is set to grow at the rate of 12.2% pa to the year 2010;
- domestic tourism remains twice the size of foreign tourism, although the latter is projected to grow to 44% of the total by 2010;
- tourism already contributes between 7% and 8% of South Africa's GDP, and this will grow to over 11% by 2010; and
- tourism could become an effective generator of GDP and employment growth.

SIZE OF SOUTH AFRICA'S TOURISM INDUSTRY

		Actual			Projected
		1997	1998	2000	2010
Consumption:					
Domestic leisure tourism	R billion	20.8	23.2	28.8	79.3
Domestic business tourism (corporate & government)	R billion	8.4	9.0	11.1	30.0
Foreign tourism	R billion	14.6	18.4	25.9	87.1
Total consumption	R billion	43.8	50.6	65.8	196.4
Capital expenditure	R billion	11.1	12.8	16.7	47.8
Other	R billion	5.6	6.4	7.9	26.0
Total expenditure	R billion	60.5	69.8	90.4	270.2
Annual Growth		*12.4%*	*15.4%*	*13.9%*	*11.6%*

GDP contribution:					
Direct	R billion	20.2	23.4	30.9	93.7
Indirect	R billion	25.7	29.8	39.1	117.2
Total	R billion	45.9	53.2	70.0.	210.9
% of total GDP		*7.7%*	*8.2%*	*8.8%*	*10.3%*
Employment:					
People employed	'000	673	738	820	1 254
Ratio of all employment		*6.5%*	*7.0%*	*7.5%*	*9.3%*

Source: World Travel & Tourism Council

Reserve Bank figures indicate that foreign tourism to South Africa resulted in R12 billion of foreign exchange inflows to the country. This figure is estimated to have grown to R20 billion in 1997.

Currently, some 738,000 people are employed in the travel and tourism sector - about 1-in-15 jobs (compared with a worldwide average of 1-in 10), and this will grow to 1-in-11 jobs by 2010. Of these 248,000 are direct employees in the industry and the balance are indirect employees.[33]

Domestic Tourism

The *WTTC*'s estimates confirm the fact that, in value terms, domestic tourism is a very large share of South Africa's total tourism. It presently accounts for over 60% of the total, although this ratio is predicted to decrease gradually, as a consequence of faster-growing foreign tourism, to about half of the total, during the earlier years of the next millennium.

The latest survey by *Satour* on the South African domestic tourism market (1996) indicates that 63% of South Africa's population take at least one holiday trip a year. This yields some 16 million domestic tourists in 1996, and with an average incidence of travel of 1.9 trips per person, a total of 30.4 million trips. Most domestic tourists went on holiday only once during 1996 (71%), whilst 16% went away twice and 8% went away three or more times. The most popular domestic tourist destination was KwaZulu-Natal, followed by Gauteng, Western Cape and Eastern Cape in 1996.

Concentration Data

Concentration and segmentation information is not available, though it would be an important element of further new research. In 1990 the syndicated research conducted by Excel attempted to look at capacity, capacity utilization and concentration in the major tourism segments. This information was included in the 1996 study conducted in preparation for the White Paper. Some of this information is provided in the following pages. The best figures are those for the accommodation sub-sector.

33 This number is somewhat less than the figures from the BMI Training Needs and Resources in South Africa study. Differences arise due to slightly different definitions of numbers of employees directly employed in tourism in certain sectors, such as transport, and so on.

Estimated Accommodation Capacity in SA				
	Establishments	**units or rooms**	**Beds**	**% of total**
		000	000	
Hotels	1,000	60.0	120.0	26.5%
National & Provincial Parks	95	2.9	9.5	2.1%
Timeshare	167	6.1	24.4	5.4%
Resorts & Self-catering	1,950	48.5	194.0	42.9%
Youth Hostel	70	0.5	2.4	0.5%
Executive Apartments	34	2.0	5.0	1.1%
Game & Hunting lodges	745	12.6	25.2	5.6%
B&Bs	3,700	13.0	26.0	5.7%
Guesthouses & Farms	3,300	23.1	46.2	10.2%
	11,061	**168.7**	**452.7**	100.0%

Hotels

The hotel industry is characterized by some degree of oligopoly through groups and chains of hotels. An estimated 29% of hotels and 55% of hotel beds are in hotels affiliated to a chain or group. Among the major South African hotels, the concentration is even more acute:

- 60% of hotels belong to the four top chains: City Lodge Group, Protea Hotels, Southern Sun Hotels Group and Sun International.
- More acutely, 70% of hotel rooms are in hotels owned or managed by one of the four top hotel chains.

Bed and Breakfast / Guest Houses

Bed-&-breakfast establishments ("**B&Bs**") are generally small, with capacities ranging from one to four bedrooms. B&Bs are characterised by sole proprietors, offering hospitality in their own homes. This is often done on part-time, almost whimsical basis, although, collectively, B&Bs are becoming a serious element of accommodation supply in South Africa. Guest houses tend to be small, individually owned and run by their proprietors. Guest Farms are usually adjuncts to a core farming business. There is normally no salaried manager overseeing the operation. Most guest houses are fairly unique and individualistic; unlike modern purpose-built hotels. Some are located in fine old residences, and many provide surprisingly high standards of hospitality and cuisine. Guest farms tend to be simpler accommodation with wholesome farm cooking. Some guest farms are actually self-catering accommodation.

Game Lodges

Game lodges vary in standard from middle- to very up-market. Some are more rustic than others, and may include only basic facilities without air-conditioning or electricity. Both domestic and international tourists use private game lodges. The very up-market lodges such as *Mala-Mala*, *Londolozi* and *Sabi Sabi*, cater almost exclusively to foreign tourists and charge very high tariffs, usually quoted in US-dollar terms.

Virtually all game lodges and hunting lodges are independent. There are one or two small groups operating game lodges in South Africa, most notably the Conservation Corporation which operates 10 lodges (on six reserves) including Londolozi and Phinda.

Transport: Car hire and coach operators

There are an estimated 60 car hire companies in South Africa, including many small firms providing cars, 4 x 4s and campers as well as cars. The three biggest firms, Imperial, Avis and Budget, together account for an estimated 85% to 90% of the market. Imperial (with a 37% marketshare) and Avis (34%) are by far the largest.

Coasa (the Coach Operators Association of South Africa) estimates that there are around 400 luxury coaches in South Africa. Springbok Atlas is the dominant player with around 120 such vehicles mainly used for charters and its own tours. Greyhound, Translux and Intercape dominate the scheduled intercity routes with some 300 coaches between them.

Transport: Airlines

South African Airlines ("**SAA**"), the national carrier, is the dominant international airline serving South Africa. However, there are more than 60 other international airlines serving the country and SAA has competition on every route. As international routes are the subject of bi-lateral negotiations, capacity and level of competition is controlled by governments, and fares are set between the Airlines resulting in high fares and profitable routes e.g. the UK to SA route is said to be one of the most profitable in the world. Effectively therefore, although there appears to be sufficient competition for SAA on international routes, the bi-laterals, fare setting and lack of charters still mitigate against free market principals driving international flights to South Africa and possibly constrain tourism growth.

The situation in the domestic segment of air transport is similar. Although there are six major domestic airlines, effectively South African Airways dominates the segment in an almost monopolistic manner. Two high profile airlines were set up to compete with SAA in the domestic market, Flitestar and Phoenix. However, both of these airlines folded, Flitestar after less than two years and Phoenix in less than a year.

Industry players indicate that SAA indulges in predatory behaviour on the domestic scene, using high fares and other monopolistic practices to squeeze the other domestic airlines. Recently SAA abruptly and directly poached top cabin staff away from the other local airlines resulting in some of the other airlines' flights being grounded for lack of staff. There is fear that this type of action will result in SAA becoming even more dominant locally eventually leading to even higher domestic air costs. South African domestic air ticket prices are already felt to be exceptionally high by European or North American standards.

Tour Operators

We estimate that there are approximately 20 major inbound tour operators carrying to/within South Africa and a further ± 450 minor operators. Whilst five years ago, most of the major operators were independent, the formation of the tourism holding company, Tourvest, has seen a relative giant emerge on the scene. The creation of Tourvest from Micor Travel interests and Tanur Jewellery interests already put two tour operators, Wilson Collins and Welcome tours into the same group. Since then it has acquired among others Crown Travel and Holiday Africa Tours. Tourvest buys some 500 000 bednights per annum and handles more than 100 000 airline passengers per annum. Some of the other major tour operators are parts of larger groups who have significant other interests in tourism, such as outbound operations, and retail travel operations. Notable amongst these is Connex which is a division of Transnet the parastatal holding company of SAA, but which is undergoing privatisation and Springbok Atlas which is part of the Imperial group which also holds Imperial Car Hire. The rest are independent operators, and most of the minor operators are also independent.

There were some 820 IATA registered travel agencies in South Africa in 1998, a growth of 17% in numbers per annum since 1996. There are a number of national agencies with multiple branches throughout the country (each branch is counted as one agency). In total about 160 agencies are affiliated to groups. The largest and dominant group is Rennies Travel with more than 70 agencies.

SWOT Analysis Description

Strengths:

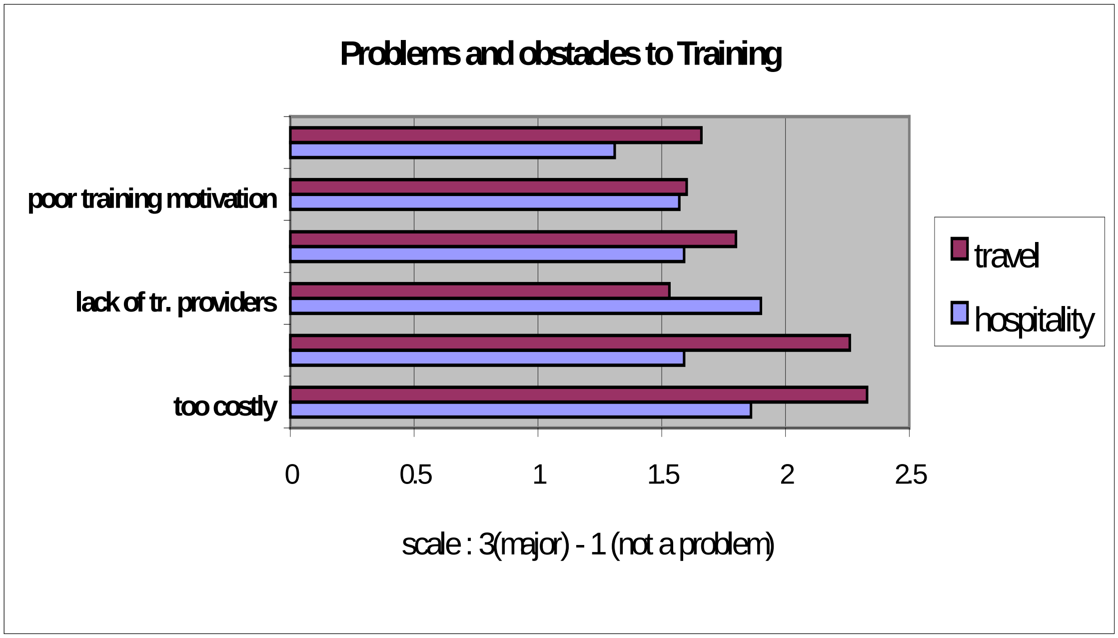
- *Weak currency*: possible value
- *Predominantly market-based industry*: low government ownership and operation (except air and rail). In most sectors the private sector is the dominant product and service provider, and where the public sector is an operator there is general progress towards privatization. In addition the regulatory environment is reasonable—except on international air routes and there is no control of capacity from government.
- *Mature industry operators*: most, but particularly the larger, industry operators are mature businesses with a depth of experience and knowledge of their areas of operation.
- *Excellent actual and potential product range*: South Africa has a wide range of tourism products and possibly an even larger range of potential products for tourism which are yet to be developed and exploited. There is virtually untapped product potential in many product categories and more, either untapped geographically, or untapped simply in that the concept has not been developed. Some of the potential includes the unparalleled paleoanthropological heritage of South Africa, opening up of newer areas in the Eastern Cape, the cultural heritage of both the black and white peoples of South, the expansion of the conference industry etc.

Weaknesses:

- *Lack of real government support and incentives:* the South African government has never really got behind tourism as an industry which can contribute significantly to the economy. Money, resources, attention and coordination have been lacking, e.g. for the DEAT's tourism function, for Satour to market the country etc. Tourism has generally been a Cinderella ministry, tacked on to various other departments. In spite of a White Paper that suggested it, there has never been a cabinet committee on tourism, or any way that the tourism issues that cross ministries can be addressed in a coordinated fashion. Carefully applied incentives could assist in stimulating tourism development.

- *Poor overall returns in the industry:* tourism is a high risk industry requiring high returns, but investment returns that can be realized are not high – especially given the high cost of capital in SA. The high risk stems from the factors such as large capital outlays, large product development lifecycles, need for specialized infrastructure and the cyclical nature of demand. Tourism is especially susceptible to the vagaries of political stability, violence and other 'exogenous' influences.
- *Over-regulated/bureaucratic:* while at the level of market control there is very little regulation, at the lower levels there are a plethora of regulations and laws through which the tourism industry operator has to wade in order to operate his business. These include health and safety, labor, rates and taxation, signage, development controls, liquor, tourism, training and skills development, food preparation etc laws and regulations. These are controlled by at least 4 levels of government, each, typically, with a bureaucratic environment to be contended with. In particular these laws and regulations make the development of SMMEs difficult.
- *Highly regulated labor environment, and worsening:* a subset of the point above, the existing and newer labor regulations are seen by industry and foreign investors are very onerous. These will have an effect especially on the smaller tourism operators. The Employment Equity Bill, the Skills development Act and many other stringent labor laws are felt to constrain tourism operators, for whom labor is a major costs component and who have small margins. There is still not a culture of training as a means to improve returns.
- *Very poor national generic marketing:* Satour has never had a real marketing strategy or the skills and capacity to develop and implement a marketing strategy. This is partially due to lack of budget; compared to other national tourism marketing bodies it is vastly under-funded. It has also been mired in the "old ways" and in recently going through "transformation" has been fairly ineffective in its marketing role as focus was on transformation, South Africa's international marketing to attract tourists to this country is therefore well below international best practice.
- *Not yet using technology to competitive advantage:* the use of IT in the tourism industry is moving forward rapidly overseas. This includes large sectors of distribution, marketing, operations, and information provision. In South Africa use of IT in tourism and hospitality, in both the public and private sector, use of IT, although beginning, is far below international best practice.
- *Very poor research and statistics on the industry:* there are very few statistics available on the industry and what little is collated, mainly by *Statistics South Africa,* is often inaccurate, late or incomplete. In addition, not enough research on the industry is available in the public domain, and research is particularly lacking on domestic tourism.
- *Poor industry attitudes towards training:* tourism training was largely limited to in-house training on various, mainly informal levels. Some large progressive groups were very active with structured in-house and on-the-job training schemes. Others had in-house management trainees, but very little else. Many skilled senior and kitchen staff have been recruited overseas—many chefs and managers are not from SA. Some of

these attitudes were reflected in the responses to our questions in the pilot survey, where employers listed “too costly” and “unable to release staff” as important obstacles to training. These are clearly items that are within their control; a better understanding of the returns of having a trained, efficient staff needs to be achieved.



Opportunities:

- *Tourism is growth industry worldwide and South Africa has a low share:* international tourism worldwide is growing at a rate of 4% to 5% and the WTO and WTTC both predict that such levels of growth will be maintained for many years. South Africa captures a very small share, some 0,9% (including the ± 3,8 million cross-border ‘trading tourists’ from Africa). In addition, in South Africa tourism is estimated to contribute 8% to GDP, whereas the worldwide average is 11%. If anything, given South Africa’s tourism strengths, tourism in South Africa has the potential to contribute more to the country’s GDP than the worldwide average. Both this small share and small GDP contribution indicate that tourism has significant potential for growth in South Africa.
- *The development of the PDI (previously disadvantaged individuals) market:* in South Africa there is a rapidly growing number of PDIs who are moving up the economic ladder. This is slowly changing, and has the potential to significantly grow domestic tourism, especially if pro-actively addressed.
- *Worldwide trend towards ecological, experiential and adventure tourism:* worldwide there is a “new wave” in tourism where the old “sun, sea and sand” tourism is being replaced by travel for the desire to experience and learn, and in particular to see wilderness areas and indulge in adventure activities. This is driven, amongst others, by the maturing tourist who travels regularly and is becoming more independent as a

tourist and seeking new experiences and destinations. South Africa's tourism product dovetails perfectly with these international trends.

- *Virtually untapped market segments exist: a*round the world there are a number of tourism sectors that are largely untapped in terms of South Africa's tourism marketing and product development. These include the international conference and convention market, African Americans desiring to see aspects of Africa and learn about the political transition here, backpackers, alumni and church groups in the USA, the senior citizen market, the sports market, etc.

Threats:

- *International tourism is increasingly competitive; major competitors are more focused and targeted than SA:* countries around the world have realized the benefits of tourism and both public and private sectors are combining to develop industry strategies and marketing strategies to actively promote tourism. Many destinations pursue sophisticated marketing strategies supported by heavy resources to attract international tourists, and this includes new destinations such as East Europe, China, Vietnam etc. South Africa's competitors are far advanced in these methods and the international industry is becoming very competitive.
- *Worldwide recession:* tourism, as a function of prosperity, is exceptionally vulnerable to economic recession. Major wars, economic collapse in regions, economic recession in major generating countries such as the USA and Germany, can cause, often unexpected, declines or static growth, in international tourism.
- *Perceptions of terrorism and criminality:* terrorism and political violence is a particular threat in South Africa. Terrorist activities in the rest of Africa detrimentally affect South Africa as it is perceived as similar to other parts of Africa by tourists worldwide and equally affected by these events. The Kenya and Tanzania bombs resulted in extensive cancellations of travel to South Africa. In addition international tensions overflow into SA; Islamic organizations lay bombs here against various indirect targets, but often in tourism areas.

POLITICAL SPHERE

Institutional Strategies Articulated by Government and Industry

Tourism Forum and Business Trust Marketing, Training and SMME Development Initiative

Many feel government has largely paid lip service to the industry, and in reality doing far too little to facilitate tourism's development and to realize its full potential in terms of job-creation, foreign-currency earnings and economic growth. The paltry budget allocations to *Satour*, the national tourism-promotion body has further disillusioned skeptics in the private sector. However, a recent event, the initiative of the *National Business Initiative* ("NBI"), the *South Africa Foundation* and the *National Black Business Caucus* to set up a National Business Trust. The Trust is persuading general industry to donate 0.15% of market capitalization or 2% of after-tax earnings, into a development fund. They plan to invest considerable funds into marketing, education, training and SMMEs. The trust proposes that, for three years, R50 million of the funds raised be allocated to tourism marketing, R10 to R20 million to tourism training, and an undetermined amount into tourism SMME development.

This initiative has effectively acted as a catalyst for government and the tourism private sector to mobilize. It has resulted in government and the private sector signing an accord to work in partnership, which will include the setting up of The Tourism Forum (see above) and a reconstituted Satour Marketing Committee (on which the private sector will nominate four of the eight representatives). The private sector will nominate, and possibly subsidize the position of Marketing Services Director at Satour. In addition, the tourism private sector intends to raise a further R50 million for marketing through a voluntary levy system and government, via Satour, will provide another R50 million.

The tourism industry, through the *TBC*, plans to raise the voluntary levy on all its members and other industry players, of 1% of turnover, by way of a “Tourism Marketing Levy”; a concept which has already been agreed to in principle by most of the major hotel groups, car-hire companies and other key industry players. The R150 million will be disbursed through Satour, mainly on generic, above-the-line marketing.

The *NBI-SAF-NBBC initiative* together with the new Government Private Sector partnership is an unprecedented opportunity for South African tourism, which could provide both the resources and expertise to market the country as a destination on a par with best international practice. It has possibly come only just in time for South African foreign tourism to maintain and grow its position in world tourism, given the poor foreign tourism statistics of 1998.

The Presidential Job Summit

In addition to the important events outlined in the paragraphs above, in October of 1998, Government, labor and the private sector held a national Job Summit, to look at ways of addressing the country’s most critical problem – job creation. One of the outcomes of the job summit was a thrust to develop tourism. The main elements of the job summit declaration with respect to tourism are:

- A partnership to market South Africa abroad
- An enterprise development program to stimulate SMEs in Tourism
- More tourism learnerships
- The SDIs (see below)[34]

A Cabinet Cluster Committee is to be set-up to ensure the effective implementation of the job summit recommendations

[34] *Spatial Development Initiatives* (or "SDIs") are government programs aimed at unlocking the perceived inherent and underutilized economic development potential of specific areas or "spatial locations" in South Africa. Eight such zones have been defined. The stated objective of the *SDI* programs is the creation of employment by attracting and facilitating investment in focussed sectors. Government's strategy is to concentrate its limited resources on the provision of infrastructure in areas with the highest growth potential, and to enter into public-private-sector partnerships in an effort to leverage investment. The initial focus is one or more "anchor" projects in each *SDI* which, it is envisaged, will then act as a catalyst for ancillary projects and investment.

Several of the *SDI*s have tourism as a major thrust. Some *SDIs* include neighboring countries. The *Lubombo SDI*, for instance, is a tri-nation initiative that involves eastern Swaziland, southern Mozambique and northern KwaZulu-Natal. In this case, the governments' principal interventions include actions such as the construction of a major "tourist" road from St Lucia to Maputo which will make some of southeast Africa's most spectacular coastline, lakes, estuaries and wildlife areas accessible, and the introduction of a passenger train service - the *Trans-Lubombo* - connecting the three countries.

Appendix C: Tourism Industry Pilot SETA Annual Planning Survey Results

Introduction

This report is intended to achieve the following:

A. Describe how the pilot survey was conducted.
- the manner in which the survey was undertaken, assumptions made, the choice of content, and the methodology selected

B. Report back on the data findings of the tourism research survey

C. The process step by step.
- List the steps taken, as a guide for future SETA research.

A. How the pilot survey was conducted

The steps taken by BMI in formulating the pilot survey were:

- ***The compilation of a comprehensive database of names of all employers, training providers , trade unions and other interested parties within the tourism industry***

For this purpose BMI relied on the previous database compiled for the survey carried out for the Department of Environmental Affairs and Tourism in 1997. This database was originally put together by BMI using lists from:
- the Department of Environmental Affairs and Tourism
- Satour (SA Tourism)
- ASATA (Association of Travel Agents of South Africa)
- TETASA (Training and Education of Travel Agents of South Africa)
- The HITB (Hospitality Training Board)
- Tourism and travel publications
- And various other lists from local publicity and tourism associations, including names suggested by the Tourism Training Advisory Committee (attached to the national Department of Environmental Affairs and Tourism)

The database includes over 1,200 names covering all sub-sectors of the tourism industry.

- ***Design of the questionnaire***

BMI was able to use the expert input of the Hospitality Industry Training Board (HITB), PricewaterhouseCoopers, USAID, TETASA, and the Department of Labour. BMI also drew on its past experience with the tourism training research project done in 1997 for the Department of Environmental Affairs and Tourism.

- ***Selection of methodology and briefing of the field***

Random sampling using BMI's existing tourism database of previous respondents was done, to ensure valid data findings. Approximately three names for each interview required were supplied to field workers and quality controls were put in place to check data reliability. Research was carried out mainly in Gauteng but also in the Western Cape and KwaZulu-Natal, as major tourist areas.

The field workers and field manager involved in the research were those previously used for the tourism project of 1997 and were therefore familiar with the tourism industry. Briefing of field managers in Cape Town and Durban was done by supplying extensive briefing notes and by telephone. The field managers then briefed their team of field workers at a kick-off meeting.

- ***Data collation and analysis - report writing***

This was carried out at BMI's head office in Johannesburg by the project manager. Feedback from field managers was factored into the findings. Slides were then prepared from the report findings for presentation to the contact groups and strategic retreat participants.

The data findings were not analysed by geographical location, as the sample size would have been too small. The provinces selected (Gauteng, KwaZulu-Natal and the Western Cape) are very similar in size and nature with regard to the role they play in the country's tourism, although Gauteng's tourism trade is largely confined to business tourists.

The assumptions made, the choice of content, and the methodology selected

The main assumption made by BMI was that as the survey was intended to be done on an annual basis by a SETA using levy funds (and possibly by staff inexperienced in research) it needed to be cost-effective and user-friendly.

This coloured the approach taken by BMI in the design of the questionnaire. No questions could require the involvement of more than one person, the questions had to be shaped in such a way to allow for telephonic interviews, and the entire interview should not take more than 20 minutes in total to complete.

It was also assumed that the HITB and TETASA would be able to provide definitions of occupational categories for use in the survey. However such definitions have not yet been laid down, and BMI used instead the occupational categories of TETASA which are job-specific and the functional areas used by the HITB which are rather broader in scope. One of a SETA's initial tasks will be to define all occupational categories across the industry or by industry sub-sector.

A significant sample for the purposes of this research was taken to be 15 interviews in a particular sub-sector. BMI chose three sub-sectors, hospitality, travel and destination management. The two former ones were large enough to yield valid data if random sampling were used, when the potential universe was taken into account using BMI's tourism database.

Data objectives

Questions were designed to give information on the following;

- The attitude towards training expressed by respondents

- Availability of skilled staff (by functional area)
- The extent of the industry need for critical outcomes skills provision
- The need for ABET
- The shortage of training providers (by functional area)
- Areas in which companies would seek assistance from their SETA.
- Assessment of how advanced companies are in implementing the Skills Development Act

Limitations of the research

There were certain constraints and limitations with regard to the annual survey. These were:

The need to keep costs as low as possible without sacrificing the validity of the research
This meant keeping questions to a minimum and careful attention to questionnaire design so that the survey could be done over the telephone.

The need to ensure the co-operation of industry employers in the survey
This meant designing the questionnaire to flow easily and quickly. It also meant offering respondents some form of feedback to ensure they saw the value of the exercise to themselves as well as to their industry.

The limited scope of the pilot study
There were constraints on time and cost to the pilot study which meant that in only two sub-sectors of the tourism industry could significant data be collected, in terms of the sample numbers. It also meant that respondents could not be asked to supply data by specific job categories and had to generalise when answering some questions.

Open-ended questions designed to probe reasons for actions taken (or not taken) by respondents could not be included in such a brief survey. The picture obtained by the research is therefore of a general nature except for some few exceptions.

Other limitations on the research survey mentioned in the initial report were the inability of the present survey to gather financial information (training spend, etc) or to establish training parameters against which to benchmark annual surveys.

The methodology adopted

The issues considered in drawing up the pilot survey questionnaire were:

- Method of collection
- Size of sample (no. of interviews)
- Data analysis methods (what categories data would be broken down into)
- Optimum replication of the survey for other sectors and countries

BMI used random sampling within a quota system for the purposes of this research. Such a methodology allowed for generalisation of the results across the industry subsector and the industry as a whole (where applicable).

The quota system adopted was that of industry sub-sectors. The tourism industry is presently very fragmented and industry sub-sectors tend to operate in isolation. The travel and hospitality sub-sectors include between them the majority of occupational categories used in tourism, and cover the majority of tourism organisations.

Sub-sector	No. of interviews completed.	No. of interviews in '97 survey
Hospitality	**22**	**135**
❑ Accommodation	13	
❑ Catering	8	
❑ Conference centres	1	
Travel	**15**	**90**
❑ Travel services	12	
❑ Tourist conveyance (air, car)	3	
Destination management	**3**	**31**
❑ Attractions	2	
❑ Marketing information and development	1	
TOTAL	**40**	

Sample representativeness.

Given that there were time and cost constraints on the sample size , can the sample results be considered representative of their universe? The size of the universe for the two sub-sectors selected, those of hospitality and travel, is not formally recorded, as no reliable and comprehensive database of tourism organisations as yet exists in South Africa. The closest one can come to this is the database belonging to BMI which was compiled for the 1997 tourism training needs survey (see paragraph above for sources).

Under the categories for hospitality and travel as selected for this present survey (which exclude certain types of organisations included in the 1997 survey) there are approximately 405 names under hospitality. The 22 interviews done in terms of the present survey would therefore represent 5% of the estimated universe. In the travel sub-sector, as defined for the present survey, there were 270 names, which means the travel sample also represent slightly more than 5% of the estimated universe.

A sample size of 30 per category (sub-sector) is usually ample for the sample average to approximate to the normal distribution (A. de Moivre, Laplace and Gauss). However if the variance is small, sample sizes of 15 to 25 will estimate reliable values, if the sample data is normally distributed. The sample size of 22 for hospitality and 15 for travel can therefore be considered appropriate and representative, which would mean that the results obtained can be considered significant. The rejection rate (i.e. the number of interviews refused, which would lower the universe) was insignificant, with only one person declining, for reasons of time, to do an interview.

A good proportion of the results can be considered significant. Standard deviations were not high enough to warrant rejection of the data. For purposes of quality control reasonably broad parameters within which data could be expected to fall were set, and any data from interviews which was outside such parameters (such as an abnormal percentage of training expenditure to salaries and wages) would have been queried by the field managers. In fact, none was found to be so. In addition, data findings followed reasonably closely the findings of the previous tourism training needs survey conducted in 1997, with slight variations where questions had been rephrased.

Given all the above, and with regard to the fact that random sampling was strictly carried out both in selection of names to go onto the field worker's list and in subsequent selection of a name to contact for an interview, BMI is confident that the survey sample is representative of the estimated universe (as far as this can be known) and that the findings are statistically significant.

B. Report back on the data findings of the tourism research survey

In the preliminary report on this survey (see appendix 1) a list of the necessary information SETAs would find of assistance in formulating a sector skills plan and training strategy was given.

Research demographics
a. Industry subsector

Sub-sectors	No. of interviews in pilot survey	% of total	No. of interviews in '97 survey	% of total '97 survey
Hospitality	22	55,0	135	38
Travel	15	37,5	90	25
Destination Management	3	7,5	31	9

Due to a combination of random sampling and sample numbers, it is possible to use the sample results from hospitality and travel to indicate a general trend. This is not possible with destination management due to the small sample size.

b. Geographical location of respondent companies

Gauteng	19 (47,5%)
Western Cape	11 (27,5%)
KwaZulu-Natal	8 (20%)
Eastern Cape	2 (5%)

c. Size of company.

1-5 employees	12,5%
6-20 employees	30,0%
21-70 employees	37,5%
71+ employees	20,0%

1. The attitude towards training expressed by respondents:
Please indicate your current training situation.

Training situation	% of respondents
We train staff in-house ourselves	42,5
We use external training providers to train our staff	2,5
We use external training providers <u>and</u> train staff ourselves	50,0
We do not train our staff	5,0

Attitude towards training was measured by the amount of expenditure on training as a percentage of payroll and by what percentage of respondents said they were involved in training. Training expenditure as a percentage of payroll was 4.4%, more than 50% higher than the national average training expenditure in 1997. (2,65% - *Education, Training and Development in Business, 1997, BMI).*

2. Expenditure on training as a percentage of payroll.
What percentage of your total wage bill was spent on training in the last financial year?

Don't know	22,5%
0 %	10,0%
1 % and under	20,0%
2-5%	25,0%
6-10%	7,5%
11% and over	10% (average of 24% of payroll spend)
Average spend	**4,45%**
Median spend	**3,5%**

The average expenditure on training as a percentage of payroll was 4,45%. The median expenditure (50% of companies and less) was lower at 3,5%. The median figure may be more reflective of the true situation, as those companies spending 11% and over had an average of 24% of payroll spent on training which is way above industry averages.

3. Availability of skilled staff (by occupational category)
Are you able to hire skilled staff to meet your present needs?

Yes	67,5%
No	27,5%
Don't know	5%

If you are unable to hire skilled staff to meet your current needs, please indicate, (using a scale of 5: severe to 1: not at all) in what occupational categories you currently experience a shortage of skilled staff.

Functional Area / occupational category	Need level
Accommodation services (e.g. housekeeper)	3,28
Food and drink service	2,77
Food preparation	2,66
Gaming and gambling	5,00*
Travel consultants	3,00 *

very small sample -1 respondent

4. Current shortage of external training providers.
Indicate in what occupational categories there is a current shortage of external training providers. Use the scale 5: severe, 4: significant, 3: moderate, 2: insignificant, 1: not at all.

Functional Area / occupational category	Need level
Accommodation services (e.g. housekeeper)	2,53
Tour operators	2,33
Food preparation	2,14

Food and drink service	2,09
Travel consultants	2,07
Tour/game/coach guides	2,00
Reservation clerks	2,00

Where companies do not do comprehensive in-house training they must depend on external training providers to supply this need. Respondents rated the shortage of external training providers as insignificant.

5. Staff turnover rate.

How would you describe your staff turnover in general? Use the scale of 5-1 as above.

Staff turnover rate in general	2,00

Name your occupational category with the highest turnover.

Occupational category with highest turnover rate	***Receptionist/reservations clerk***

Staff turnover rate was considered insignificant . The job categories where turnover was highest (albeit still insignificant) were those of reservations clerk and receptionist.

6. Current shortage of supervisors and managers.

Do you have a current shortage of supervisors or managers? Use the scale of 5-1 as above.

Current shortage of supervisors	1.35
Current shortage of managers	1.25

This question was originally included in the survey in the expectation that findings would substantiate the belief in a shortage. In the event, respondents rated the current shortage of supervisors and managers as very insignificant.

7. Source of supervisors and managers

How do you find the majority of your supervisors? Managers?

How do you find the majority of your supervisors?	82,5% recruited supervisors internally
How do you find the majority of your managers?	70% recruited managers internally

Reasons for recruiting supervisors or managers externally	% of respondents
staff did not always have the necessary skills required for promotion	15,0
staff lacked managerial potential	7,5

Other comments made were that the size of the company was too small to permit internal promotion, or that training courses for managers took too long.

8. The percentage of staff needing ABET

What percentage of your staff requires some degree of ABET (adult basic literacy and numeracy) as part of their overall training?

None or not applicable	40% of respondents
1-5% of staff	22,5 %
10-20 % of staff (average - 12% of staff)	12,5%
Overall average percentage of staff needing ABET	17%

It should be noted that 62,5% of respondents said 5% or less of staff required some degree of ABET. While the overall average percentage of staff needing ABET was 17%, this was skewed by some large companies with a large quota of staff needing ABET One respondent commented that the gardener needed ABET but since it did not impact on his job performance it was insignificant.

It is probable that companies with employees whose job description does not include the need to be basically literate and numerate (and who may not be considered promotion material) would not view those employees' need for ABET as a company training issue.

40% of respondents said none of their staff required ABET or that this question was not applicable to them. This may reflect the small size of the average tourism organisation (particularly on the travel side).

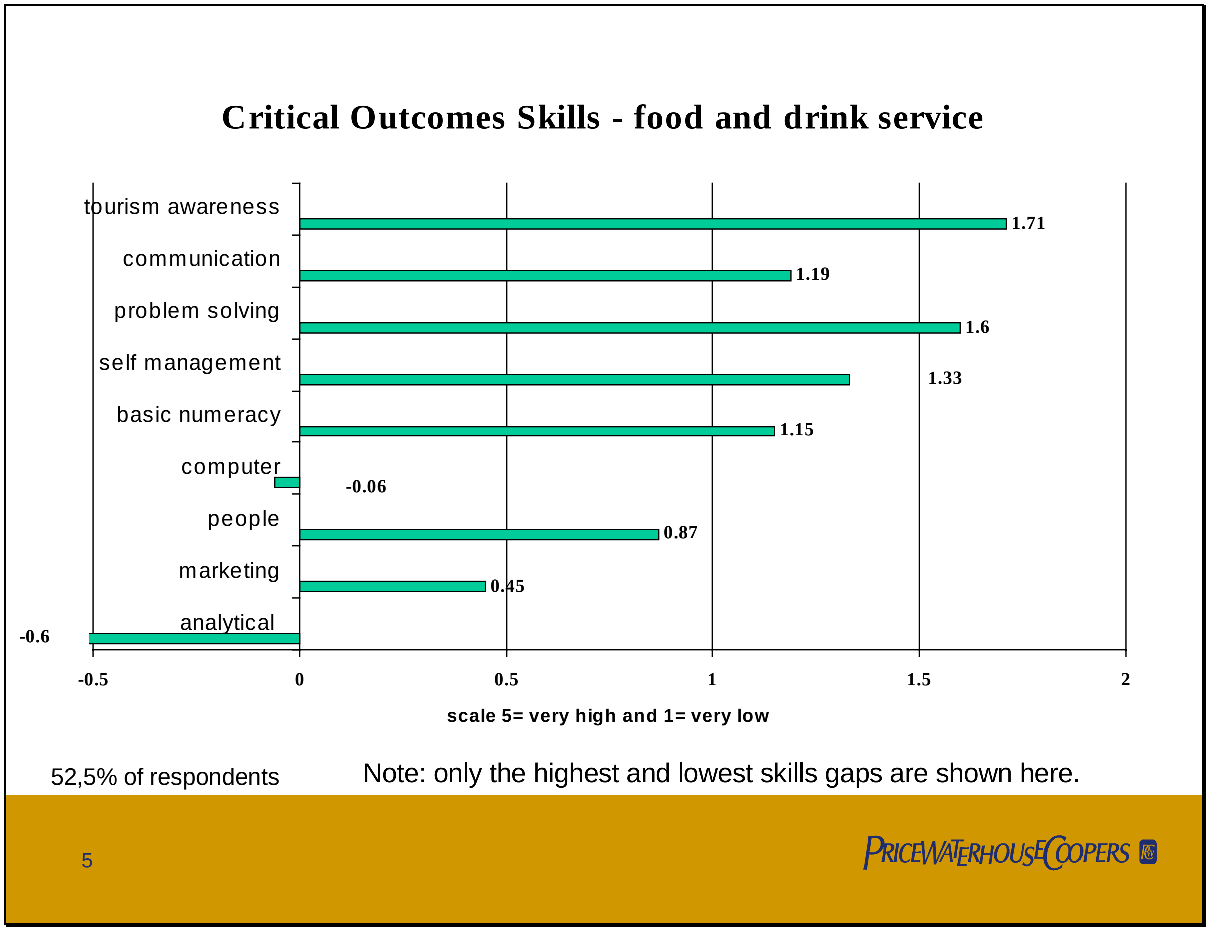
9. **The extent of the industry need for critical outcomes skills provision**

Rate the ideal level of skill required and the actual level of skill produced for staff below supervisor or managerial level. Use one of the occupational categories listed below., and the scale of 5=very high and 1= very low.

Food and drink service	*Reservation clerks*	*Information officers*

- Gaps in critical outcomes skills levels for staff below supervisor/managerial levels were considered job-specific.
- *Tourism awareness* is the ability to understand what a tourist is, his needs and expectations and the value of tourism to the country's economy
- *Information officer* is the person who works in a museum or other cultural organisation dealing with the general public queries, possibly acting as a educational guide. It can also be one who deals with the general public in a local publicity or tourism association office.

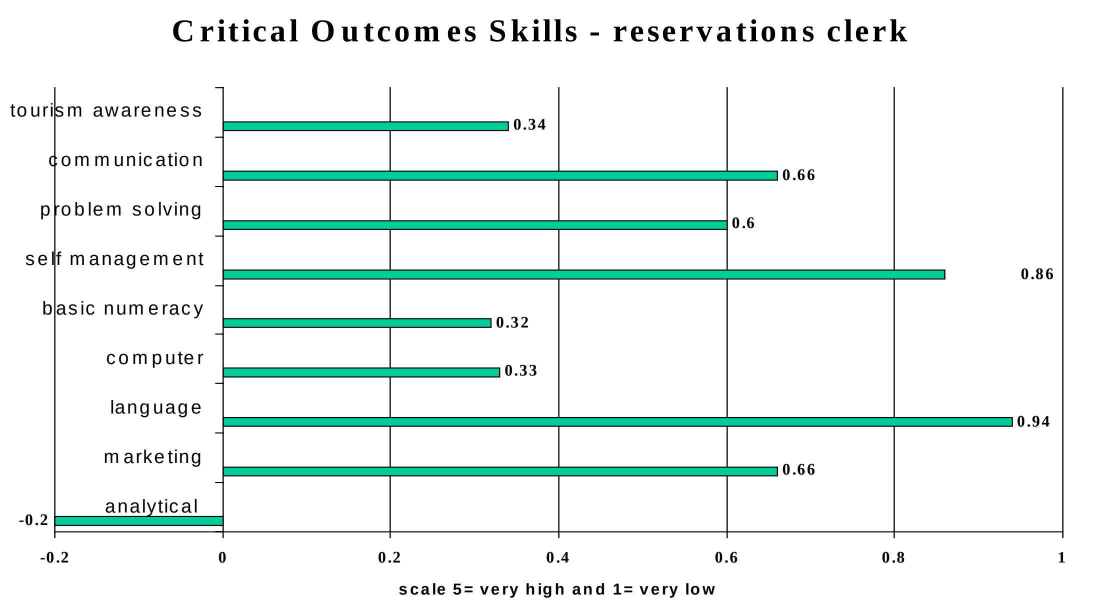
52,5% of respondents chose food and drink service as their occupational category.



Critical Outcomes skills - FOOD AND DRINK SERVICE	Ideal level of skill required (scale of 5-1)	Actual level of skill shown (scale of 5-1)	Gap In skills level
Tourism awareness skills	4,28	2,57	1,71
Problem solving: solve problems in critical, creative manner, considering all related aspects.	4,57	2,95	1,60
Self Management skill: organise and manage one's own activities responsibly and effectively	4,47	3,14	1,33
Communication: communicate effectively by oral and/or written means	4,8	3,61	1.19
Basic numeracy/maths skills	3,85	2,70	1,15
Customer service skills	4,60	3,60	1,00
People skills; relate well to people at all levels of society in warm, understanding manner	4,52	3,65	0,87
Sales skills	3,35	2,55	0,80
Language skills: communicate effectively in more than one language	3,95	3,19	0,76
Teamwork: work effectively in a team, group, etc	4,66	3,90	0,76

Marketing skills	2,70	2,25	0,45
Analytical skill: **c**ollect, analyse, organise and critically evaluate information	2,1	2,7	(-) 0,6
Computer skills: to use relevant information technology.	1,84	1,9	(-) 0,06

37,5% of respondents chose reservation clerks as their occupational category.



37,5% of respondents

Note: only the highest and lowest skills gaps are shown here

8

PRICEWATERHOUSECOOPERS

Critical Outcomes skills RESERVATIONS CLERKS	Ideal level of skill required (scale of 5-1)	Actual level of skill shown (scale of 5-1)	Gap In skills level
Language skills: communicate effectively in more than one language	4,20	3,26	0,94
Self Management skill: organise and manage one's own activities responsibly and effectively	4,46	3,60	0,86
Communication: communicate effectively by oral and/or written means	4,66	4,00	0,66
Marketing skills	3,86	3,20	0,66
Problem solving: solve problems in critical, creative manner, considering all related aspects.	4,06	3,46	0,60
Customer service skills	4,53	4,00	0,53
Teamwork: work effectively in a team, group, etc	4,66	4,13	0,53

Sales skills	4,06	3,60	0,46
People skills; relate well to people at all levels of society in warm, understanding manner	4,60	4,20	0,40
Tourism awareness skills	4,40	4,06	0,34
Computer skills: to use relevant information technology.	4,33	4,00	0,33
Basic numeracy/maths skills	3,92	3,60	0,32
Analytical skill: **c**ollect, analyse, organise and critically evaluate information	3,80	4,00	(-) 0,20

7,5% of respondents chose information officers as their occupational category.
(*The findings below represent a very small sample and should therefore be treated merely as an indication, rather than as definitive).*

Critical Outcomes skills INFORMATION OFFICER	**Ideal level of skill required (scale of 5-1)**	**Actual level of skill shown (scale of 5-1)**	**Gap In skills level**
People skills; relate well to people at all levels of society in warm, understanding manner	5,00	4,00	1,00
Self Management skill: organise and manage one's own activities responsibly and effectively	4,66	3,66	1,00
Customer service skills	5,00	4,00	1,00
Tourism awareness skills	5,00	4,33	0,67
Teamwork: work effectively in a team, group, etc	4,66	4,00	0,66
Communication: communicate effectively by oral and/or written means	4,66	4,00	0,66
Problem solving: solve problems in critical, creative manner, considering all related aspects.	4,66	4,00	0,66
Basic numeracy/maths skills	3,66	3,00	0,66
Marketing skills	4,00	3,66	0,34
Sales skills	3,33	3,00	0,33
Analytical skill: **c**ollect, analyse, organise and critically evaluate information	4,33	4,00	0,33
Computer skills: to use relevant information technology.	4,33	4,33	0
Language skills: communicate effectively in more than one language	4,66	4,66	0

Critical outcomes skills - supervisory level.

In this category, basic numeracy/maths skills were replaced by financial skills.

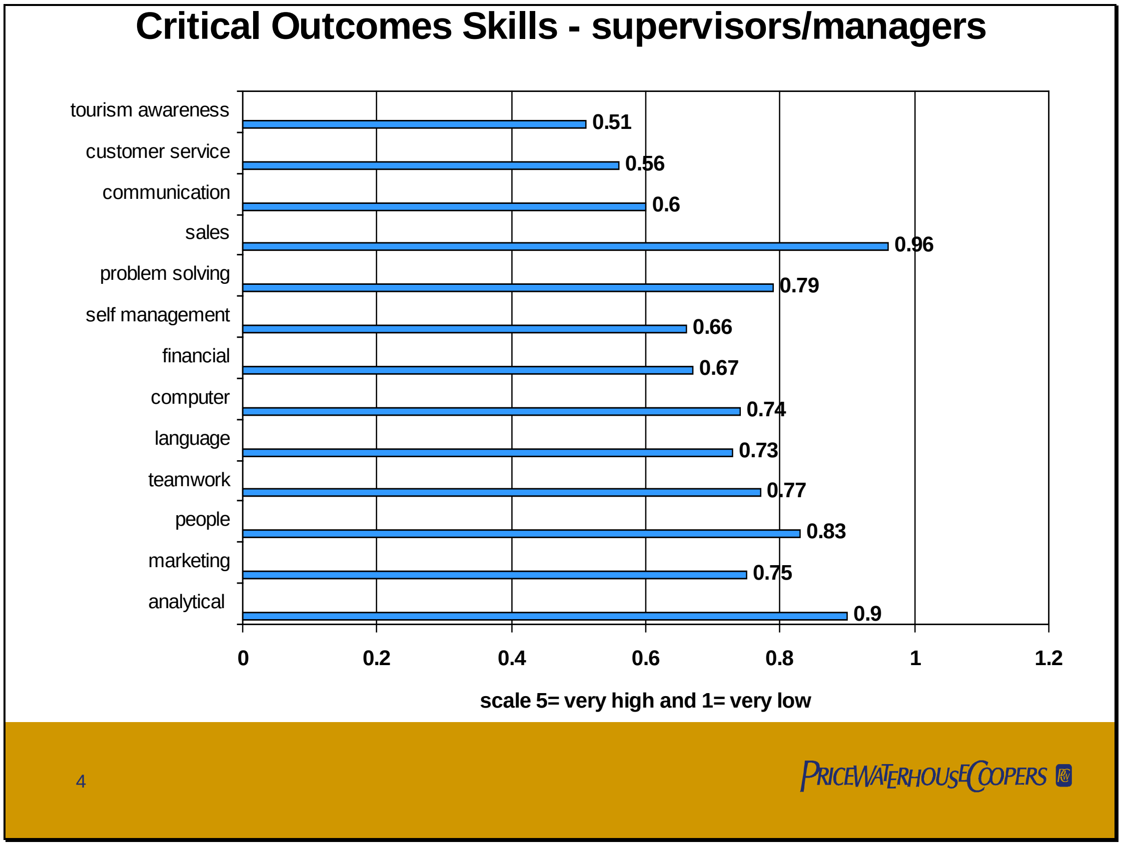
Critical Outcomes skills	**Ideal level of skill required (scale of 5-1)**	**Actual level of skill shown (scale of 5-1)**	**Gap In skills level**
Problem solving: solve problems in critical, creative manner, considering all related aspects.	4,77	3,64	1,13
Sales skills	4,71	3,64	I,01
People skills; relate well to people at all levels of society in warm, understanding manner	5,00	4,05	0,95

Teamwork: work effectively in a team, group, etc	4,82	3,93	0,89
Computer skills: to use relevant information technology.	4,44	3,57	0,87
Language skills: communicate effectively in more than one language	4,80	3,94	0,86
Analytical skill: **c**ollect, analyse, organise and critically evaluate information	4,54	3,70	0,84
Self Management skill: organise and manage one's own activities responsibly and effectively	4,68	3,88	0,80
Marketing skills	4,45	3,66	0,79
Financial skills	4,34	3,57	0,77
Customer service skills	4,82	4,05	0,77
Communication: communicate effectively by oral and/or written means	4,85	4,09	0,76
Tourism awareness skills	4,80	4,03	0,76

Critical outcomes skills - managerial level.

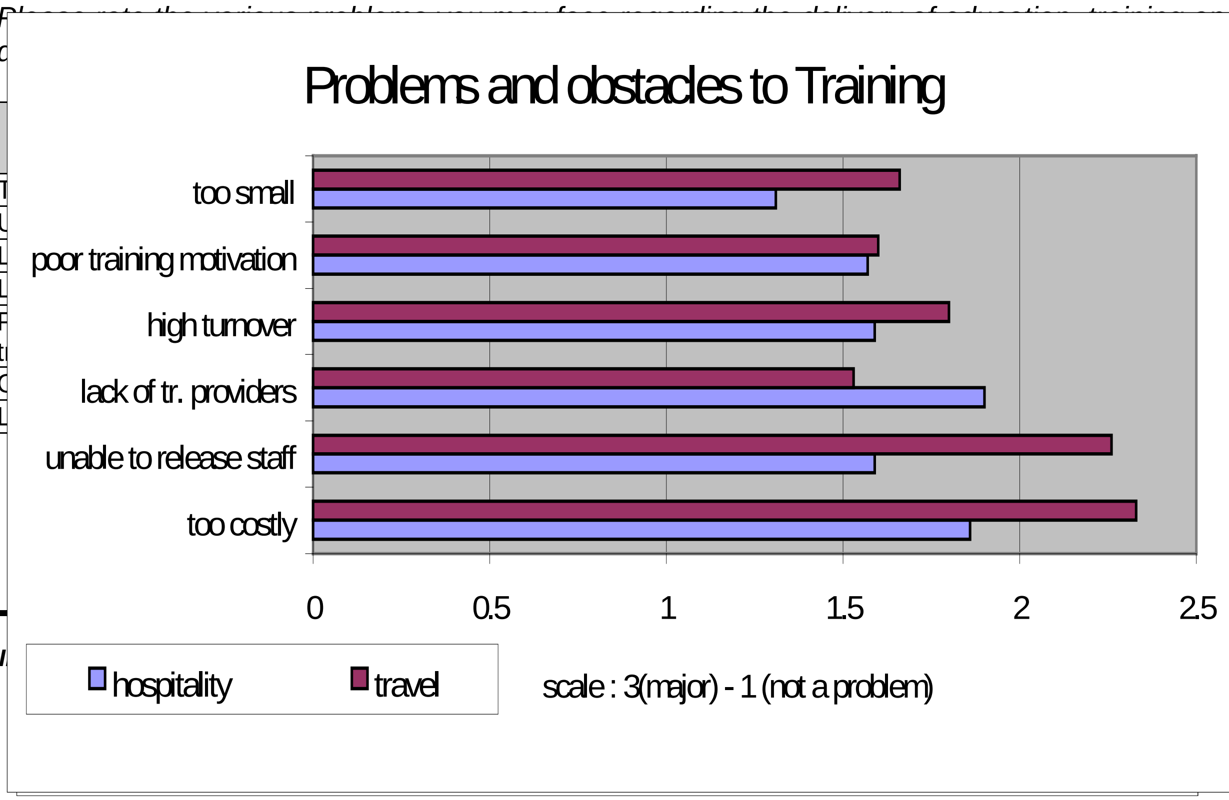
In this category, basic numeracy/maths skills were replaced by financial skills.

Critical Outcomes skills	Ideal level of skill required (scale of 5-1)	Actual level of skill shown (scale of 5-1)	Gap In skills level
Analytical skill: **c**ollect, analyse, organise and critically evaluate information	4,89	3,94	0,95
Marketing skills	4,94	4,23	0,71
People skills; relate well to people at all levels of society in warm, understanding manner	4,97	4,46	0,71
Teamwork: work effectively in a team, group, etc	4,89	4,23	0,66
Language skills: communicate effectively in more than one language	4,71	4,10	0,61
Computer skills: to use relevant information technology.	4,48	3,87	0,61
Financial skills	4,74	4,17	0,57
Self Management skill: organise and manage one's own activities responsibly and effectively	4,86	4,33	0,53
Problem solving: solve problems in critical, creative manner, considering all related aspects.	4,97	4,51	0,46
Sales skills	4,69	4,23	0,46
Communication: communicate effectively by oral and/or written means	5,00	4,56	0,44
Customer service skills	4,94	4,58	0,36
Tourism awareness skills	4,84	4,58	0,26



The most significant gaps (between the ideal and the actual level of skill performance) were seen for all staff below supervisory/managerial level, followed by supervisors and then managers. This would be logical as it should be expected that people's skills become more honed as they rise in the organisation.

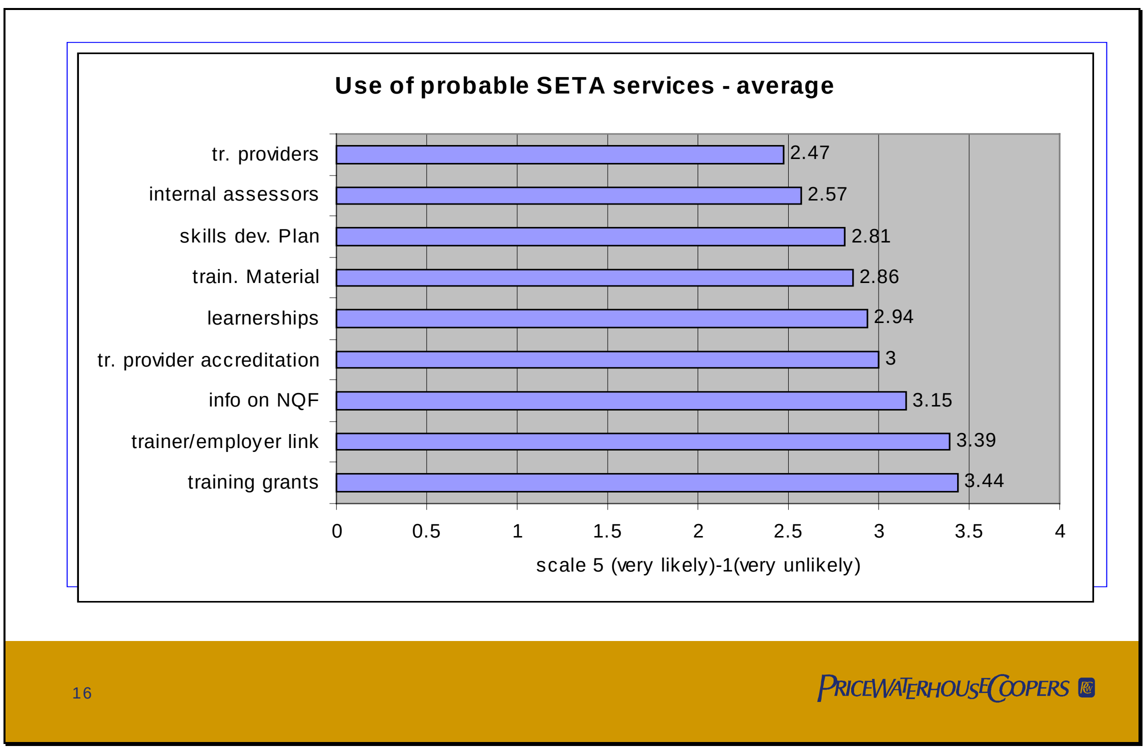
10. Problems and obstacles to training.



Training problems were not seen by most respondents as major. " Unable to release staff for training" may reflect the busy nature of tourism organisations and their relatively small size. It may also in some cases indicate the lack of a positive approach to training ,where one is unwilling to make time for training as its value is not fully appreciated.

11. Areas in which companies would seek assistance from their SETA
What SETA services would you use if provided?

Probable SETA services	Average (scale 5-1)	Hospitality	Travel
Claiming available training grants	**3,44**	**3,65**	2,93
Information on finding trained staff /link between trainers and employers	**3,39**	**3,8**	**3,13**
Information on the National Qualifications Framework	**3,15**	3,4	**3,00**
Accreditation of training providers	**3,00**	3,1	**3,00**
Assistance with learnerships	**2,94**	3,1	2,46
Finding training material	**2,86**	3,05	2,8
Workplace skills plan	**2,81**	3,1	2,45
Guidelines on training internal assessors	**2,57**	2,85	2,33
Finding training providers	**2,47**	2,6	2,4



Note: these potential areas of intervention were drawn from the Skills Development Act provisions as no SETA has yet been formally registered with the Department of Labour.

12. Recruitment of staff by race, gender and disability

This aspect of recruitment and training is due to gain significance once the provisions of the Employment Equity Act come into play. Managers will be looking to recruit trained or unskilled staff externally in these three categories. Recruiting minority group staff will become mandatory by legislation.

Can you relatively easily find skilled staff in the categories below?

By race	Yes - 40% of respondents	No - 45%	Don't know - 1,5%
By gender	Yes - 60% of respondents	No - 30%	Don't know - 10%
By disability	Yes - 12,5%	No - 42,5%	Don't know - 45%

If No, please indicate the severity of this problem by level of responsibility. Use the scale of 3 =critical 2= major and 1= minor problem.

	Current shortage of trained coloured, Indian, black staff	**Current shortage of trained white staff**	**Current shortage of trained male staff**	**Current shortage of trained female staff**	**Current shortage of trained disabled staff**
All staff below supervisory/ managerial level	1,75 - minor	1,53 - minor	1,8 - minor	1,66 - minor	**2,12 - major**
Supervisory level	**2,00 - major**	1,53 - minor	1,88 - minor	1,66 - minor	**2,28 - major**
Managerial level	**2,18 - major**	1,57 - minor	**2,00 - major**	1,7 - minor	**2,18 - major**

13. Assessment of how advanced companies are in the implementation of the Skills Development Act

This was measured by asking companies to state what were the top two actions they would need to take in light of the Skills Development Act, in an open-ended question.

- The majority of respondents answered 'don't know' to this question (32,5%).
- 15% were planning to train staff on a low skills level in order to be able to promote them, and to offer disadvantaged people training.
- Other individual responses were
  - Will use NQF guidelines for training
  - Will train people from lower level to next level
  - Will concentrate on disadvantaged people in training
  - More training done in-house
  - Will wait and see/find out more about it first

Issues not dealt with in the pilot questionnaire

Mainly due to the limit on the time and cost of the survey some of the issues discussed initially had to be excluded from the final pilot survey. A SETA could consider including questions around such issues as:-

- How far companies have got with the development of a skills training strategy
- the readiness of companies to become training providers themselves
- whether companies plan to increase or decrease training spend over the next year (and why)

C. The process step by step

In the initial report BMI established potential tasks a SETA might perform in terms of the Skills Development Act, in particular the gathering of information on which to base an overall skills strategy plan.

This strategy plan is intended to be updated annually using;

- A brief structured questionnaire - to employers in the industry
- Contact groups - with those who have supplied information for the annual survey, with employees and training providers
- Strategic retreats - with key stakeholders in the industry

The methodology

- Compilation of comprehensive database for random sampling
- Design of appropriate questionnaire
- Communication with SETA members regarding research survey
- Thorough briefing of field workers and appointment of regional field managers
- Establishment of database for research data.
- Data collection and analysis
- Report compilation for SETA
- Appropriate feedback of research findings to SETA member organisations.

Compilation of a comprehensive database
In order to carry out a reliable and valid research survey, a comprehensive database from which names can be drawn at random by industry sub-sector is necessary.

A SETA would need to establish and then regularly update its database, using among others the following demographics:

- Industry sub-sector (e.g. gaming, tour guides)
- Size of company
- Geographical location of company (defined either by area of major operation or by location of head office)

Information gathered in the annual survey could be used to update the database, and the database itself would be the source for random sampling.

Design of research questionnaire
The questionnaire used should be brief, adapted to be carried out by telephone, and should be designed so that one respondent can answer the majority, if not all, the questions contained in the survey without reference to others within the organisation.

It should be designed using the input of key industry stakeholders as to the issues to be researched. Such stakeholders should encompass all major parties within the industry, such as training providers, employers, institutes and labour representatives.

With regard to the tourism industry, consideration should be given to the option of collecting research information through face-to-face interviews as an alternative to telephonic interviews. Some respondents were not happy to sit on the telephone for up to 30 minutes as this was their principal source of business.

Communication with SETA members regarding research survey

To get the co-operation of respondents on a regular basis (although by using random sampling different respondents may be contacted each time) the rationale behind the research should be spelt out in advance clearly by the SETA to its members prior to beginning the research. Feedback should be provided to all organisations within the industry and not merely to key stakeholders or respondents.

The SETA should communicate with its members through its newsletters or other means that the research survey will be done, spelling out the rationale behind the research and asking for members' co-operation. At the same time the SETA will be able to describe how it plans to provide feedback of the findings to members. Unless this is done, respondent resistance may build up and hamper research work.

Organisation of the field

The SETA would need to create a pool of field workers under experienced field managers to conduct the research on a provincial level, with responsibility resting with a central field manager. The field workers would need thorough briefing on the terms used in the survey and on relevant background information. It would be preferable that experienced field workers be used.

If a major in-depth survey is planned, as recommended in this report, it is essential that an experienced field team be used and that random sampling be adopted as the methodology of choice, in order to validate the research findings.

Establishment of database for data collection and analysis

The SETA would need to set up a database (such as MS Access) to collate and analyse data collected. This could be drawn from the following sources:
- Satour lists
- TETASA and HITB membership lists
- Local tourism associations lists
- Regional tourism lists of attractions
- Tourist organisations such as ASATA, SATSA etc
- Tourism Business Council membership lists

In addition, the administrators of the training levy collection (either the SA Inland Revenue Service or the SETA) will have a list of all those companies paying the training levy. Care should be taken to reassure companies that confidential financial information and training information will not be cross-indexed.

Data collection and analysis

An appropriate time limit should be set within which to conclude the collection of data from the field, to enter it into the database and to print out and analyse the data. Such a time limit would depend on the number of interviews to be done, the geographical spread of the research, the time of year (research should be avoided during the peak tourism seasons) and the number of field workers involved. Other factors would be how detailed the information to be collected is and how experienced the data analysts and project managers are.

Quality control checks should be built into this process. These could be the rechecking of every fifth or tenth questionnaire to ensure accuracy of information and the institution of tight controls to ensure that all questionnaires are fully and accurately completed Appropriate parameters should be established so that data outside these would be queried to see if unusual or exceptional circumstances had been experienced. . It would be appropriate to pilot the questionnaire with up to five respondents before finalising the format and methodology approach.

Report compilation for SETA

The person chosen to analyse the research data and present the findings should be thoroughly conversant with the workings of the industry.

Appropriate feedback of research findings to SETA member organisations

Presentation of the findings should be made not only to the SETA but also to SETA member organisations and key stakeholders.

To maximise the benefits of such a survey as a marketing tool, the SETA should include research findings in its regular bulletins to members and invite comment, in order to continually improve the collection of data and ensure members' co-operation.

Once it is satisfied that its research survey has produced valid findings using a reliable methodology a SETA should use the comments and opinions expressed during the strategic retreat meetings with key stakeholders to add a wider more comprehensive dimension to the research findings . It should be careful to ensure that the opinions expressed in those meetings add value to the research findings rather than negate them. If care has been taken to use reliable research methodology the research findings will be valid and statistically significant.

D. Lessons

- Only two sub-sectors of appropriate sampling size were necessary for this research - the third, destination management, was too small to be significant and should have been excluded.

- No industry sub-sector should be included in the research unless it can yield significant data i.e. sufficient interviews are done in proportion to the universe the sample represents.

- Telephonic interviews are cost-effective . They should not exceed 25 minutes maximum as this ties up the respondent's telephone for an unacceptable length of time. This of course limits the amount and the depth of information gathered, and the complexity of questions asked.

- A SETA should not rely on an annual structured questionnaire survey alone to formulate its skills development strategy, unless this is backed up with consultation with key stakeholders within the industry. However if an in-depth research survey is undertaken at the beginning, the annual survey can build onto this bank of information and be used to benchmark key indicators.

- Questions on race, gender and disability were not generally answered well. Respondents either lacked the necessary information or were wary of giving it prior to the Employment Equity Act coming into force. Those who were unfamiliar with the Employment Equity Act did not see the point of the questions despite the field worker's explanation. Such issues should be approached with care in future surveys.

- The critical outcomes skills tables provided good information. However the repetition of these in three places within the survey was irritating to respondents and while the first table was generally answered well with thought and due consideration the impression gained by the project manager was that the data from the last two tables dealing with supervisors and managers was not as good.

- Several small companies combine the tasks of supervisor and manager; in general there was not a great deal of difference between the two categories, and, in the tourism industry where small companies are the rule, these should perhaps be combined in future surveys.

- In general, respondents were happy to answer questions on training, demonstrating a heightened awareness of training issues which shows significant change from the original tourism training needs survey.

Comment from the field

The survey was designed to provide feedback on how satisfactory an instrument it is for data collection by SETAs on an annual basis, how easily replicable and whether it can be generalised across industry sectors.

BMI field workers were therefore required not only to record information in response to the questions in the survey but also to provide a critical view of how well the questionnaire worked and what its shortcomings were.

Respondents to the BMI pilot survey raised the following issues:
- Tying up of telephones in a busy industry for up to half-an hour in order to conduct an interview (these were all formal appointments)
- The completion of tables on critical outcomes skills on three levels (all staff below supervisory/managerial level, supervisors and managers) which was felt to be repetitive and encouraged a tendency to answer without due consideration

Field workers were asked immediately following the interview to complete the following table, to allow the field manager insight into how well the questionnaire worked and the attitude of respondents towards the interview and questionnaire.

(For the following table, destination management information was included under travel.)

Issue	Hospitality - %	Travel - %	All - %
The respondent understood the definitions given	86,3	94,4	**90**
The respondent was positive about answering questions on training	86,3	88,9	**87,5**
The questions were clear and easy for the respondent to understand	81,8	88,9	**85**
The respondent was happy with a telephonic interview	81,8	83,3	**82,5**
The respondent understood the reasons for the survey (to give SETAs training information to do annual training strategy plans)	77,2	77,7	**77,5**
The respondent liked the type of questions	72,7	77,7	**75**
He was confused about SETAs and all the new legislation on training	54,5	72,7	**62,5**
The respondent liked the format	54,5	66,6	**60**
The respondent felt the questionnaire was too long	54,5	55,5	**55**
The respondent was confused by some questions	36,3	38,8	**37,5**
The respondent *couldn't* give training costs as % of payroll	45,4	5,5	**37,5**
The respondent wanted a face-to-face interview	13,6	11,1	**12,5**
It was difficult to find the right person to answer the questionnaire	9,09	11,1	**10**
The respondent displayed a negative attitude to questionnaires in general	9,09	11,1	**10**
The respondent refused to give training costs as % of payroll	4,45	5,5	**5**
The respondent displayed a negative attitude to training in general	4,45	-	**2,5**

- All percentages outside a 20% margin should be considered as targets for improvement. i.e. where a low percentage would be desirable, under 20% should be aimed for. Where a high percentage would be preferred, over 80% should be considered acceptable.

- The confusion over some of the questions noted above with 37,5% of respondents lay mostly in those questions referring to the Skills Development Act and possible SETA services. Approximately one third of respondents were either unfamiliar or confused about current labour legislation on training.

- The length of the questionnaire (just over half of respondents (55%) felt that the questionnaire was too long) would depend in future on whether an in-depth training survey preceded the annual surveys. If so, an annual survey could be confined to benchmarking various key indicators and polling opinion on current training issues and problems.

- Respondents were generally aware of the NQF but some were unfamiliar with learnerships.

- Most respondents had to guess at their spend on training as a percentage of payroll. It can be assumed that most do not formally record this.

- Nearly all respondents expressed interest in the issues raised within the questionnaire around training and in the reasons for the survey itself. This underlines the marketing opportunity for a SETA and the heightened awareness of labour issues following the introduction of new labour legislation , Government and private sector focus on labour issues and considerable media coverage. In BMI's view this also indicates that training managers are concerned that they do not know enough about such issues.

E. Conclusions

- Future research in the tourism industry should be carried out on a selective basis which could be based on provincial tourism income (or popularity of area for tourists) using Satour statistics.

- This would mean that the bulk of the research would be done in the four provinces of Mpumalanga, Western Cape, KwaZulu-Natal and Gauteng (business tourists), but not to the complete exclusion of other provinces.

- The questionnaire should be fine-tuned to meet the different information requirements of each industry SETA and note should be taken of average size of companies within the industry and preference for face-to-face or telephonic methods of interviewing.

- It would not be feasible or cost-effective to increase the length of the questionnaire - in fact it should be shortened.

- Industry sub-sectors should be identified and consideration given to whether each sub-sector is able to answer the majority of questions in a survey or whether sections of a questionnaire should be made sub-sector specific. In some industry SETAs there will be a wide range of sub-sectors which have limited common ground.

- A baseline survey should be done (where this does not previously exist) to establish key performance indicators against which to measure annual survey findings. This could be done on a 3-5 year period. It was also suggested that a specific chamber of the SETA be selected annually for research rather than the whole SETA.. It may not be practical for a SETA to canvass information from each of its sub-sectors on an annual basis unless the issue was one of general interest or if an in-depth survey were to be carried out. Again this would depend on what issues needed to be researched and whether they were industry or chamber-specific The final decision would depend on what information was to be collected.

- The use of random sampling, where names of potential respondents are selected at random from a list, is recommended, as this permits SETAs to generalise from the sample findings. Sample lists can be drawn up by industry sub-sector, by size of company (number of full time employees), and by province, depending on how the information generated is to be used. For instance, it may be relevant to look at training needs at provincial levels rather than on a national level, or by company size if it is suspected that attitudes around a particular training issue may vary depending on how many staff are employed.

- To use random sampling as a research method, the list should have at least 2-3 names for each interview required and field workers should randomly select a name from the list they are supplied with. This would mean that if training needs are to be analysed by province there must be enough names supplied under that province that the field worker can make a random selection.

Anticipated benefits of the research survey for SETAs

SETAs will undertake an annual training research survey in order to formulate a skills strategy based on the information gathered. The most obvious benefit therefore will be that their task would be materially assisted by the information received from the survey, including additional information using the contact and strategic retreat groups.

Another added advantage would be to use an annual industry survey as an effective mini-training tool for small businesses . By using the questionnaire to do what amounts to an internal skills audit of his staff an employer can gather useful information on his/her own training needs. This is particularly useful in industries where the average size of a company does not permit the employment of a personnel or training manager.

The SETA itself can market its available services regularly through the survey and can at the same time, by providing feedback through the contact groups and by means of a follow-up bulletin, reassure those paying the training levy that they are getting some value for money.

The need to produce training business plans to obtain training grants and find training information for the research survey should encourage employers to develop a training information system of their own in-house, however informal. Again, participation in the annual survey may help employers decide what training information is pertinent.

F. Breakdown of research survey costs

A very rough guide of the breakdown of survey costs for a SETA may be calculated as follows. This was drawn up based on BMI's average research sample of between 100-300 interviews , with corresponding economies of scale. It excludes the cost of training of staff, particularly the field management and field workers, and any travel that may be considered necessary.

Stages in research	Range of % of total costs
Initial development of database of respondent names ‡	7,5 - 10
Information gathering , consultation and design of questionnaire	20 - 30
Field costs *	32,5 - 50
Data collation and analysis	7,5 - 10
General administrative costs	10
Report writing and presentation	15
Feedback on findings to SETA members #	5 - 10

‡ once a database has been developed, annual costs incurred would be minimal, consisting of input of new contacts and revision of changes. Such a database could also form the basis of the SETA's mailing list .

*Field costs are made up of a fixed payment per interview completed, not on a day's wage. This cost would exclude the following items:

- Initial briefing of field workers (a fixed fee)
- Field supervision

- Field costs relating to mileage, telephone and fax, and postage expenses of workers (rates and parameters for these should be set in advance).

this presupposes a short bulletin posted to all members at the conclusion of the research. If presentations or feedback meetings were held this cost would rise significantly.

Some factors influencing research costs would be:
- Number of interviews (more interviews increases data analysis and collection costs, and management time proportionally)
- Geographical spread of research
- Any training required by field workers or project leaders
- Questionnaire design (the more detailed the information required, the more costly to collect)
- Interview method (telephonic is more cost-effective but puts severe limits on type of information gathered)

G. Summary

The main purpose of this pilot survey was to serve as an instrument to measure workforce development needs within industry sectors, to assist Sector Education and Training Authorities in their annual strategic planning.

The methodology selected had therefore to satisfy both purposes by being both an efficient instrument of data collection and a statistically significant supplier of tourism training data.

Using random sampling has meant that research findings can be taken as valid and the conclusions drawn extended across the industry as a whole and the industry sub-sectors of hospitality and travel.

The data gathered by means of the survey is valid and the survey itself is a reliable instrument for the purpose for which it is intended.

ANNEX 1

Introductory report on the methodology and rationale behind the envisaged pilot research survey

Introduction

The main purpose of this pilot survey is to serve as an instrument to measure workforce development needs within industry sectors, to assist Sector Education and Training Authorities in their annual strategic planning.

To this end the survey itself, including the methodology chosen and the design of the questionnaire, will be reviewed after the research is completed to assess how reliable and valid a measurement it is for this purpose. It will also be assessed as to how replicable it is on an annual basis, and on its ability to be applied across more than one industry sector.

A secondary purpose is to provide the tourism sector with relevant data on workforce development needs and problems which can be used in the drawing up of a training strategy plan and in the provision of services related to training within the industry.

The methodology selected must therefore satisfy both purposes by being both an efficient instrument of data collection and a statistically significant supplier of tourism training data.

The process step by step

In attempting to determine the methodology to use for a research survey instrument which Sector Education and Training Authorities (SETAs) and national government can use on a regular basis to provide the necessary information for annual strategic planning, the first step is to consider what needs to be known.

The task of a SETA

As defined in the Skills Development Act of 1998, a SETA's tasks are to:

- Develop a sector skills plan within the framework of the national skills development strategy
- Implement its sector skills plan by establishing learnerships, approving workplace skills plans, allocating grants to employers, education and training providers and monitor education and training within its industry sector
- Promote learnerships by identifying workplaces for practical work experience, supporting the development of learning materials, improving the facilitation of learning and assisting in the conclusion of learnership agreements
- Perform the functions of an education and training quality assurance body (ETQA)in the sector
- Collect the skills development levy in its sector
- Liaise with the National Skills Authority on skills development policy, the national skills strategy and its sector skills plan
- Report to the Director-General on its income and expenditure and the implementation of its sector skills plan, and
- Liaise with the employment services of the Department of Labour and any education council established to improve information.

Necessary information

The issues the SETAs may need information on are:

- The attitude towards training expressed by respondents
- The development of a skills training strategy within companies
- Availability of skilled staff (by functional area)
- The extent of the industry need for generic and critical outcomes skills provision
- The need for ABET
- The shortage of training providers (by functional area)
- Readiness of companies to become training providers themselves (by functional areas)
- Whether companies plan to increase or decrease their training spend over the next year
- Areas in which companies would seek assistance from their SETA.
- Assessment of how advanced companies are in implementing the Skills Development Act

From information gathered annually around these issues a SETA should be able to:

- Determine the areas where external training providers are needed, and to what extent existing providers offer a cost-effective service with appropriate follow-up
- Assess what training materials are needed
- Determine the training needs within the industry in terms of
  - Functional areas
  - Generic skills
  - Critical outcomes skills, by size of company and industry subsector
- Assess in what functional areas companies have problems finding skilled staff,
- Determine where learners can source their practical training component
- Determine the overall current need for ABET within the industry
- Assess changes in training spend on an annual basis within the industry
- Assess how companies are implementing the Skills Development Act
- Determine what demand exists for SETA services

As SETAs become more established as industry training authorities there will obviously be areas of immediate concern which need to be addressed through the annual training needs survey . For the purposes of this survey questions around issues of present concern include understanding what demand there will be for particular SETA services and what companies are doing in terms of the Skills Development Act.

Limitations of the research

It is not possible in a research survey of this limited nature, with regard to ease of repetition and brevity of questionnaire, to ask respondents to link generic and critical outcome skills to specific functional areas. This would require an in-depth and much larger research survey.

With the small number of interviews in the pilot survey full coverage of all sub-sectors in the tourism industry was not possible. If the survey were repeated annually but with a greater number of respondents wider coverage would be obtained.

The questionnaire is designed to be done as quickly and painlessly as possible to keep the research process brief and acceptable in terms of cost and time both to the SETA and to the respondent. To achieve this meant the elimination of questions probing for reasons for responses. It might have been informative to discover for instance why a respondent's training budget was to increase in the next financial year or why he does not train his staff but prefers to employ skilled staff instead. This approach again is best left to the larger in-depth research survey.

In future surveys it might be useful to have all data analysed by province, as SETAs may establish branches in provinces. This is not being done in this survey due to the small sample .

Obtaining financial information such as training budgets, actual training spend and percentage of training spend to payroll costs is in BMI's experience akin to pulling teeth and therefore best left to longer, in-depth surveys when time and costs are less of a consideration.

SETAs might consider doing a large in-depth research study to kick off their assessment of training needs by means of which they could establish parameters and get comprehensive training information, against which they could then benchmark the smaller annual surveys.

Issues to consider when framing the research structure

The issues considered in drawing up the pilot survey questionnaire were:

- Necessary information to be gathered
- Method of collection
- Size of sample (no. of interviews)
- Data analysis methods (what categories data would be broken down into)
- Compilation of a representative and comprehensive database of names
- Distribution of findings within the industry
- Optimum replication of the survey for other sectors and countries

Choice of methodology

BMI has chosen to use random sampling within a quota system for the purposes of this research. Such a methodology allows for generalisation of the results across the industry subsector and the industry as a whole (where applicable). It meets the criteria for getting respondent 'buy-in' in that the data received will be useful to the industry, This would also mean that tourism industry people will be more willing to attend the strategic retreat planned in March if they expect to benefit personally.

A quota system detailing how many of the respondents should represent small, medium and large businesses will be established.

Why analyse data under industry sub-sectors?
The tourism industry is presently very fragmented and industry sub-sectors tend to operate in isolation. What is significant to one subsector may not be to another ; it would be preferable therefore to analyse research findings under major sub-sectors than under the industry as a whole.
Interviews per subsector.
A significant sample is around 15-20 interviews. If 40 interviews are done this will mean that the industry can be analysed into 2-3 sub-sectors, the most appropriate being those of travel, hospitality and destination marketing

The travel and hospitality sub-sectors include between them the majority of occupational categories used in tourism, and cover the majority of tourism organisations, which makes them obvious choices.

Sector and subsector	Number proposed
Hospitality	**22**
❑ Accommodation	13
❑ catering	8
❑ conference centres	1
Travel	**15**
❑ travel services	12
❑ Tourist conveyance (airlines, car rental)	3
Destination management	**3**
❑ attractions	2
❑ marketing information and development	1
TOTAL	**40**

As this research will be done using random sampling, the above micro-categories are merely guidelines to the breakdown – the relevant figures are the total number of interviews per subsector.

Method of collection.

A structured questionnaire will be used for all interviews. Names of potential respondents will be drawn at random from a database of previous respondents to the 1997 tourism survey conducted by BMI, arranged by industry subsector.

Interviews will be carried out either by face-to-face or telephonic methods, depending on timing, distance and availability of the respondent. The questionnaire will be designed so that the interview may be done within approximately 20 minutes. This will also depend on how well informed the respondent is on company matters.

In order to limit the interview to this time, only questions of a general nature can be asked, to elicit a 'yes' or 'no' response, and no in-depth probing. The intention is not to do a skills audit of any depth on an annual basis but to reserve large-scale research to be done every five years or so.

Analysis of findings.

Analysis of findings will be done by:
- ❑ Industry sub-sector
- ❑ Size of business (by number of employees within selected parameters)

Research findings by size of business can be analysed overall, but not within industry sub-sectors as the sample there will be too small. The information will not be analysed in terms of individual categories within the subsector, as these samples will be too small.

Size of companies.

The parameters selected for this research study are based on BMI's experience with the previous tourism study, where the average respondent company was comprised of 20 employees.

- Small business: 1-5 employees
- Medium business: 6-20 employees
- Large business: 21- 70 (or 21 up).

Clarification of terms to be used throughout the research

Terms used throughout the research will be as follows:

<u>A tourist</u>: one who is travelling outside his/her regular pattern (i.e. between home/office, etc).

<u>Generic skills</u>: skills based on knowledge and experience that in conjunction with the specific functional skills needed meet the requirements of the job.

<u>Functional areas</u>; categories of work used by the HITB and TETASA which are used to denote a specific performance or function

<u>Critical outcomes</u>: critical skills for the development of the capacity for lifelong learning (SAQA). The categories used in this research are taken directly from SAQA.

<u>ABET</u>: adult basic education and learning , involving the acquisition of basic literacy and numeracy skills

Classification of skills used for survey

<u>Functional areas;</u>
Functional areas used are those in common use within the hospitality and travel industry sub-sectors. In the previous tourism survey these were called functional skills. For the purposes of this pilot survey they are not related to NQF levels as these have not been fully defined and registered. In future SETAs should use for research purposes only those functional areas specified for their particular industry which are linked to NQF levels.

<u>Generic skills(listed with critical outcomes skills in research survey):</u>
Generic skills have been included in the survey because job competency can only be fully measured by both the attainment of the appropriate functional skill and the possession of certain generic skills which complement the functional skills. In other words, a server of food and drink may be highly competent in tray carrying but have poor communication skills when liaising with his/her customers.

<u>Critical outcomes skills:</u>

Critical outcomes skills have been seen as different from either functional or generic skills in that they describe innate skills that are usually learnt informally through experience but which allow the employee to progress in his/her career. They are lifelong learning skills, applicable in varying degrees to all types of jobs.

Modification of the original survey to reflect race and gender issues

Modification of the original survey to include questions aimed at capturing information on race and gender issues has been done as far as these are affected by hiring practices (and in light of the Employment Equity Act's projected impact on all companies in South Africa).

Modification of the original survey to reflect labour legislation issues

Modification of the original survey to include questions around labour legislation has been done purely along the lines of requesting feedback on where information on such legislation may be needed , and what services of the proposed SETAs might be used by respondents. This is because labour legislation in South Africa is either very new or still to come into effect, and reaction to it at this stage would be premature.

Respondent 'buy-in'

The average businessman in South Africa is being bombarded with requests for research interviews and there is a growing amount of consumer resistance. He does not feel altruistic enough to do a questionnaire however brief merely for the sake of providing his industry SETA with information which it might or might not use in his favour. He needs to get some comparative information of benefit to his business out of the research.

This is ultimately of benefit also to the SETA, as information is made available to businesses in their sector which can be used to improve collection of training data, and to suggest methods of formulating training business plans. A crucial task of SETAs will be the circulation of information on an interactive basis.

BMI suggests that the tourism research findings be made available to all respondents either through their attendance at the retreats or by sending them an abbreviated form of the research report, and that the field worker is able to offer this 'sweetener' when requesting an interview.

Conclusion

Taking into consideration all the issues mentioned and discussed above regarding the research limitations and the dual purpose of the research BMI feels that the intended approach spelt out in this document will achieve the goals set by USAID and PricewaterhouseCoopers for a replicable generally applicable research instrument to measure workforce development needs.

The one major concern must still be the length of the questionnaire and the need for all those contributing to its formulation to assist in reducing it to a more manageable size. One cannot hope to include in such a brief interview so many different angles.

In this regard, BMI thanks Vincent Hays of the HITB ,Carol-Ann Kearns of TETASA and Walter Ramatsui of the Department of Labour for their helpful suggestions and guidance.

Appendix D: Tourism Industry Pilot SETA Annual Planning Survey

Name of Respondent:			
Name of Organization:			
Position in Company:			Province
Postal Address:			
Telephone #:		Fax #:	
Employees 1-5	6-20	21-70	71+
Industry sub-sector	Hospitality	Destination Management	Travel

General Skills Training

Please indicate your current training situation.

We train staff in-house ourselves	
We use external training providers to train our staff	
We use external training providers and train staff ourselves	
We do not train our staff	

What percentage of your total wage bill was spent on training in the last financial year?	%

Functional Skill Needs and Gaps/Shortages

Are you able to hire skilled staff to meet your present needs?	Yes	No	DK

If NO, please indicate below in what occupational categories you currently experience a shortage of skilled staff, ***for all staff except supervisors and managers.***
Use the scale: 5; severe 4; significant 3; moderate 2; insignificant 1; not at all.

Functional Area / occupational category	**Current shortage of trained staff**						**Current shortage of external training providers offering training in this category**					
Food preparation	5	4	3	2	1	NA	5	4	3	2	1	NA
Food and drink service	5	4	3	2	1	NA	5	4	3	2	1	NA
Accommodation services (e.g. housekeeper)	5	4	3	2	1	NA	5	4	3	2	1	NA
Front of house (e.g. receptionist)	5	4	3	2	1	NA	5	4	3	2	1	NA
Gaming and gambling	5	4	3	2	1	NA	5	4	3	2	1	NA
Travel consultants	5	4	3	2	1	NA	5	4	3	2	1	NA
Reservation clerks (processors)	5	4	3	2	1	NA	5	4	3	2	1	NA
Sales executives /account managers/representatives	5	4	3	2	1	NA	5	4	3	2	1	NA
Tour operators	5	4	3	2	1	NA	5	4	3	2	1	NA
Tour/game/coach guides	5	4	3	2	1	NA	5	4	3	2	1	NA
Information officers	5	4	3	2	1	NA	5	4	3	2	1	NA
Other?	5	4	3	2	1	NA	5	4	3	2	1	NA
?	5	4	3	2	1	NA	5	4	3	2	1	NA
?	5	4	3	2	1	NA	5	4	3	2	1	NA

(Choose one category for section C.)

How would you describe your staff turnover in general? **(use the scale above 5-1)**	**5**	**4**	**3**	**2**	**1**	**NA**
Name your occupational category with the highest turnover						

Do you have a current shortage of supervisors or managers? Use the scale of 5-1 as above.

	Current shortage of staff				
Supervisors	**5**	**4**	**3**	**2**	**1**
Managers	**5**	**4**	**3**	**2**	**1**

How do you find the majority of your supervisors?	*Hired externally	Promoted internally	DK
How do you find the majority of your managers?	*Hired externally	Promoted internally	DK

*Go to 1. below.

*If you answered that the majority of your supervisors or managers were hired externally, answer no1 below.

1. Why do you hire the majority of your managers or supervisors externally?

2. (**All answer.)**

What percentage of your staff requires some degree of ABET (basic literacy and numeracy) as part of their overall training?	%

Critical Outcome Skills

Rate the ***idea***l level of skill required and the ***actual*** level of skill produced for <u>below supervisor or managerial level, at supervisory level, and at managerial level.</u> **N.B**. For staff below supervisory or managerial level, name one of the occupational category/functional areas listed below.

<u>**All staff below supervisory/managerial level.**</u>

Choose <u>**one**</u> of the functional areas/occupational categories listed below, for staff below supervisory/managerial level, and rate it against the critical outcomes skills.

Use the scale 5-1. 5; very high 3; moderate 1; very low.

Please choose one of the following categories*:*

food and drink service	***reservation clerks (processors***	***information officer***

Critical Outcomes skills	**IDEAL** Rating of level of skill <u>ideally</u> required for such staff					**ACTUAL** Rating of current or <u>actual</u> level of skills among staff				
Teamwork: work effectively in a team, group, etc	5	4	3	2	1	5	4	3	2	1
Self Management Skills: Organize and manage one's own activities responsibly and effectively	5	4	3	2	1	5	4	3	2	1
Analytical skill: **c**ollect, analyze, organize and critically evaluate information	5	4	3	2	1	5	4	3	2	1
Communication: communicate effectively by oral and/or written means	5	4	3	2	1	5	4	3	2	1
Computer skills: to use relevant information technology.	5	4	3	2	1	5	4	3	2	1

Problem solving: solve problems in critical, creative manner, considering all related aspects.	5	4	3	2	1	5	4	3	2	1
Language skills: communicate effectively in more than one language	5	4	3	2	1	5	4	3	2	1
Customer service skills	5	4	3	2	1	5	4	3	2	1
Tourism awareness skills	5	4	3	2	1	5	4	3	2	1
People skills; relate well to people at all levels of society in warm, understanding manner	5	4	3	2	1	5	4	3	2	1
Marketing skills	5	4	3	2	1	5	4	3	2	1
Sales skills	5	4	3	2	1	5	4	3	2	1
Basic numeracy/math skills	5	4	3	2	1	5	4	3	2	1
Other?	5	4	3	2	1	5	4	3	2	1
?	5	4	3	2	1	5	4	3	2	1

2. Supervisory level

Using the scale of 5-1 as above, rate the following at **supervisory** level. (No occupational category.)

Critical Outcomes skills	**IDEAL** Rating of level of skill ideally required for such staff					**ACTUAL** Rating of current or actual level of skills among staff				
Teamwork: work effectively in a team, group, etc	5	4	3	2	1	5	4	3	2	1
Self Management skill: organize and manage one's own activities responsibly and effectively	5	4	3	2	1	5	4	3	2	1
Analytical skill: **c**ollect, analyze, organize and critically evaluate information	5	4	3	2	1	5	4	3	2	1
Communication: communicate effectively by oral and/or written means	5	4	3	2	1	5	4	3	2	1
Computer skills: to use relevant information technology.	5	4	3	2	1	5	4	3	2	1
Problem solving: solve problems in critical, creative manner, considering all related aspects.	5	4	3	2	1	5	4	3	2	1
Language skills: communicate effectively in more than one language	5	4	3	2	1	5	4	3	2	1
Financial skills	5	4	3	2	1	5	4	3	2	1
Customer service skills	5	4	3	2	1	5	4	3	2	1
Tourism awareness skills	5	4	3	2	1	5	4	3	2	1
People skills; relate well to people at all levels of society in warm, understanding manner	5	4	3	2	1	5	4	3	2	1
Marketing skills	5	4	3	2	1	5	4	3	2	1
Sales skills	5	4	3	2	1	5	4	3	2	1
Other?	5	4	3	2	1	5	4	3	2	1
?	5	4	3	2	1	5	4	3	2	1

3. Managerial level

Using the scale of 5-1 as above, rate the following at **managerial** level. (No occupational category.)

Critical Outcomes skills	**IDEAL** Rating of level of skill <u>ideally</u> required for such staff					**ACTUAL** Rating of current or <u>actual</u> level of skills among staff				
Teamwork: work effectively in a team, group, etc	5	4	3	2	1	5	4	3	2	1
Self Management skill: organize and manage one's own activities responsibly and effectively	5	4	3	2	1	5	4	3	2	1
Analytical skill: **c**ollect, analyze, organize and critically evaluate information	5	4	3	2	1	5	4	3	2	1
Communication: communicate effectively by oral and/or written means	5	4	3	2	1	5	4	3	2	1
Computer skills: to use relevant information technology.	5	4	3	2	1	5	4	3	2	1
Problem solving: solve problems in critical, creative manner, considering all related aspects.	5	4	3	2	1	5	4	3	2	1
Language skills: communicate effectively in more than one language	5	4	3	2	1	5	4	3	2	1
Financial skills	5	4	3	2	1	5	4	3	2	1
Customer service skills	5	4	3	2	1	5	4	3	2	1
Tourism awareness skills	5	4	3	2	1	5	4	3	2	1
People skills; relate well to people at all levels of society in warm, understanding manner	5	4	3	2	1	5	4	3	2	1
Marketing skills	5	4	3	2	1	5	4	3	2	1
Sales skills	5	4	3	2	1	5	4	3	2	1
Other?	5	4	3	2	1	5	4	3	2	1
?	5	4	3	2	1	5	4	3	2	1

Problems and Obstacles to Training
Please rate the various problems you may face regarding the delivery of education, training and development. Use the following scale: 3; major problem 2; minor problem 1; not a problem at all

Training problem	**Major**	**Minor**	**Not a problem**
Training is too costly	3	2	1
Lack of suitable training providers	3	2	1
Poor employee attitudes/motivation to training	3	2	1
Loss of staff once trained/high turnover	3	2	1
Lack of training materials/programs	3	2	1
Operation too small to do training	3	2	1
Unable to release staff for training	3	2	1
Other?	3	2	1
?	3	2	1

Impact of Current Legislation

In light of the ***Skills Development Act***, what are the *top two actions* your organization will need to take?

1.)
2.)
Do not know:

The ***Skills Development Act*** promotes the formation of Sector Education and Training Authorities (SETA), whose task is to monitor the skills needed within the industry, allocate training grants in line with such needs, promote and register learnerships and maintain quality control in training.

What SETA services would you use if provided? Use the scale: 5 = very likely use, 4= likely use, 3 = maybe, 2 = unlikely and 1 = very unlikely.

Probable SETA services	**Would use if provided**				
Accreditation of training providers	5	4	3	2	1
Information on the National Qualifications Framework	5	4	3	2	1
Assistance with learnerships	5	4	3	2	1
Workplace skills plan	5	4	3	2	1
Guidelines on training internal assessors	5	4	3	2	1
Information on finding trained staff /link between trainers and employers	5	4	3	2	1
Finding training providers	5	4	3	2	1
Finding training material	5	4	3	2	1
Claiming available training grants	5	4	3	2	1
Other (specify)	5	4	3	2	1

Can you relatively easily find skilled staff in the categories below?

By race	Yes	No	Don't know
By gender	Yes	No	Don't know
By disability	Yes	No	Don't know

If NO, please indicate the severity of this problem by level of responsibility.
Use the scale of 3: critical problem 2; major problem 1; minor problem.

Level of responsibility	**Current shortage of trained coloured, Indian, black staff**			**Current shortage of trained white staff**			**Current shortage of trained male staff**			**Current shortage of trained female staff**			**Current shortage of trained disabled staff**		
All staff below supervisory/ managerial level	3	2	1	3	2	1	3	2	1	3	2	1	3	2	1
Supervisory level	3	2	1	3	2	1	3	2	1	3	2	1	3	2	1
Managerial level	3	2	1	3	2	1	3	2	1	3	2	1	3	2	1

Comment table:

Issue	**Yes**	**No**
The question was clear and easy for the respondent to understand		
The respondent understood the definitions given		
The respondent liked the format		
The respondent liked the type of questions		
The respondent was confused by some questions (NAME THEM! above)		
The respondent felt it was too long		
The respondent *couldn't* give training costs as % of payroll		
The respondent refused to give such %s		
You had to really hunt for the right person		
The respondent was happy with a telephonic interview		
The respondent wanted a face-to-face interview		

The respondent displayed a negative attitude to training in general		
The respondent displayed a negative attitude to questionnaires in general		
The respondent was positive about answering questions on training		
He was confused about SETAs and all the new legislation on training		
He was relatively up-to-date on SETAs and the new training legislation		
The respondent understood the reasons for the survey (to give SETAs training information to put together annual training strategy plans)		

General Comments:

Appendix E: Contact Group Facilitation Techniques

The following appendix represents additional information for facilitating contact groups. This information is to supplement ***Section 5***.

Creating Dynamics
When the contact group participants arrive, the first action of the facilitator should be to put them at ease so that they can be totally comfortable with the exercise. This can involve:

- setting up a table with snacks and drinks at the side,
- inquiring about their interests, and
- *critically*, introducing all participants to each other and allowing them to speak a little about themselves: profession, occupation, educational background, likes, dislikes etc.

In the case of a contact group session as part of a SETA Planning Process, a typical agenda could be as follows:

- Introductions
- How has the participants' experience with SETA services been?
- What are the participants' expectations of the SETA in the future?
- What kind of commitments are participants willing to make to improve the situation of training in the industry?
- What do they want to take away from this session?
- Do participants have any suggestions for the SETA?

As with an interview, the contact group leader should take notes, but concentrate on facilitating the discussion and keeping the participants focused. He/she should prepare a more detailed report **after** the participants have left. Alternatively, the focus group leader could be accompanied by a "recorder" who will be responsible for taking all the notes and will intervene little in the discussion.

Contact Group Facilitation Techniques
There are two general styles of facilitation:

- A *passive-listening approach*, where the facilitator limits himself to sparking the initial conversation with a few questions. He then lets the discussion takes its own course, intervening only to maintain the interest of participants or to seek clarifications. This is ideal to raise issues that may otherwise have never been identified.
- An *active-moderating approach*, where the facilitator actively intervenes in the discussion, guiding it in the direction he wants. He will ask pointed questions and force participants to focus on those answer. This is ideal to validate or explore in-depth previously obtained information.

The actual style used during facilitation will depend not only on the general objectives of the session, but also on the dynamics of the participants. An initially uninterested group may require a more active approach, while a passive approach can yield very good results with highly motivated groups. It is always a good policy for the facilitator to have a detailed set of discussion topics in hand and be prepared to intervene actively; one can always choose a passive approach during the session, if appropriate.

Some simple ways of motivating discussion when the group is timid can include:
- Asking participants to write their concerns or opinions in a piece of paper. The facilitator then collects these and reads them aloud. Most of the time discussion is quickly initiated after this.
- Asking participants to imagine themselves in charge 10 years from now. How would they address to issue? What would they like to have achieved?

A final caveat: facilitating teams should always discuss in advance the *do's and don'ts* for their session. For example certain topics may be off-limits, or certain type of commentary should not be made. A contact group can easily degenerate into a destructive free-for-all by an ill-advised comment from the facilitator, or an inflammatory statement by a participant that is not *immediately* dismissed by the facilitator.

Appendix F: Tourism Industry Pilot Contact Group Invitee Response

Throughout the second and third week of February, the WDS Consultant Team faxed over 150 invitations for the three scheduled contact groups and two scheduled strategic retreats. As of Tuesday, February 23 response was high for the strategic retreats but low for the contact groups. In addition, we asked each invitee to nominate one employee that could come to a fourth contact group designed specifically for employees. No invitee nominated an employee. The WDS Consultant Team chose to focus on the original three contact groups and took the following actions to increase attendance at the contact groups:

- Telephone each contact group invitee to provide a personal invitation, a description of the event, and answer any questions.
- Telephone each strategic retreat invitee that had responded in the affirmative and ask if they could recommend anyone from their organization that might be appropriate to attend a contact group.
- Ask key stakeholders in the tourism industry (Vincent Hayes, Willie Fick) if they could recommend additional individuals that we should invite to the contact groups.

Often in these telephone conversations, invitees would express their feelings about different topics. The following are responses from different individuals:

Reasons Why Invitees Could Not Come:
- Scheduling conflicts
- Could not leave work for a half-day
- Did not believe the topic of the SETA and training pertained to them

Opinions on the SETA:
- Majority very unclear as to what SETA was and how it impacted them
- “Another red tape organization”
- “The HITB just reorganized how we apply for accreditation. You mean that it is all going to change again with the SETA?”
- “Once I pay the levy, I will never get any of it back.”
- “Well, I guess if this is my only chance at influencing the SETA I better come.”

Opinions on Training
- “My organization is too small to use trainers; I don’t need to talk about training since I do it within my own business.”

Opinions on Contact Groups / Strategic Retreats / Conferences
- “Are we actually going to come up with anything concrete at this retreat? I am sick of going to retreats where at the end of it no decisions are made.”

Appendix G: Tourism Industry Pilot Contact Group Notes

CONTACT GROUP 1: Industry Stakeholders
Thursday, March 4, 1999
9:00 a.m. – 1:00 p.m.

Facilitators: Roberto Cordón, Gillian Saunders

Number of Participants: 5

- Karen Keen (Imperial Car Rental)
- Estelle de Kock (Imperial Car Rental)
- Walter Osiecki (Bantori College)
- Antoinette Labuschagne (Park Hyatt, Rosebank)
- Janet du Plooy (Krugersdorp Museum)

Section 1: Methodology Notes and Reflections

- Presentation appeared to deliver value
- Size of group was reduced by a number of no shows. Although the conversation was active, the diversity of opinions was lacking. Each individual had plenty of time to express his/her opinions, but there was too much time for such a small group.
- No shows –even after checking by phone day before - group size too small.
- Participants would have liked to know more about the agenda – i.e., able to prepare.
- Participants did not really give views on the competitiveness of the tourism industry.
- Participants got mixed up as to which breakout group they were in.
- Contact groups may be useful, but a more regular consultative process, with the same group of individuals, would potentially be a good complement or replacement.
- Individual responses to: Is this contact group format worth it?
  - *I was satisfied that I was able to share my concerns and provide information.*
  - *I had more questions about what is going on. It has almost been a déjà vu, because this is similar to what Reach and Teach did some time ago. It was unclear to me what a contact group was going to be all about.*
  - *I believe in contact groups and feel comfortable in this kind of scenario where you can learn from your peers. I don't like to work in isolation and feel that a contact group can work wonders.*
  - *How can we bring more parties together? We need to be able to bring more parties in a follow up meeting.* (Retreats?)
  - *I found the meeting worthwhile. It is important that the smaller players in the industry that they also receive acknowledgement and have their input be heard. This was an opportunity for me to bring the opinions of the smaller museums. I will now bring this back to the other small museums in my group.*

Section 2: Technical Notes

- Competitive Trends
  - Political uncertainty & safety and security problem leading to poor outlook for tourism if not addressed
  - No uniformity of syllabi in training – very fragmented/all over the place
  - Car hire – product is identical therefore distinctive competence is service/attitude → therefore need to train this
  - Trainers in the industry often never been in the industry – train technical only, not attitude
  - Car hire - Clients are more demanding of good service (local corporate client) – need to cope with aggressive behavior from customers, even before service starts (expectation of bad service, maybe prejudiced, maybe already experienced bad service before get to you as a service provider)
  - Car hire- foreign tourists need more guidance – information, maps, advise (including safety), also recruit foreign language speakers
  - Car Hire – price war – price sensitive
  - Car hire not pre-booked (foreign tourists) and use local leisure providers (good value)
  - Hotels and car hire - Very high staff turnover – low salaries, don't stay for 40 years, use cheap travel and perks (maybe get burnout - shifts etc) and then move on to a career
  - Also in hotels few opportunities for career development - lack of supervisor/management positions and see no progression
  - Also AA moves junior blacks up faster than good long-serving white – therefore white staff move on; therefore invest in the person and their training and then move-on
  - Hyatt – mostly foreign corporates – demand high standards, multi-skilled people (i.e. not to be shunted between different people)

- Linkage Map
  - There is a group called the Training Forum that meets to have breakfast once a month to discuss issues of common interest to hoteliers. However, this is not tourism-wide. Janet B. the coordinator has links to the HITB.
  - The reps from the car rental agency confessed that they had no communication to other groups. There doesn't seem to exist anything similar in the travel agents sector either.
  - At the museum level, there is some coordination among themselves, but little linkage to the tourism industry as a whole. The Museum Association has a representative in the Gauteng tourism body, but in general it works on its own.
  - There is little involvement of provincial governments.
  - Everybody would welcome if somebody could bring people together on a regular basis. Should Satour act as a facilitator/mediator?

- People liked the concept of the regular monthly breakfast meetings. When asked about forum fatigue, they mentioned that the problem is not lack of meetings, but rather lack of <u>regular</u> meetings with <u>a consistent group of participants.</u> This would increase the familiarity among the individuals and provide <u>continuity</u>.
- When different people show up every time, it seems that they are always starting from square one.
- There seem to be many initiatives, but little in terms of: *where do we go from here?* So it is important to follow through.
- There was a perception that to aid their planning process, the SETA could set up consultative groups that meet on a regular (bi-monthly, quarterly) basis, rather than an end-of-the-year slew of activity.

- Institutional vs. Independent vs. In-house
  - Hyatt does all training in-house – based on Chicago material which is updated regularly – to accredit and maintain accreditation/NQFs may not be worth it, therefore may not be able to claim SETA grants
  - People coming into the industry from tecknikons or other tertiary institutions start with the expectation that they will start from above. They want to be immediately part of management. One of the problems the trainers faced with individuals at this level was managing their expectations. Especially with respect to white people they are loath to take 'serving' jobs.
  - People have a concept that training should be theoretical, not practical.
  - There seems to be a culture clash between graduates and people with experience, at various levels. Employees who have been in the industry show a resistance to innovation, while new graduates are full of ideas.

- Desired content of training
  - Students expectations are out of line – don't understand they have to give service and don't want to provide service – can't understand the concept of service
  - Students have a lack of confidence/flair/assertiveness – can't be taught? – therefore find it different to interact with clients (talk shyly, don't talk, procrastination) (Zimbabwe/Kenya have been free/educated, for longer – more self-confidence)
  - Training staff technically is OK – training to handle complaints, and attitude is difficult and lacking
  - Car hire - Business team training – gave info on why do the job and where it fits in – led to fantastic sense of pride. Hyatt gives motivational training to develop confidence, pride – gets forgotten after a while.

- High-end service – training needs
  - People earn very little, so they almost feel resentful of the ultra-rich tourist.
  - Since the service culture is not there, there is not an awareness that the quality of the service should be uniformly high, and that high rewards in the form of tips will then follow.

  - There is not a concept that giving good service can be fun and rewarding because of people's appreciation for you, regardless of the tips.

- Link between training providers and industry: recruitment issues
  - Ms. Du Plooy finds it difficult to get information on where employees can be sent for training. Ms. De Kock, however, found that it was quite easy to find info through the Internet. Could there be a dichotomy between the larger corporations and the small businesses?
  - Reach and Teach has been quite active in trying to link training with industry, soliciting companies to participate in learnership programs. In this case, Reach and Teach initiated the communication.
  - It would be easier to get students from training institutions if their curriculum itself were somehow standardized. That would make it easier for employers to coordinate administrative and other paperwork with the schools. The contact, often, was initiated by employers or students themselves. The schools showed a rather passive approach to recruitment.
  - The HR manager from the Hyatt expressed her preference to recruit people with experience, rather than graduates from tertiary education. This was especially the case for non-management level.
  - Another comment had to do with a preference for "attitude", regardless how it was acquired.

- Questions about the SETAs
  - When are the SETAs going to be set up?
  - What is the future of the HITB?
  - Why do we have to pay so much to be accredited at every single step? (R500 per NQ level, new accreditation for every course modification, etc.)
  - How does the NQF affect me? What is the role of the SETA in adapting the national framework to our industry's needs?

Section 3: Reflections and Lessons Learned

- No shows –even after checking by phone day before - group size too small.
- Participants would have liked to know more about the agenda – i.e., able to prepare.
- Participants did not really give views on the competitiveness of the tourism industry.
- Participants got mixed up as to which breakout group they were in.
- Contact groups may be useful, but a more regular consultative process, with the same group of individuals, would potentially be a good complement or replacement.
- Individual responses to: Is this contact group format worth it?
  - *I was satisfied that I was able to share my concerns and provide information.*
  - *I had more questions about what is going on. It has almost been a déjà vu, because this is similar to what Reach and Teach did some time ago. It was unclear to me what a contact group was going to be all about.*

- *I believe in contact groups and feel comfortable in this kind of scenario where you can learn from your peers. I don't like to work in isolation and feel that a contact group can work wonders.*
- *How can we bring more parties together? We need to be able to bring more parties in a follow up meeting.* (Retreats?)
- *I found the meeting worthwhile. It is important that the smaller players in the industry that they also receive acknowledgement and have their input be heard. This was an opportunity for me to bring the opinions of the smaller museums. I will now bring this back to the other small museums in my group.*

CONTACT GROUP 2: Training Providers
Thursday, March 4, 1999
9:00 a.m. – 1:00 p.m.

Facilitators: Kevin Murphy, Charlie Feezel

Number of Participants: 7
- Simone Leballo, SACTE
- Cynthia Denam, SACTE
- Lynette Cronje, SACTE
- Ronell Germishuys, Technisa
- Jane Spowart, Technikon Witwaterstand
- Christo Wagenaar, University of Gauteng
- Rone Pawson, Technikon Northern Gauteng

Section 1: Methodology Notes
Agenda: (See below)

Section 2: Content Notes

QUESTION: What do you need to know about the industry?
- Lack of knowledge of industry
- Interaction between sectors
- Competency standards – vague
- National vs. international markets
- What makes that person a good travel agent?

QUESTION: Standards for being a good trainer?
- Dr. Spowart. "ITB manuals for cooks, front office, etc but only to a certain level.
- "June 2000 requires curricula to convert to outcomes based to be able to certify."
- "We must go to industry unions, etc to get competencies in order to be certified."
- "Use external moderators."
- Advisory board - Industry boards
  Experiential learning
  Leads to easy to get jobs

QUESTION: Do teachers have relationships with industry?
- "We only use contract teachers. We have a very well integrated."
- "We use industry readers
- "Tourism, hospitality, food service are in different departments. We don't relate that well even within our organizations. I go over there and spend time at businesses."
- RED TAPE- e.g. Guide training takes three years- it's quite a racket for Satour. You must be Satour certified guide.

EXERCISE: Creating a Map of the Industry (See Training Provider Analysis)

- No training guidance and standards.
- No acknowledgment for the training
- Block release for the theory in compliment
- "Competencies will increase demand for training providers

QUESTION: What are the tourism trends in your industry?

- Standardization
  Exits properly trained people
  Accepts properly prepared people
  Skill levels infer higher service
- Township tourism
  - Creating opportunities for training
  - Trainees need marketing and communities
  - Pilot TRB study in Soweto
  - Reach and teach
  - Tourism curricula in school
  - Upgrade teachers
- Tourism education trust develops teaching materials
- Accreditation of providers
  - Standardize the industry
  - Upgrade
- Outcomes based education
  - Need lots of training
  - Mixed feelings
  - Teacher training
  - Rewriting
  - Much more red tape
  - Grey area
  - Technikons
- Alignment with overseas organizations/institutions – benchmarking, accreditation
- Competition among providers
  - TETASA (merged with HITB) thinks they have the monopoly
  - Regulatory bodies want to jump into the game
  - Satour - CONTAC
  - Private colleges easy job entry but teach less completely
  - Short courses at universities/Technikons
  - Community involvement a value - all stakeholders should be involved"
  - City Lodge does on the job training, assessing training (level 1, 2, or 3), and issuing certificates
- Learnerships Pilot study in food Natal – in out rotation Three months times four.

- Applicant changes.
  Don't believe they'll get a job and they probably won't."
  Perception they are going to earn a fortune.
  Unrealistic expectations
  Tourism predictions exacerbate

QUESTION: How do you place your graduates

- We train teachers, but they don't understand service
- Submit CVs final year and practicals (block training), thus most already had jobs, placement help
- ATTIUDE
- "We don't teach children to think."
- Money is a problem; Levy burnout; Corruption

QUESTION: "How can we create self correcting mechanisms?

- Industry liaison
- Respect for training providers
- ASATA conference Industry and provider conference – not many providers attend
- Training providers association SATCHI (?)
- Industry feels the providers lack credibility; they have a watchdog mentality

QUESTION: Would an annual tourism training survey be helpful? What would that include?

- What industry wants
- What kinds of people trained what standards
- Training providers have lack of industry experience. We have a lack of industry experience
- Training providers need practical internships
- We tend to force knowledge on the tourist. They want enjoyment. (tourist diversity)

Section 3: Reflections and Lessons Learned

Feedback on Training Providers From Contact Groups

Stakeholders participating in meetings and retreats provided the following feedback on the competitiveness of the tourism training industry and engaged in exercises to flesh out the current map, informal survey results, statistical information and the competitive diamond [sentence not make too much sense]:

The main issues proposed by the focus group of training providers were:
Lack of knowledge by the training industry of the tourism industry is a problem
Lack of interaction between trainers and the industry is also a problem
Competency standards being introduced is perceived as helping to generate demand and to provide value

There is a need to understand the national and international tourism market better
There is red tape in terms of approvals, one has to teach things that are not needed, and amending the curriculum is cumbersome
There is a confusion of government agencies, structures and organizations so it is unclear who is regulating what
There is a lack of guidance, standards or acknowledgement of in-house training

By June of 2000, the Technikons will have to have in place outcome-based curriculum and will have to submit the old and new curriculum to get a certificate. When you “recurriculate”, you have to consult with industry to get certified. This will be done via retreats, joint planning sessions, circulating of documents and the review process. However, there is also a great need for training on this and some mixed feelings. Some believe they are teaching that way anyway and that this simply adds on red tape.

The trends towards accreditation was seen as positive by those contacted who believe it will eliminate “fly-by-night” operations. There is also a trend towards international accreditation, although some felt this devalues local accreditation and ignores good things going on locally.

The private commercial training institutes tend to rely more highly on trainers who are employed in the industry and work part time to train. Therefore, they are often closer to the realities of the industry.

With regards to competition within the training industry, it was pointed out that TETASA sets standards for travel agents and is a trainer. Under the new system, this may need to change.

The 3-year Technikon program is experiencing competition from private one-year college programs and short term courses.

In terms of meeting the needs of people from previously disadvantaged backgrounds, “access courses” and “potential development” courses are designed to fill in the gaps of those who did not have a quality education at earlier stages and/or to provide life skills and communication skills. Township tourism is providing opportunities for local entrepreneurship and there has been some demand for providing marketing and communication training to better respond to the demand for this tourist segment. There is a need to move more quickly to provide certification for people with skills who have not had formal education.

The “ubuntu” course (translated variously as “to be human,” or “people first” or “to be nice to people around,” was seen as a positive effort consisting of 2-5 days. Learnerships were also seen as a “great idea” which might correct the problem of apprenticeships where people don’t always return for the theoretical parts of the course.
[this is presently a collection of impressions; may want to organize in way that addresses each of key competitiveness questions you bulleted above]

In general, it was felt that students often lack the appropriate attitude and the following comments were indicative:
"They don't want to learn"
"They don't believe they'll get a job and they probably won't"
"They will have to be entrepreneurial about making their own opportunities, formal sector corporate jobs are limited."
"They have unrealistic expectations"
"Programs that have internships increase the likelihood of students getting jobs."

One problem stems from the inadequacies of the formal education received at earlier stages. "When students are given their first assignment, they ask where they must write their name." Previous education is said not to have stressed independent and critical thinking but to have focused too much on rote learning and following the rules.

CONTACT GROUP 3: Industry Stakeholders
Friday, March 5, 1999
9:00 a.m. – 1:00 p.m.

Facilitators: Roberto Cordón, Gillian Saunders

Number of Participants: 6
Charles Lotter (Grace Hotels)
Astrid Dressler (Parktonian Bramfontein)
Cyril Francis (University of Pretoria)
Barbara Hancock (Steers)
Alexandra Koutsouvelis (Steers)
Guy Waller (Bar Logic)

Section 1: Methodology Notes and Reflections

- Very communicative group
- The facilitators only needed to ask a few questions at the beginning to get the conversation going.
- The discussion took a life of its own, quite different from that of the previous day.
- This group was more interested in providing, rather than getting information.
- No no-shows
- *These types of groups, with people outside my immediate area of operation, allow me to take a global perspective and learn fresh ideas.*
- This group also liked the idea of a regular meeting including diverse individuals that come together to discuss anything and everything in an open forum.
- Getting to know each other is an important way of breaking down the barriers among people
- Comments on the usefulness of contact groups:
  - *I have found it very fascinating to be able to meet people like Cyril and Barbara, individuals that I would normally not come across.*
  - *Sharing information in smaller groups is far more effective than going to a large meeting where only two or three people are able to fully express their opinions.*
  - *These groups are much better to get the real opinion of how we are doing our job.*
  - *If they are going to do this kind of activities, make sure not to always target the same group of people: top-level managers. Make sure you get other people involved and insist on trying to run employee-groups.*
  - *These activities make you feel that you are not alone.*
  - *I enjoyed the fact that this was an informal, low-level discussion that was* ***free.*** *This allowed me to come here with no expectations and an open mind.*

Section 2: Technical Notes

- **Industry competitiveness**
  - No national pride (as the USA patriotism)
  - No sense of tourism jobs being a job you can do with pride
  - No common vision in the tourism industry – leads to people not understanding dynamics of the industry or where it is going, would filter through to management, training organizations, students and staff in the industry.
  - Fast food industry extremely competitive lots of fast food entrants in the last decade and recently– need to improve service to remain competitive, quality also important, and understanding micro-market (i.e. chicken area or burger area).
  - Fast food also blurring as now competing more with full-on restaurants
  - Hotels – price war, lots of competition, over-traded market, especially upper end of the market, fighting for the same guests (five-star and four-star markets blurred, four-stars fighting with three-stars therefore all competing) International have introduced a different dynamism into the market
  - Bar tending – not viewed as sophisticated either by management or by guests – expect mediocre as the norm/put behind the bar and show computer. No career progression in bar tending – looking at HITB accreditation. Owners and managers reluctant to spend money on training – getting liquor suppliers to spend on training in return for brand visibility
  - travelers looking for smaller establishments to get "high touch" service, highly personalized. Small establishments find it harder to afford training. HITB can help here.
  - Pretoria University—training environment is very competitive–every one and his brother training, not all accredited, often do course and can't get job.
  - The course at U. of P. includes lots of practical short courses e.g. bar tending, ticketing, computers, food prep etc. Hook on the theoretical and use a lot of case studies. Must also do 800 hours of practical work in the industry. Industry sometimes abuse students – give one small job for six weeks e.g. answer telephone, or wait. Some colleges don't give framework for what the student should do therefore end up being used for menial jobs.
  - Lack of English speaking ability, even in the schooled black people = major problem for unskilled unemployed/school leaders
  - Hotels and Steers employ a lot of Zimbabweans, Malawians etc, because they can often speak better English
  - 33% staff turnover pa in Steers – people who you train/who learn English with you (while working in back areas) – move on to other jobs once they have improved their abilities
  - Bartenders need good English – language a big problem in recruiting for training
  - Community involvement in tourism beginning
  - Training too expensive – do not spend enough on training

- **Recruitment – links training providers to product operators**

  - Two entry levels into industry – out of the Institutions and from schools with no skills. Problem is the lack of people at the basic level who have the needed lifeskills/communication skills and passion/self-confidence– is a schooling problem (11 official languages is a problem – English should be instruction medium in all schools like Malawians)
  - Passion to serve also not engendered in the tertiary institutions therefore lose the students – don't stay in the industry
  - Informal bridging schools to source potential staff – gives basic skills that schools don't give – through to Pru Leith Cookery school
  - Sourcing people for supervisors, managers etc is easy - enough supply, but general level workers difficult to find. Difficult to reach the people with potential – don't know how to communicate with them– the unqualified, untrained – only looking for communication, presentability, but not particular job skills.
  - Easy sourcing of management/supervisors later contradicted i.e. quality of managers poor – difficult to find with passion, newly graduated students have superior attitude and no passion. Managers often also poorly paid, work long hours, are unhappy (not equal to good service) are not achievers to become lower level managers in this industry.

- **Institutional vs. independent vs. in-house**
  - Employers don't want to pay for external/institutional training.
  - Most of our training is so specific that we prefer to do it in-house, we may send people out only for higher levels.
  - It is difficult to incorporate independent trainers into your culture.
  - Using outside trainers involves dealing with courses that have been standardized due to the requirements of the HITB.
  - Some of the most effective training occurs in a few independent institutes, such as the South Africa Chef's Association. The reason their training works has to do with the personality and passion of the creator and leader of this program.
  - The problem with the HITB has to do with: *how do I get my money back?* But getting the money back has more to do with satisfying the certification requirements, rather than coming up with innovative courses and programs.
  - For larger organizations 'getting the money back' is not that difficult, since they have a large enough staff to make sure that can satisfy accreditation paperwork. What can small organizations do?
  - It becomes a nightmare to certify multi-skilling.

- **Content of training**
  - Need to engender passion for serving
  - Level 1 training is the most critical
  - Select for attitude and train for skills
  - Fast food - Train at each store once a month, have monthly mystery customer system, customer hotline for complaints with standard follow-up.
    Fast food- long hours, boredom, difficult to still have good service

- Protea Hotels—have Winning Ways course on customer service, self-management, selling more. Works very well for staff, motivating, but managers often don't buy in.
- Protea Hotels - guest questionnaires – monitored and compared between regions and hotels, direct feedback to staff mentioned on questionnaires
- Protea also doing NQFs for 6 months
- Steers train people with no skills and often limited communication skills in English – train centrally initially, from a very basic level, although they may be bright. Could not get staff who leant English and job at Steers (15 to 27 years experience) to get through HITB courses – language of the course and the reports required they could not do, could not become HITB accredited assessor
- Grace do not employ staff who are not 100% literate
- Previous skills: memory, verbal communication, no longer sufficient, now need to read printed-out orders, work a computer so people are left behind by the job.
- No job should be a "dead-end" job – i.e. each person should have goals, a plan etc, needs to be bought into by management
- Students from management courses want to be managers immediately – won't do the actual lower level jobs
- HITB training too complicated, too difficult to be accredited/registered, courses trying to be everything to all sectors, has to differentiate for different sectors e.g. fast food, tea rooms.

- **High-end market – training needs**

- **Reflections on the SETA and HITB / Linkage Map Issues**
  - Training providers should communicate with training providers to tell them what is needed from training
  - Lack of common goals in the industry
  - The problem with doing courses is that you almost have to have a full-time person taking care of the paperwork that the HITB demands.
  - The problem with the NQ system is that it has become more complicated than necessary. The NQ becomes duplicative and sometimes confusing.
  - The HITB is perceived to be threatened by alternative NQ systems. For example, the Chef's Academy developed their own NQ system. The HITB was perceived to be *"a little uppity"* about it.
  - The HITB is perceived to be using the wrong people to define their NQs. Why don't they go out and get the people who are actually in the industry to define them.
  - The HITB is perceived as not doing enough to communicate their message of flexibility to their audience. There was an acknowledgement that a few people, who have had the opportunity to work closely with the HITB, are actually positive about it. But for most people the HITB remains a poorly understood, *bureaucratic animal*.
  - There is no common vision among the various sectors of the industry. While the chefs and restaurants have highly charismatic figures who motivate their sectors to network among themselves and increase awareness on the benefits of training.

- The HITB is perceived to be efficient, but lacking motivational leadership. There is a fear that a SETA dominated by the HITB will be quite efficient but short on the 'passion' that needs to drive the training issues.
- The HITB created an expectation that many people got really excited about, but then they were unable to deliver.
- There is some frustration with the processes that one needs to go through to innovate, for example the effort to develop a bartending-training curriculum.
- We would like to know that if we are going to invest some money into a training program or center:
  - How we can get some of that money back as a grant?
  - Get at least an *a priori* guarantee of accreditation.
- The HITB/SETA should foster the sharing of information and the pooling of resources among different institutions working on the same areas.
- The Trainers' Forum (the monthly breakfast meetings) is perceived as a useful place for networking and learning from other people's experiences.
- There is too much dependence on effective leaders to drive organizations.
- A primary role for the SETA should be as a champion of the industry in the eyes of the government and act as a 'lobbyist' on behalf of tourism organizations. A few early successes will attract many companies to become active members.
- The SETA should work to ensure that training institutions adhere to minimum standards that can apply throughout the industry.
- If we are talking about characters and personalities, we would then need to have a Minister of Tourism led by a forceful, passionate individual.
- The HITB/SETA should foster linkages among industry members with common interests.
- As far as communication is concerned, we need to come up with regular statistics on a monthly and bi-monthly basis, not every eight or nine months, or on an irregular basis. This would help everybody's marketing and planning activities.
- This group also liked the idea of a regular meeting including diverse individuals that come together to discuss anything and everything in an open forum.

CONTACT GROUP 4: Tourism Students
Friday, March 5, 1999
9:00 a.m. – 1:00 p.m.

Facilitators: Kevin Murphy, Charlie Feezel

Number of Participants: 8

- Clare Vasta, Technikon Witwaterstand
- Derryn Goulding, Technikon Witwaterstand
- Karabo Moleke, Technikon Witwaterstand
- Abram Rakoma, Innovations Business College
- Kekeletso Chere, Innovations Business College
- Lorate Moreke, Innovations Business College
- Vincent Nchabeleng, Innovations Business College
- Portia Phahlamohlaka, Innovations Business College

Section 1: Methodology Notes

1. Ice Breaker: Imagination (see attached below)

2. Discussion questions

Section 2: Technical Notes

Feedback from Students

The focus group included 8 students from the University of Pretoria, WITS Technikon and Innovations College, a recently started private college focusing on tourism and actively responding to the training needs of the previously disadvantaged groups.

In general, the training institutions lack placement offices and programs to prepare students for interviews. They also lack computers and Internet access. Students feel isolated from the industry. They also believe that teaching methods need to be updated and that teachers need to stress independent thinking and not rote learning.

Feedback from students is reflected in the following quotes:

"We need real life role models from the industry, more speakers."
"We need help with our confidence."
" They don't encourage independent thinking"
"They go out of their way to stifle independent thinking."
"There is no entrepreneurial approach
"If we put things into our own words, it's not correct unless exactly what the book says, this breaks you down, it depresses you"

"They want us to innovate in things like food, yet stress book learning"
"They promised we would do site visits but we haven't"
"There is very little outside exposure"
"There is not enough in-service training"
"The attitudes of teachers have to change. They treat us like we're in first grade"
"You have to study Afrikaans even if you know it already, there are no qualifying exams to exempt you from coursework"
"English is a language barrier and this itself is a technical skill"
"Not having a practicum is a major disappointment"
"Programs should allow us to specialize" (WITS Technikon has same curriculum for all for 3 years)
"We don't have technology"
"They teach MS Word, but to get typewritten rather than handwritten reports only"
"There is no Internet access"
"The library has no Internet access"
"The library has no computers, except for catalogue and reference"
"We don't participate in curriculum development"
University of Pretoria has student evaluations after each course or professor module, but this was not the case in two other institutions.

Section 3: Reflections and Lessons Learned

The focus group included 8 students from the University of Pretoria, WITS Technikon and Innovations College, a recently started private college focusing on tourism and actively responding to the training needs of the previously disadvantaged groups. Feedback from students is reflected in the following quotes:

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"They want us to innovate in things like food, yet stress book learning"
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University of Pretoria has student evaluations after each course or professor module, but this was not the case in two other institutions.

Contact Group Ice Breaker: Unlocking the Power of Imagination

Exercise one: Visualization and Referencing as a Breakthrough learning tool..

Objective: Demonstrate skills in the imaginal domain.

Accomplishment: Use Visualization and Referencing to develop success path

We'll use this exercise to frame our image of our future selves and outline our work for today. The exercise is very easy and very different from normal learning techniques. The main requirement is that you allow yourself to change the way you use skills you already have.

I will take you through some situations and ask you to use your imagination. All you have to do is build the mental images in your own mind and allow yourself to be present in the experience as if your were actually there. Allow yourself to have the feelings of the moment. You have done this before. When you have heard a song or seen a child smile or even smelled a particular kind of cooking. Your mind does it all the time. Today's work is to develop this mental activity as a skill for learning and predicting your life, your relationships and your accomplishments.

As we go through this exercise I will comment occasionally on the nature of what we are doing as the development of a skill. In this way you will begin to refer to yourself as being able to use this skill for your personal benefit. You will recognize that you have done it. You will know you can do it again. The truth is you have been doing it since you had your first thought. Today we will organize that skill as a planning tool.

Relax in your seat, close your eyes if you want to, and build the image of yourself and your surroundings in the following settings.

The first image is a warm up.
In fact it is a warm plate.

Picture yourself in a restaurant. Sitting at a lunch counter on a red vinyl covered rotating pedestal stool. The stool squeaks a little when you turn in it. Before you on the gold flecked formica counter is a plate.

The plate is tan in color, oval in shape and made of rather thick porcelain. The glaze has one dark purple ring around the edge. There is a small chip on the lip at the right edge of the plate. You feel the chipped spot. It feels quite sharp and you conclude that it is from a very recent accident. You also make a judgement about the quality of management of the restaurant. The plate holds a mound of rice, which is covered with a golden curry of chicken and peas. The aroma is strong and a little sweet. You speculate on the origin of the spices used by the cook.

In addition to the smell of the curry you hear a loud conversation from the kitchen. It might an argument or maybe just the way two people have grown to relate to one another.

Okay let's stop here for a moment and note that while this was a fantasy you were able to imagine sights, sounds and smells. You may have even evoked some real feelings in the process.

This is an important ability.

Second Image. From real life:
You fill in the image from your memory. Go back in time to when you first considered coming to this retreat?

- Where were you?
- What were your surroundings like?
- Who were you with?
- What was the conversation?
- What were your personal feelings about attending?
- What were your concerns?
- What were your hopes?
- What was the weather like?

Okay let's now note that you traveled in time and felt some feelings. Note that while the situation was not real the feelings you had were real, right here in this room. In your stomach, maybe. This is good. This too, is an important ability.

Third image: three years in your future

Things have turned out much better than you expected.

Not only is your work going better than ever but also you're enjoying it more than ever before.
The success of some new ventures you've undertaken is far greater than you had dared to imagine when you first made your plans.

Your industry peers recognized your success in the form of a National Award for Leadership Excellence. You are very happy with yourself and proud to have done such a high quality work.

Own this feeling. Own this image. It is yours. You have worked hard and you deserve to feel good about your accomplishments. Take a moment to allow yourself to be immersed in the warm, happy feeling of success and arrival that is the result of your own efforts.

Use this technique to develop the image of your future and refer to yourself as that success when making action decisions. Making plans and decisions based on you as the success you will clear the path for that success to happen.

On a piece of paper, list the things you need to convert this image into a reality.

- ***What I want is . . .***
- Things I need to know are

- Skills I need to master are
- Ways of being I need to develop

  To be really excellent at achieving my goals.

Next make a list of the things you must overcome and constraints that must be dealt with in order for you to be successful.

Now find a work partner and develop a list of issues in the tourism training business that we should address as a way of increasing your full potential.

What are the issues?

***** Facilitator***

- ***Works the audience to expand the list and introduce/negotiate other important issues not mentioned.***
- ***Explores issues with audience for purposes of the analysis e.g. "how are curricula developed now?"***

Link to industry mapping and trends

Appendix H: Strategic Retreat Facilitation Techniques

The following appendix represents additional information for planning and facilitating strategic retreats. This information is to supplement ***Section 6***.

Dynamics
Part of the facilitators' role is to build group dynamics between the participants. There are four basic steps to creating this dynamic:

Get Their Attention
- Begin with a question that helps the group to focus
- Set rules for retreat participation
- Define and establish your role as the facilitator

Gain Their Interest
The facilitator can gain the participants' interest by using numerous different techniques including visualizations, icebreakers, or just asking the following direct questions:

- "Why are we here?" (i.e. identifying the issues and problems)
- "What do we hope to accomplish?" (i.e. identifying the potential solutions)
- "How are we going to accomplish it?" (i.e. what process should we take to reach the solution.)

The final part of this methodology section describes different facilitation styles in detail.

Create a Desire
The facilitator needs to establish how the participants will benefit from the retreat and how others not present will benefit. Because desire is created through emotion rather than through knowledge, the facilitators must work on understanding the true needs of the participants and the impact of these issues on their roles and responsibilities. Ultimately this is done through the skillful us of questions.

Provide Action Plans
The facilitators should reinforce decisions made by the participants by helping the group to develop post retreat change plans and performance measures to see that the actions are actually taken after the retreat ends. If the retreat is successful it will create a momentum that encourages stakeholder actions after the retreat is complete.

Group Dynamic Ground Rules
In addition to steps that help to foster positive group dynamics there are rules the participants should follow to aid in this process. These might include:
- Stick to the agenda;
- Listen to others speak;
- Be respectful;

- Strive for group consensus;
- Leave job title at the door;
- Start and stop on time;
- Turn off cellular phones; and
- No smoking.

Planning and Logistics

The planning of successful retreats require the host to contemplate the "who, what, when, where, why, and how" events will transpire. In-depth planning requires setting clear objectives and anticipating the outcomes of the retreats. The following section outlines some key questions and answers that have proven successful in planning retreats.

Why are you having a retreat?

- Make high-level decisions
- Plan and develop strategy
- Develop implementation plans
- Bring together all stakeholders
- Discuss controversial topics away from the workplace

Who should participate?

- Invitation lists should be as inclusive as possible
    - Internal stakeholders: management and staff from all sub-sectors of the industry
    - External stakeholders: clients and customers from industry, labor, government, community, training providers, non-governmental organizations
- Groups of no more than 30 to 40
    - Use innovative ideas such as small group dialogue to work with larger retreats
- Experienced facilitators
- A recorder to take notes

Where is the best place for the retreat?

- Away from the workplace and at a large enough setting to accommodate
- close enough for convenient travel by participants

When should the retreat take place?

- Give plenty of advance notice to potential participants
- Plan for as long as you need - - length should not be an issue when setting the original agenda, it can be modified as the agenda is finalized

How are you going to ensure that you meet your objectives?

- Develop clear objectives
- Determine the key people that need to attend and confirm their participation
- If key people cannot come, get written statement of agreement.

Facilitation Techniques
Different individuals facilitate retreats using different techniques. No technique is right or wrong, but simply depends on what the facilitator feels comfortable using. True facilitation success, however, comes from the ability to read the audience. What techniques make participants respond positively?

All people learn and respond differently. Some people respond to creative and imaginative "right brain" techniques such as icebreakers and visualization activities while others that are more "left brain" respond to structured presentations and discussions. The goal of the facilitator is to use various methods to reach the audience and appeal to their needs.

The following are a brief list of techniques that were used in the pilot SETA Strategic Planning Retreat:

- Formal presentations;
- Visualizations;
- Plenary dialogue; and
- Small group dialogue.

Plenary and small group dialogue requires the facilitator to use techniques that keep the dialogue focused and moving. One dialogue technique includes the use of "Dialogue Flags." The purpose of the flags is to allow individuals to express opinion without interrupting other participants. The flags also allow the facilitator to "poll" participants without interrupting the speaker and introduces humor into a process that is often about very serious topics. The following are the different flags the participants use and what they mean:

- Belissimo: *"I agree"*
- Achtung: *"I want to raise an issue"*
- Pour Après: *"We'll talk about this….but later"*

In addition to these flags, the facilitator also carries the following two additional flags to steer the dialogue:

- Buzzard: *"Focus in on your point"*
- Stop: *"Enough, we must move on"*

Regardless of what facilitation technique one chooses to use, it is important that the person is culturally sensitive, gives equal time to all sides of an issue, and does not use the forum to promote his own agenda. In a SETA strategic planning process, the retreats can be a useful tool to build solid linkages between stakeholders, identify information gaps, and develop concrete action steps that stakeholders can undertake.

Appendix I: Tourism Industry Pilot Strategic Retreat Participants

(See next page.)

Strategic Workshop
Tuesday, March 9, 1999
9:00 a.m - 5:00 p.m.

Name	Company	Telephone	Fax	Accepted	Attended
Roberto Spina	Airports Company ACSA	011-453- 9116	011-453-9362	1	1
Chris Du Toit	ASATA	011-403-2923	011-403-3997	1	1
Jill Schlachter	Avis	011-923-3698	011-923-3707	1	1
Tanya Weimann	Boston City Campus	011- 640 3134	011-640-6524	1	1
Gary Bisset	City Lodge	011 884 5327	011 883 3640	1	0
Mrad Shaia	CUP	012-4294027	012-4294678	1	1
Lucy Kaplan	Department of Arts, CS & T	012-3146371	012-3230165	1	0
Thlaki Mokgosi	Department of Education	012-312-5297	012-328-6028	1	1
Mike Fabricious	DEAT			1	0
Sgheed Bayat	DEAT			1	0
Hendrick Steyn	DEAT			1	1
Walter Ramatsui	Department of Labour	012-3094782	012-3200792	1	1
Leonard	Department of Labour	012-3094783	012-3200793	1	1
Willie Fick	Fedhasa	011 886 2394	011 789 4811	1	0
Albert Stydown	Free State Technikon	051-507-3331	091-507-3320	0	1
Michk Eterhinzen	Free State Technikon	051-507-3332	091-507-3321	0	1
Bill Temple	Gauteng Department of Ed.	011-355-0676	011-355-0876	1	1
Bashni Muthaya	Gauteng Tourism Agency	011-327-2000	011-327-7000	1	1
Vincent Hayes	HITB	011-803-6010	011-803-6702	1	1
James Parker	HITB	011-803-6010	011-803-6702	1	1
Jene Signot	HITB	011-803-6010	011-803-6702	1	1
Durge Vontobel	Iniss Hotel School	011-789-9934	011-789-9937	1	1
Genevieve Allen	IMD Education Centre	011-403-3680	011-403-3683	1	1
Cindy Marcus	Imperial Car Rental	011-396-9000	011-396-1406	0	1
Marina Milanovic	Mariv Travel	011-728-5685	011-728-5729	1	1
Kokodi Morobe	Reisies Travel	011-407-2929	011-407-2991	0	1
Isabel Steyn	Roodepoort College	011-760-1538	011-763-5937	1	1
Carol Bewley	Rosenbluth International	011- 646 - 8326	011- 646 - 8613	1	1
Barbara Oberholzer	Rosenbluth International	011- 646 - 8326	011- 646 - 8613	1	1
Liz Schaller	SACTE	012-422-8157	012-343-9893	1	1
Japie Nel	SAQA	012-346-9115	012-346-5812	1	1
Edward Cottle	SACCAWU	011 337 1110/9	011 337 3827	1	0
Jenny Briscoe	SATASA	011-496-1400	011-496-1249	1	1
Colin Grimsell	SA Training and Consultants	011-706-4540	011-463-6495	1	1
Vusi Nkonyane	Stocks & Stocks Group Hotels	011 302-3852	01- 302-3868	1	1
Karen Borain	Southern Sun Group	011-780-0120	011-780-0269	0	1
Christina Kuhn	SunAir	011-923-6750	011-923-6320	1	1
Gordon Chilvers	Sun International	011- 780 7444	011 780 7661	1	0
Gill Maleka	TDI	011-325-4415	011-325-4113	1	1
Sue Geldenhuys	Technikon Pretoria	012-318 5476	012-318-5510	1	1
Marius Potgieter	Technikon Pretoria	012-318 5561	012-318-5510	1	1
Louise Sime	Technikon Pretoria	012-318-5164	012-318-5510	1	1
Isa von Aard	Technikon SA	011-471-2280	011-471-3093	1	1
Pranul Ramchander	Technikon SA	082-330-4053	011-471-3093	1	1
J. Annette Van der Walt	Technikon Vaal Triangle	016-950-9324	016-950-9791	1	1
Wille J.L. Coetzee	Technikon Vaal Triangle	016-950-9965	016-950-9791	1	1
Cathy Rundle	Technikon Witwaterstand	011-406-3599	011-726-2811	1	1
Leon Storm	Technikon Witwaterstand	011-406-2130	011-406-2197	1	1
N. Bresler	Technikon Witwaterstand	011-406-3618	011-726-2811	1	1
Tracey Tonathy	The Don Suite Hotel	011 788 1323	011-442-7662	1	1
Nicholas Martin	Three Cities Hotels	011-268-0151	011-268-0160	1	1
Fathima Ebrahim	Varsity College	011-854-7030	011-856-7031	0	1
M. Shahia	UNISA	011-429-4027	011-429-4678	0	1
Ernie Heath	University of Pretoria	012-420 3349	012-4203349	1	1
Key: 1 = Yes ; 0 = No			**Sub-Total**	**47**	**47**

FACILITATORS

Tessie San Martin	PwC	010-703-741-1000	010-703-741-1616	1	1
Roberto Cordon	PwC	010-703-741-1000	010-703-741-1616	1	1
Kevin Murphy	J.E. Austin: Sub-Consultant	010-703-741-1000	010-703-741-1616	1	1
Tammy Mank	PwC	010-703-741-1000	010-703-741-1616	1	1
Gillian Saunders	GTFK	011-322-4500	011-322-4572	1	1
Lorna Reed	GTFK	011-322-4500	011-322-4572	1	0
Johnathan Harrod	BMI	011-803-6412	011-803-4676	1	1
Yvonne Morgan	BMI	011-803-6412	011-803-4676	1	1
Charlie Feezel	USAID	010-202- 712-1853		1	1
Ken Lanza	USAID	010-202-712-0415		1	1
Dipuo Mde	USAID	012-323-8869	012-323-6443	1	1
			Sub-Total	**11**	**10**

TOTAL	**58**	**57**

Strategic Workshop

Thursday, March 11, 1999

9:00 a.m - 5:00 p.m.

Name	Company	Telephone	Fax	Accepted	Attended
Liz Hindle	Boston City Campus	011-6403134	011-6406414	1	
Mandy Damin	Conservation Corporation Africa	011-775-0092		1	1
Donna McCartey	Concorde Travel	011- 646-6134	011-486-1876	1	1
Mahesh Amarath	Days Inn	011 802 1511	011 802 1791	1	
Roy Rajdhar	Days Inn	011 802 1511	011 802 1791	1	
Dr. Saheed Bayat	DEAT	012-310-3846	012-320-4740	1	1
Sam Morotoba	Department of Labour	012-3094782	012-3200792	1	
Lindsey Falkov	Department of Labour	012-3094782	012-3200792	1	
Ockert Smith	Drumbeat Safari	012 46 5959	012 346 3677	1	1
Allen Mafu	Dumberton	011-3335400/37	011-3334627	1	
Vincent Hays	HITB	011-8036010	011-8036702	1	1
James Parker	HITB	011-8036010	011-8036702	1	1
Judith Eagan	Hospitality Dev. & Education	011-4848438/9	011-4841043	1	
Thami Klassen	Hospitality Dev. & Education	011-484-8438/9	011-484-1043	1	1
Steve Martin	Hotel School Garankuwa	012-703-0090	012-703-0092	1	1
Shaun Smorenberg	Parktonian	011 403 5740	011 403 2401	1	1
Alec Gilbert	SAACI	031-360-1350	031-360-1005	1	1
Rochelle Keene	SA Museum Association	011-7253130	011-7206000	1	
Martin Maluleke	SA Museum Association	011-775-0092	011-720-6000	1	1
Zinzi Ramatseba	SA Museum Association	011-834-2181	011-834-2181	1	1
Anne Barnes	Satour	012-347-0600	012-347-7288	1	1
Tshepo Kgadima	SATSA	011-9233628	011-8839002	1	
Gordon Chilvers	Sun International	011- 780 7444	011 780 7661	1	1
Ronell Germishuys	TECHNISA	011-8861553	011-8867718	1	
Jorrie Jordaan	Tourism Guide of SA	012-664-3462	012-664-6561	1	1
Rebone Morojele	Tourism Directorate - GP	011-355-8037	011-355-8049	1	1
Helen de Nobrega	Travel learning Centre	011-6720706	011-6720714	1	
Ig Kempen	U. of Pretoria	012-420-3549	012-420-3003	1	1
			TOTAL	**28**	**17**

Key: 1 = Yes ; 0 = No

FACILITATORS

Tessie San Martin	PwC	010-703-741-1000	010-703-741-1616	1	1
Roberto Cordon	PwC	010-703-741-1000	010-703-741-1616	1	1
Kevin Murphy	J.E. Austin: Sub-Consultant	010-703-741-1000	010-703-741-1616	1	1
Tammy Mank	PwC	010-703-741-1000	010-703-741-1616	1	1
Gillian Saunders	GTFK	011-322-4500	011-322-4572	1	1
Lorna Reed	GTFK	011-322-4500	011-322-4572	1	1
Johnathan Harrod	BMI	011-803-6412	011-803-4676	1	0
Yvonne Morgan	BMI	011-803-6412	011-803-4676	1	1
Charlie Feezel	USAID	010-202- 712-1853		1	1
Ken Lanza	USAID	010-202-712-0415		1	1
Dipuo Mde	USAID	012-323-8869	012-323-6443	1	0
				11	**9**

TOTAL	**39**	**26**

Appendix J: Tourism Industry Pilot Strategic Retreat Notes

Strategic Retreat I
Tuesday, March 9, 1999
9:00 a.m. – 5:00 p.m.

Facilitators: Roberto Cordon, Kevin Murphy, Gillian Saunders, Yvonne Morgan, Charlie Feezel, Tessie San Martin

Number of Participants:
- See attachment for names of participants

SECTION 1: METHODOLOGY NOTES

- See agenda given out at retreat

SECTION 2: TECHNICAL NOTES

Presentation 1: The Demarcation of the SETA (Vincent Hays, HITB)

- See Vincent Hays' presentation

Presentation 2: Competing in the 21st Century (Roberto Cordon)

Participant Reaction
- All provinces going in different directions – need one marketing strategy
- If a national marketing strategy is created it needs to be linked to national HRD strategy
- Social Sphere needs to include rural communities
- Industry too deregulated / needs more coordination
- We need to have the big picture; we need to define our strategic priorities

Presentation 3: Training Providers (Kevin Murphy)

Questions to Participants: What do you need to know?
- Information about where the jobs are / who we should train
- Legislation – How it will impact us?
- Key success factors
- Industry statistics that are easily accessible to whole industry
- Relation between DOE , DOL and the SETA
- Who are the role models / leaders in our industry?
- How will SAQA and the NQF affect us?
- What is the role of training providers?

Question to Participants: What are you strategic objectives?
- Marketing
- Forums that link providers

- Linkages between providers and industry
- Survey of skills needs
- Statistical information about industry
- Industry forums just for training providers
- Information database
- Screening / counseling of in-house training providers
- Allow learner to know the occupational categories they could go into
- Training providers are overlapping

Presentation 4: The Survey (Yvonne Morgan)

Response to Presentation:
- Survey of this type is relevant
- Need to know skills gap so know where to train
- It is difficult to include basic critical crossfield outcome skills in training
- Students need to have this knowledge when they get into industry
- Attitude is a skill
- Nee a map of the industry
  - Identify all major role players
  - Invite all parts of the industry to retreats
  - How do you get one representative for each group, i.e. Technikons?
- SETA should accredit training providers
- Coordinate the development of the industry
  - Argued that this was not a role of the SETA
- Monitoring of training standards
- Formal commitment to communicate
  - Business plan and report against it
  - Domestic survey should be conducted and given to all industry
- Should provide all quality assurance; train assessors
- How do we coordinate our industry to serve our customers?

Presentation 5: Creating the Action Vision

Throughout the day the participants developed a list of issues of concern over the forming of the SETA as well as the present state of the industry. These issues are recorded above under each presentation topic. During this presentation, the participants prioritized this list based on what issues were most important and time sensitive. The following are the three issues that the participants choose as their "strategic priorities." Within each strategic priority, the participants also developed actions that the SETA or other stakeholders should undertake.

<u>Strategic Priority 1: SETA Structure and Governance</u>

The participants identified the need for the SETA to have input from all types of industry organizations and questioned how they could ensure that the SETA was responsive to everyone's needs. Specifically the participants questioned the following items:
- The development and structure of the SETA boards;
- The role (formal and informal) of major stakeholders; and

- The types of correcting mechanisms will the industry have if the SETA is not performing its job sufficiently.

As a result of these concerns, the participants came up with the following actions:

Action 1: The Compositions of the SETA Board
The participants envisioned the SETA board should include the following individuals:
- One industry representative for each SETA chamber (2 if the chamber is very large)
- One union member for each industry representative on the board
- At least one education or training provider representative
- One representative of the non-governmental organizations

The participants realize that SA DOL will be producing regulations that will outline the structure of a SETA board in more detail, however, the participants wanted to PwC to express this strategic priority to SA DOL.

Action 2: Host an Annual Tourism Forum
The participants felt the strong need for an industry-wide forum to be sponsored by the SETA or DEAT. The following are the stated purposes of the forum:
- Encourage participation by all industry stakeholders
- Provide a report on the progress of the industry (i.e. share statistics)
  - This report would not necessarily be undertaken or presented by the SETA
- SETA would report to the industry on its progress

Action 3: Funding
The participants felt strongly that the levy should be collected by the SETA, not by the SA Revenue. They expressed concern that if SA Revenue Services did the collection, the process of receiving grants back would be much more onerous and time consuming.

Action 4: Quality Assurance
As dictated in the legislation, the SETA must register as an ETQA. In addition, the participants believed that the SETA must be open mind to accrediting new providers entering the market and new curriculum ideas. The accreditation process must be flexible enough to change as training changes to respond to the market.

Strategic Priority 2: Improving Industry-Wide Communication

The following actions were put forward to address the concern about the lack of communication between stakeholders:

Action 1: Assist in the collection and distribution of information to the industry
The industry is seeking hard statistical data that will better allow them to plan for the future. Specifically they want information on the following items:
- Where are students being absorbed?
- What occupational categories are saturated?

The participants envision the ability to collect and distribute this information in four manners:

Training Provider Conferences
- Directed at training providers to discuss their role in the industry
- Discuss how to coordinate training provider curriculum throughout the industry

Consultative Groups
- Create on-going stakeholder groups that can assist in advising the SETA
- Meet on quarterly basis
- Mid-level staff, regionally based

Information Database
- Create a tourism industry database that supplies stakeholders with industry statistics
- The SETA will manage the database; however, all stakeholders will be responsible for inputting and providing information into the database.
  - Training providers will provide information on programs, students
  - Industry will provide statistics on their establishments
  - Relevant unions will provide information on their members
  - Government organizations will provide information on legislation, programs
- Access to the database will be protected by a password
  - SETA member organizations (i.e. organizations that pay the levy) will have access to the database password.
  - Training providers and other organizations that are not members of the SETA will pay a nominal fee to have access to this database
  - Fee will be used to help maintain the database

Annual Handbook

The SETA should put out an annual handbook that covers the following topics:
- Defining the SETA
- Metrics on the industry
- Case studies of successful learnerships / training
- List of training providers
- How to find/ use the SETA web page
- Who's who in the SETA
- Non-member should have to pay for this annual handbook.

Although the participants developed numerous actions that the SETA should undertake, they also discussed and stated that the responsibility of becoming involved and improving communication fall to all stakeholders. Specifically they emphasized the need for industry stakeholders to work with the disadvantaged groups and tourism awareness programs in the secondary schools.

Strategic Priority 3: Skills Development

Throughout the day the participants expressed frustration that there were presently so many different accreditation systems for public and private training institutions. The following actions resulted from this concern:

Action 1: Develop a Common Accreditation System

Under the Skills Development Act the SETA has an obligation to approve tourism training programs. However, this SETA "seal of approval" is only for industry organizations, private colleges, and primary and secondary school tourism awareness programs, but not public technikons, technical colleges, or universities. For all public institutions, SERTEC assumes this accreditation role. To ensure that both public and private institutions are accredited against the same standards, the participants felt that the SETA should take an active role in the SERTEC accreditation process. This could include having SETA representatives and industry members on the SERTEC accreditation boards and having the SETA and training providers work to ensure that dialogue between accreditation programs begins. The end goal is to ensure that a "seal of approval" for private institutions from the SETA is equivalent to a SERTEC accreditation.

Action 2: Facilitate Industry Links Through Learnerships
As stated in the legislation, the SETA should actively work to provide a linkage between training providers and industry through this new learnership program. At the same time, stakeholders need to active in pursuing their own linkages.

Action 3: Life skills as Part of all Curriculum
The participants felt that all training providers should be responsible for providing some type of basic life skills classes in their curriculum and that the accreditation process should ensure these are responding to the needs of the incoming students.

SECTION 3: REFLECTIONS FROM PARTICPANTS

Questions: In general, do you feel this type of retreat was worthwhile?

- "Strategic retreat was valuable"
- "Need to ensure at least one representative for each sector"
- "Nice to know others have the same concerns"

Question: What do you think of the methodology of the strategic retreats?

- "Good because you did not replow the same turf."
- "We got somewhere; we actually were forced to think about what actions could be implemented."

Strategic Retreat II
Thursday, March 11, 1999
9:00 a.m. – 5:00 p.m.

Facilitators: Roberto Cordon, Kevin Murphy, Gillian Saunders, Yvonne Morgan, Charlie Feezel, Tessie San Martin

Number of Participants:
- See attachment for names of participants

SECTION 1: METHODOLOGY NOTES

- See agenda given out a retreat

SECTION 2: TECHNICAL NOTES

Presentation 1: Demarcation of the SETA (Vincent Hayes, HITB)

- See Vincent Hays' presentation
-

Presentation 2: Competing in the 21st Century (Roberto Cordon)

- See presentation / no discussion after this presentation

Presentation 3: Training Providers (Kevin Murphy)

Question: What to you need to know?
- Information on the tourism industry
- Relevant trends in the industry
- What skills the industry need s

Discussion: What are your issues?
- Lack of coordination of training
- Flow of information
- Awareness of the value-chain
- No communication in the value chain: what providers need; what trainers need
- Need for general awareness and culture of tourism
- Abundance of tourism organizations; now adding the SETA
- Be careful in applying too many layers between industry and training providers
- Generation of levy
- What are the training products and the costs
- Standardization process
- Industry is not in the business of training
- Division between provincial and national

Presentation 4: Survey Results (Yvonne Morgan)

Response:
- What is your definition of training? Answer: All levels

Dialogue: What are your issues?
- Not sure an annual survey is valuable resource of SETA money. Although sees needing the baseline, what really changes in a year'' time? Suggested that each year the SETA could update data on two chambers.
- Issues with how much of the levy will be spent on data collection
- Unemployment is so high, but we cannot find skilled staff
- Mindset: Getting companies to focus on correct objectives and convincing industry training will benefit.
- How do we reward people for successfully completing training? Salary increase, promotions?

Presentation 5: Creating the Action Vision

Throughout the day the participants developed a list of issues of concern over the forming of the SETA as well as the present state of the industry. These issues are recorded above under each presentation topic. During this presentation, the participants prioritized this list based on what issues were most important and time sensitive. The following are the three issues that the participants choose as their "strategic priorities." Within each strategic priority, the participants also developed actions that the SETA or other stakeholders should undertake.

Strategic Priority 1: SETA Communication / Coordination / Marketing / Disbursement of Information

The participants strongly believed that one of the SETA's roles is to foster effective dialogue and assist in the disbursement of industry information. As a result of this concern, the participants put forward the following action recommendations.

Action 1: SETA Marketing Road Show
- The SETA should travel to industry associations and different provinces to describe the who, what, when, where and why of the SETA
- Follow up road show with constant information via e-mail and post.

Action 2: Create an Information Database
Create a tourism industry database that supplies stakeholders with industry statistics
The SETA will manage the database; however, all stakeholders will be responsible for inputting and providing information into the database. The following information should be included in the database:
- Membership by chamber
- List of all accredited training providers
- Standardization guidelines by sector or level of NQ
- Learnership information
- Information on employment availability
- Membership description by province, activities, type of service provided

- The database should have two classes of information
  - Widely available to everyone
  - Limited access to SETA members and those who want to pay for services
  - The SETA should not have the right to sell the database

Action 3: Hosting Conferences / Forums
The participants felt that the SETA should initiate conferences and forums on the topic of training in the industry. The following are some of the elements of different forums the SETA and other organizations could host:

- By province
- By chamber
- Group or forum for HR managers
- Forum inclusive of the entire value chain
- Training providers

Although an action was not associated with this item, the participants also felt that the SETA could help coordinate what training / policies are occurring on a national and provincial level.

<u>Strategic Priority 2: Standardization / Accreditation/ Basic Skills</u>

The topic of standardization and accreditation is a large and complex issue. As a result, the participants came up with both issues that need to be addressed and actions that the SETA and other stakeholders should take.

Action 1: Coordinate with DOE
The participants believe it is crucial for the SETA to coordinate with DOE on standardizing how DOE and the SETA should accredits training programs.

Action 2: Organization of SETA Chambers

- Should be set up by industry sub-sector
- Chambers should be in charge of devising standard criteria

Issues:

- If SETA assesses all training providers will have to spend all of its money on assessors
- In-house training providers should fall away as all training providers are accredited under the same standards and companies know what they are getting for their money.
- Accreditation should take place on an active basis to avoid an institution that was accredited by the SETA years ago to still offer the same curriculum event though the industry has changed.
- Standards should be linked to international standards to allow individuals from SA to go elsewhere and take their portfolio of skills, or to place individuals that come to SA.

<u>Strategic Priority 3: SETA Services / Operations / Governance</u>

Action 1: Financing

- SETA should design an easy / straight forward process / fast to get the training grants back

Action 2: Create an Inclusive Process

- Encourage the Tourism Training Advisory Council to include members that represent all categories of the tourism industry to ensure the set-up of the SETA had input from everyone.
- Use the Tourism Training Advisory Council to set up the SETA governance structure
- Encourage a bottom up approach

Strategic Priority 4: Changing the Mindset towards Training

Action 1: Be the Champion for Training
- Through a public relations campaign the SETA should emphasis the importance of training
- SETA should have sales representative and road show to push the idea of training to CEOs and HR managers
- Provide case studies of success stories and failures

Action 2: Allow Training to Innovate Quickly
As the industry grows and changes so will the training needed. The participants firmly believe the SETA needs to allow the accreditation process to change with the industry trends.
- Revamp accreditation process every 6 months
- Revamp NQFs for industry every 6 months to 1 year

SECTION 3: REFLECTIONS FROM PARTICIPANTS

Questions: In general, do you feel this type of retreat was worthwhile?
- "YES!"
- "Would have like to had more time in small groups"
- "This was the beginning of creating some linkages"

Question: What do you think of the methodology of the strategic retreats?
"Nice to have dialogue not just listen to people speak"

Appendix K: Exit Presentation to South Africa Department of Labor

(See next page.)

Briefing:
Application of the Workforce Development Methodology

Results of the South Africa Field Test

March 1999

Prepared for: US Agency for International Development
South Africa Department of Labour

Prepared by: PricewaterhouseCoopers LLP, Prime Contractor
in collaboration with:
J E Austin Associates, Inc.
Grant Thorton Kessel Feinstein
BMI--Business and Marketing Intelligence

Agenda

- What we agreed to do
- What we did
- What we learned
- Recommendations and issues to consider

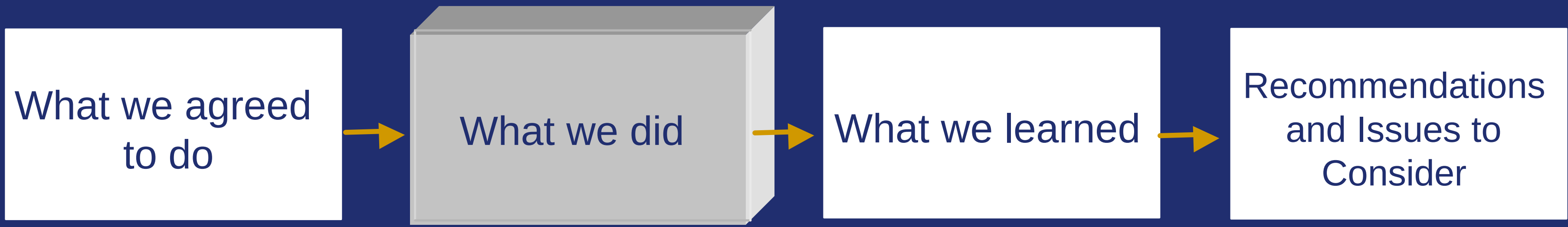
Agenda

What we agreed to do
What we did
What we learned
Recommendations and Issues to Consider

What we agreed to do…

- Define methodology for assessing skills need in a sector
  - Focus on tourism
    - Furthest along in terms of establishing SETA
  - Refinement of 1997 BMI study
  - Simplification, re-orientation
- Define methodology for SETAs to accomplish their sector planning functions
  - Build effective dialogue process between stakeholders to address workforce training
    - Identify linkages between employers, trainers and other stakeholders

Agenda


What we agreed to do
What we did
What we learned
Recommendations and Issues to Consider

Operating Premise

Data, Dialogue, Strategy: Tools for effective SETA action

INEFFECTIVE	EFFECTIVE
• Operational Level	Strategy Level
• Individual Company	Industry-Wide
• Ad-hoc Complaints	Comprehensive Vision
• Concessions	Co-Responsibility
• Laundry Lists	Priorities
• Opposite Sides	Same Side of the Table
• Anecdotal Evidence	Data and Analysis

Source: Kevin Murphy, “Effective and Ineffective Dialogue”, JAA Review, Jan ‘99.

What we did...

- **Identify skills needs in a sector**
  - Developed analytic tools and frameworks
    - Competitive analysis framework
    - Survey
  - Developed stakeholder dialogue tools
    - Contact groups/consultative groups
    - Strategic retreats/workshops

Competitive Analysis Framework: What did we look at?

- **Objective**
  - To understand the factors (economic, political, social) affecting skills supply and demand and training responses in a sector
  - To establish benchmarks
- **Evaluate**
  - How trends in industry relate to demand for skills
- **Identify**
  - Linkages between stakeholders:
    - Are there effective cooperation mechanisms?
    - How are stakeholders likely to react to industry trends?

What is competitiveness?

- increased productivity
- agility
- innovation
- efficiency
- higher margins
- strategy
- ...

What we learned…
Skills Development Value Chain

EMPLOYMENT POOL

UNEMPLOYED

NEW ENTRANTS

TRANSITION

→

TRAINING PROVIDERS

UNIVERSITIES

TECHNIKONS

TECHNICAL COLLEGES

PRIVATE COLLEGES
AND INSTITUTES

OTHER
SECONDARY SCHOOLS

PRIMARY SCHOOLS

ON-THE JOB and IN-HOUSE
TRAINING

INFORMAL APPRENTICESHIPS

→

EMPLOYERS

HOTELS & CLUBS
GAME LODGES & B&B

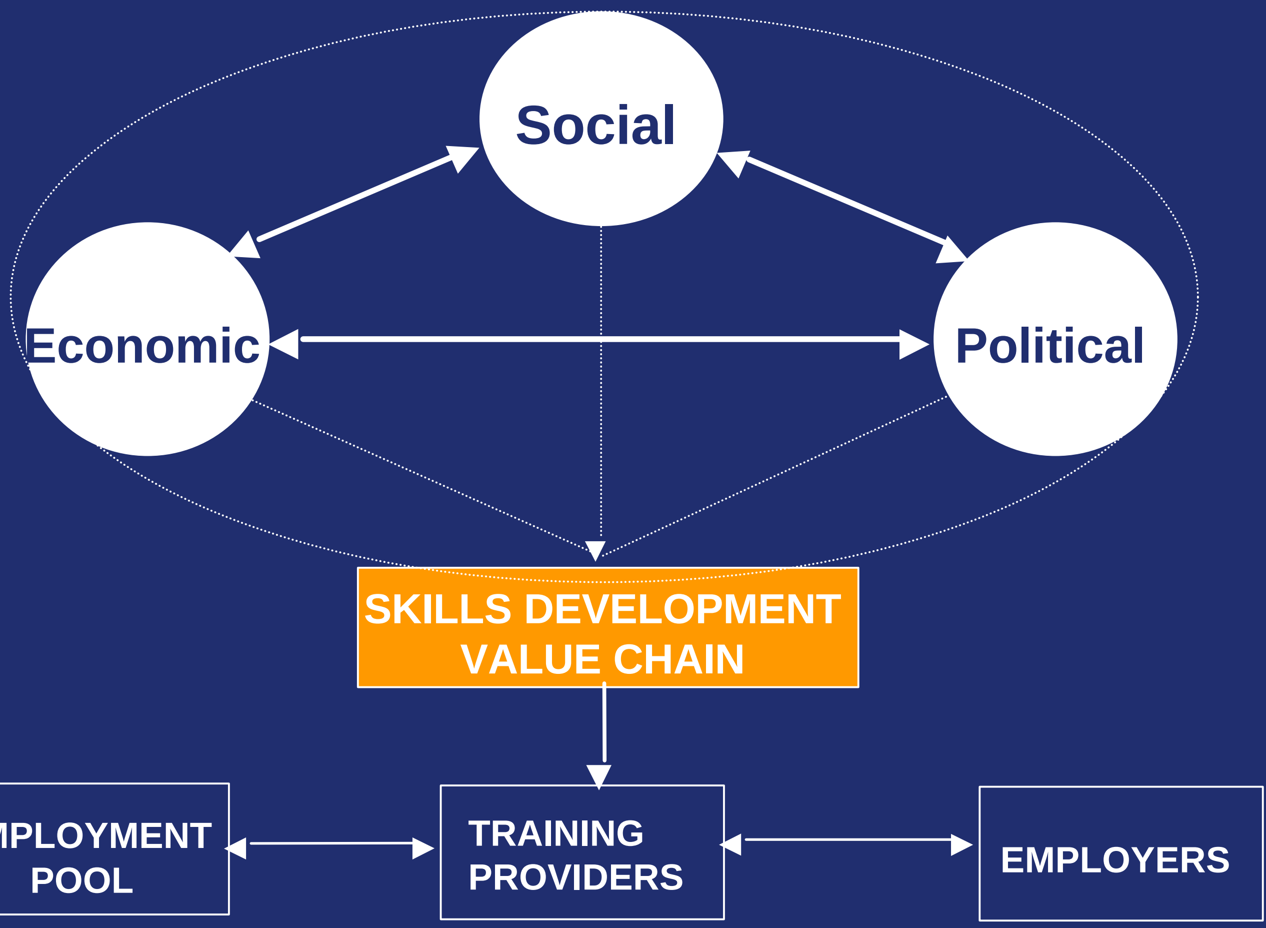
TOUR OPERATORS
TRAVEL AGENCIES
CONFERENCE ORG.

RESTAURANTS & CLUBS,
FAST FOOD, CANTEENS

CAR RENTAL
BUSES & ARILINES, TAXIS

ATTRACTIONS, ETC.

How can we think about competitiveness?



Spheres of Competitiveness: Key Questions

- **What are the linkages between the various tourism-related institutions?**
  - Nature of the linkages: transient / personality driven **vs**. stable or institutionally-based
- **Economic:**
  - What does industry need to do to achieve target growth goals?
  - What are the critical skills required?
- **Political:**
  - How do government institutions/policies/regulations foster competitiveness?
- **Social:**
  - How do institutions affect values, learning, creativity, innovation?
  - What is the role of NGOs/PVOs in skills development in the sector?
  - What are objectives and role of unions?
  - How do race / gender considerations affect labor supply and demand in the sector?

Survey tools

- Targets employers
- Complemented by *contact groups*
  - Targets primarily people interviewed (students included)
  - Complements information from survey, competitive analysis (stakeholder linkages)
- Information sought
  - Employer characteristics
    - size; geographic distribution; type of economic activity; relation with training providers (out-sourced vs. in-house training, prevalence of learnerships etc.); attitudes towards training; training expenditures
  - Employer views
    - skills required, skills gaps, SETA services, how labor legislation affects them (compliance issues)

1999 Training Planning Survey

- **Pilot:**
  - 40 industry responses; statistically significant
  - Complemented by 4 contact groups(1 representing training providers, 1 of students, 2 of industry)
- **Objectives:**
  - Understand training attitudes and availability of training providers
  - Evaluate/assess nature of linkage gaps
  - Attempt to identify skills gap for staff, supervisors, management
  - Explain industry's knowledge of legislation
  - Understand expectations for the SETA

Stakeholder Management Tools

- Strategic retreat
  - Present data gathered and interpretation
  - Model use of innovative dialogue techniques
  - Create consensus on actions required to address issues identified
  - Create stakeholder ownership and commitment to actions highlighted

RAISE ISSUES-----> PRIORITIZE -----> ACTION ------> COMMITMENT

Agenda

What we agreed to do → What we did → **What we learned** → Recommendations and Issues to Consider

What we learned…
Skills Development Value Chain

EMPLOYMENT POOL **

2.2M UNEMPLOYED (OFFICIAL)

300,000+ NEW ENTRANTS INTO THE LABOR FORCE

200,000 IN TRANSITION

TOURISM = 32,000 NEW JOBS PER YEAR

TRAINING PROVIDERS **

3 of 22 UNIVERSITIES

12 of 15 TECHNIKONS

15 TECHNICAL COLLEGES

100? PRIVATE COLLEGES AND INSTITUTES

6,612 OTHER SECONDARY SCHOOLS

22,000 PRIMARY SCHOOLS

ON-THE JOB and IN-HOUSE TRAINING

INFORMAL APPRENTICESHIPS

EMPLOYERS

HOTELS & CLUBS
GAME LODGES & B&B

TOUR OPERATORS
TRAVEL AGENCIES
CONFERENCE ORG.

RESTAURANTS & CLUBS, FAST FOOD CANTEENS

CAR RENTAL
BUSES & ARILINES
TAXIS

ATTRACTIONS, ETC.

= 32,000 NEW JOBS PER YEAR:

** best available estimates

Does Training Respond to Trends?

STRATEGY:

- Ecotourism
- Cultural Tourism
- Adventure Tourism
- Sports Tourism
- Conferences
- Business
- Special Interest

IMPLICATIONS:

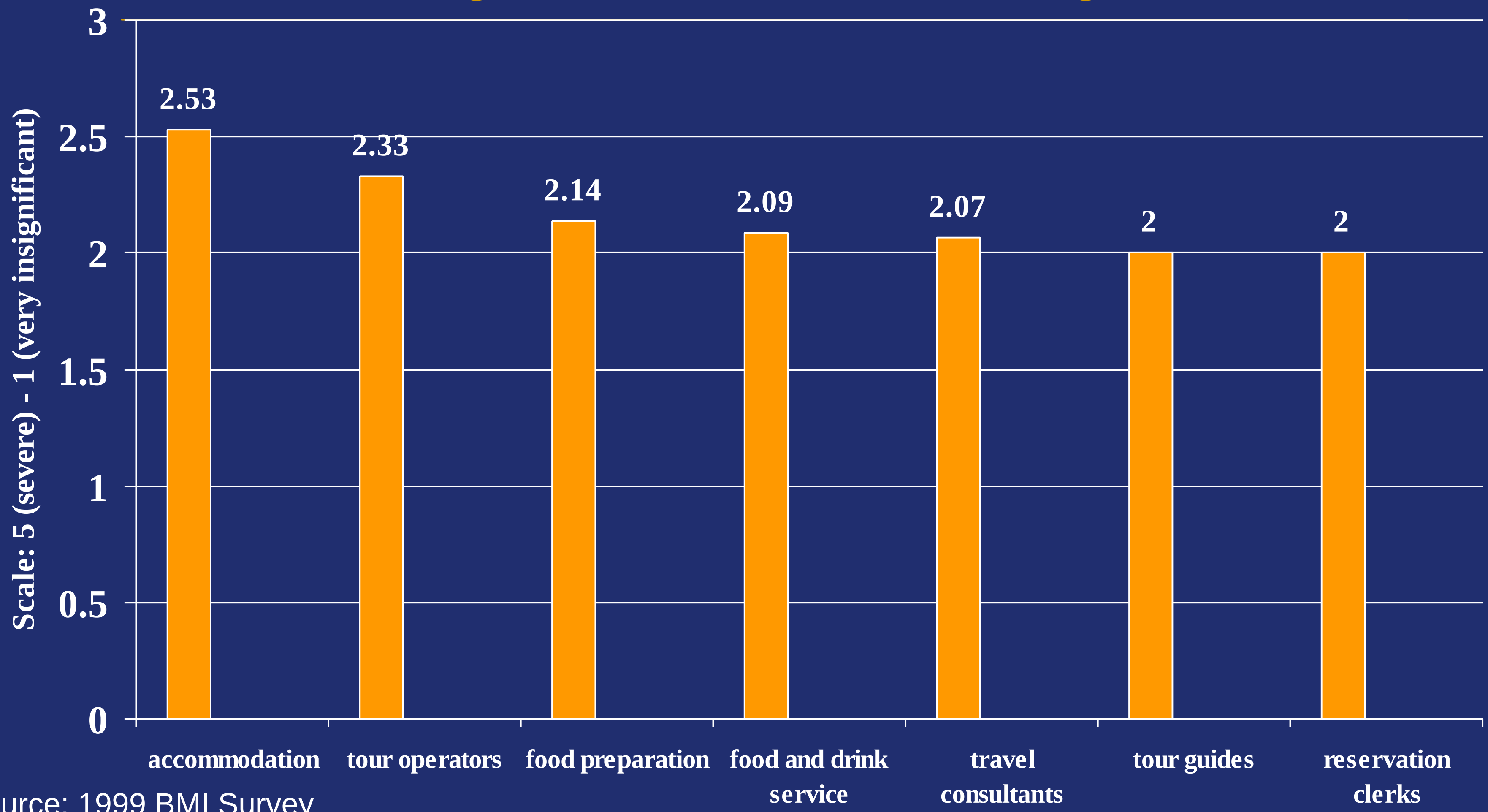
- Eco-knowledge
- Cultural Insight
- Safety
- Scuba/Spa/Golf and Tennis Experts
- Management Skill
- Specialized Skills

Linking Training to Business

1997 BMI Survey Responses

• Improved Customer Service:	43%
• Increased Knowledge:	20%
• Improved Efficiency:	10%
• Productivity	12%
• Increased Sales	12%
• Improved Communication	9%
• Professionalism	6%

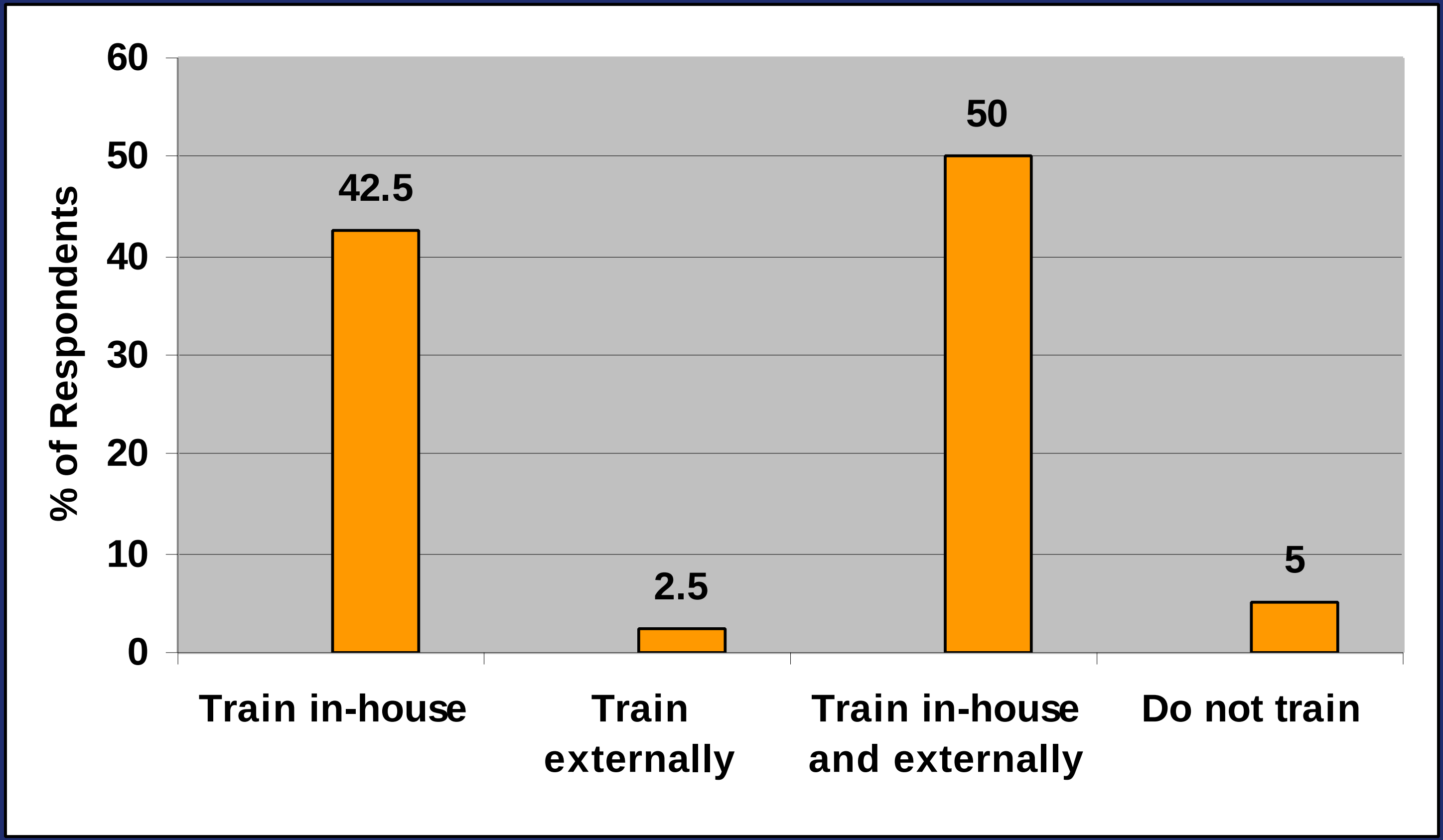
No Shortage of External Training Providers



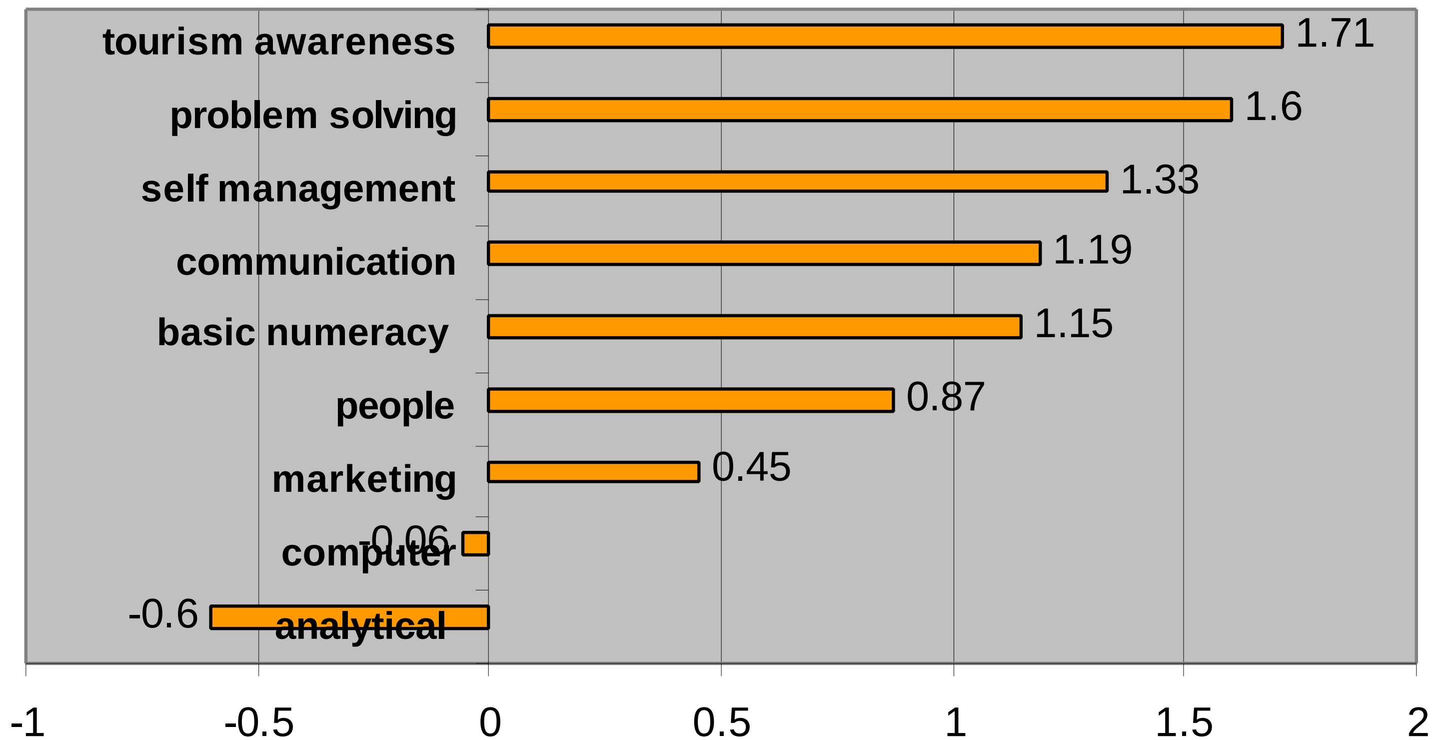
Source: 1999 BMI Survey

Current Training Situation

Source: 1999 BMI Survey



Critical Outcome Skills Gap: Food and Drink Service

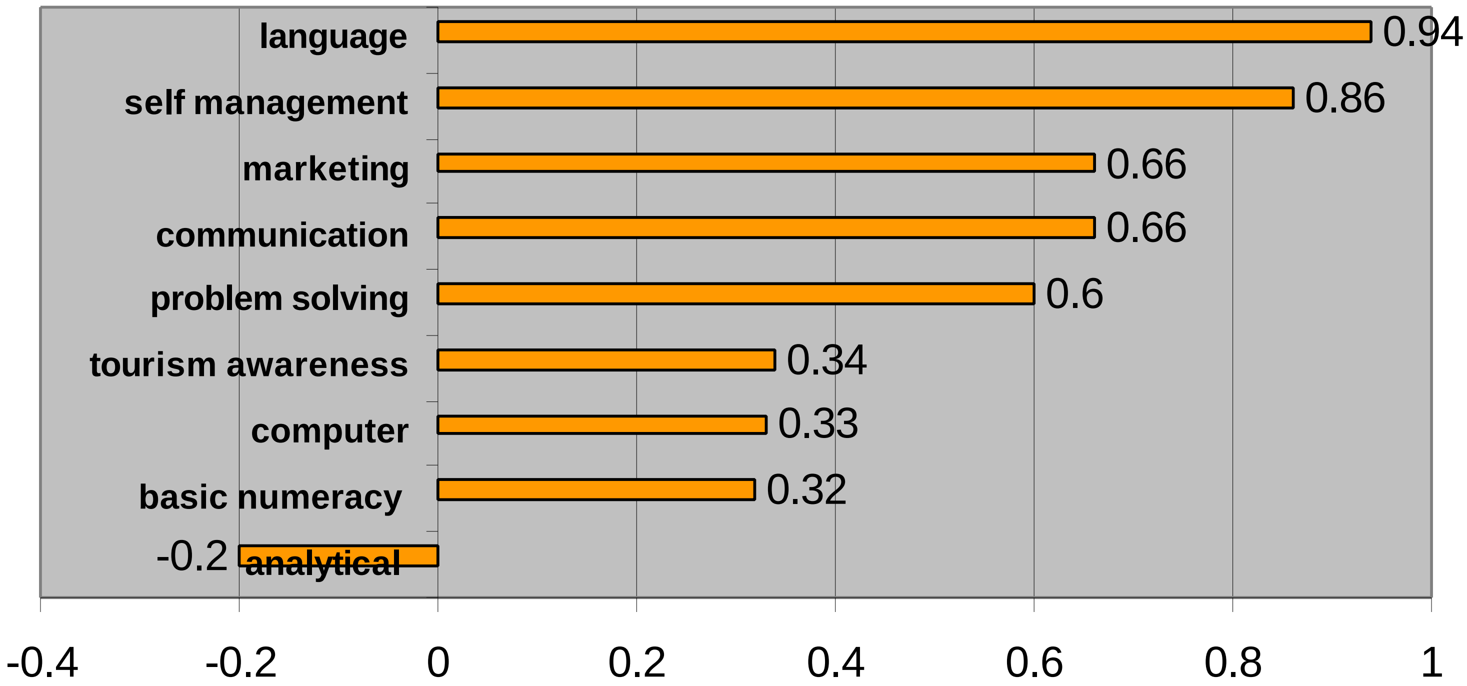


Skills Gap: Represents the difference between the ideal and the actual skill level

52,5% of Respondents
Note: Only highest and lowest skills gaps shown

Source: 1999 BMI Survey

Critical Outcome Skills Gap: Reservation Clerks

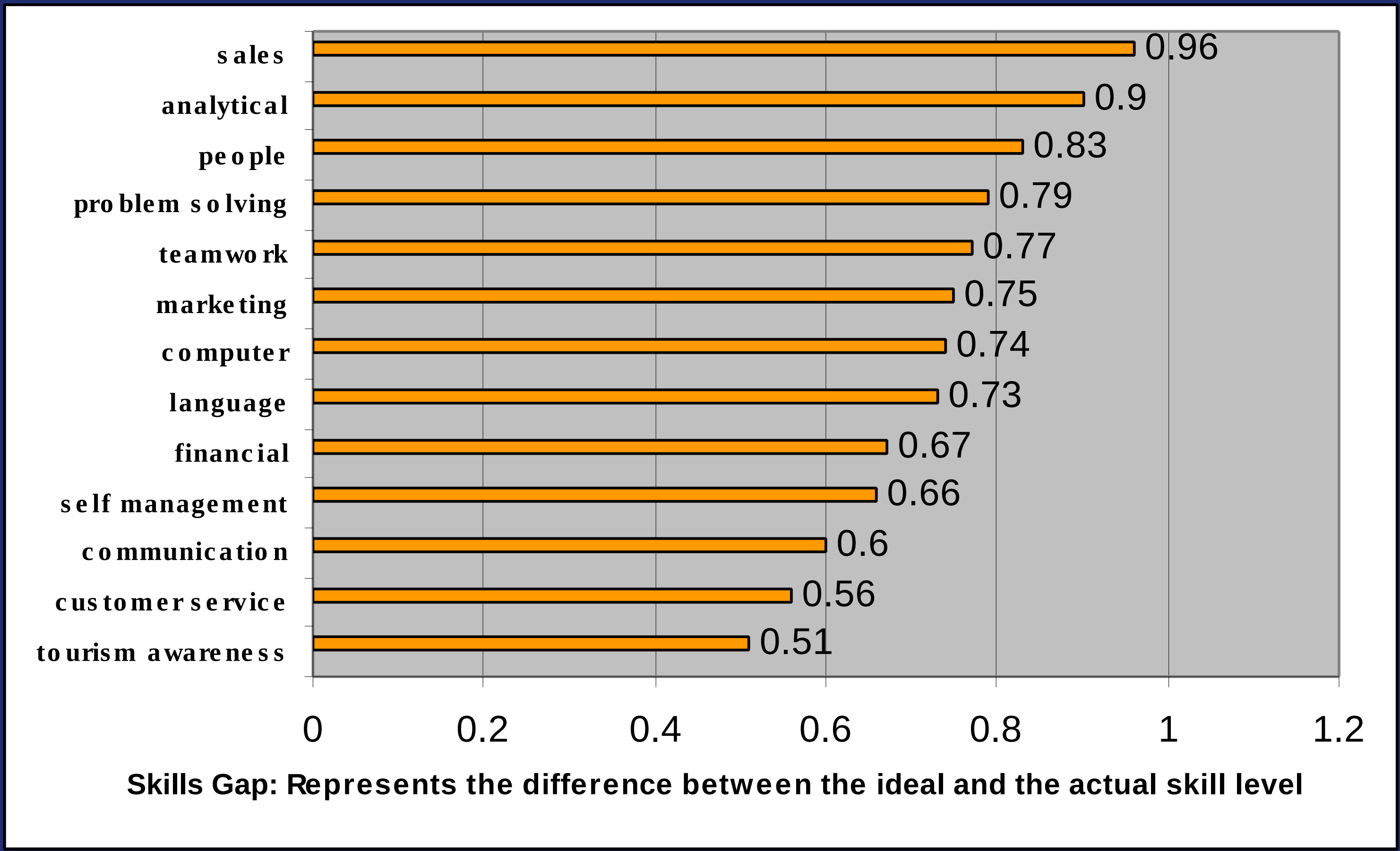


Skills Gap: Represents the difference between the ideal and the actual skill level

37,5% of Respondents
Note: Only highest and lowest skills gaps shown

Source: 1999 BMI Survey

Critical Outcome Skills Gap: Supervisors and Managers



Source: 1999 BMI Survey

Traditional Industry - Trainer Linkages

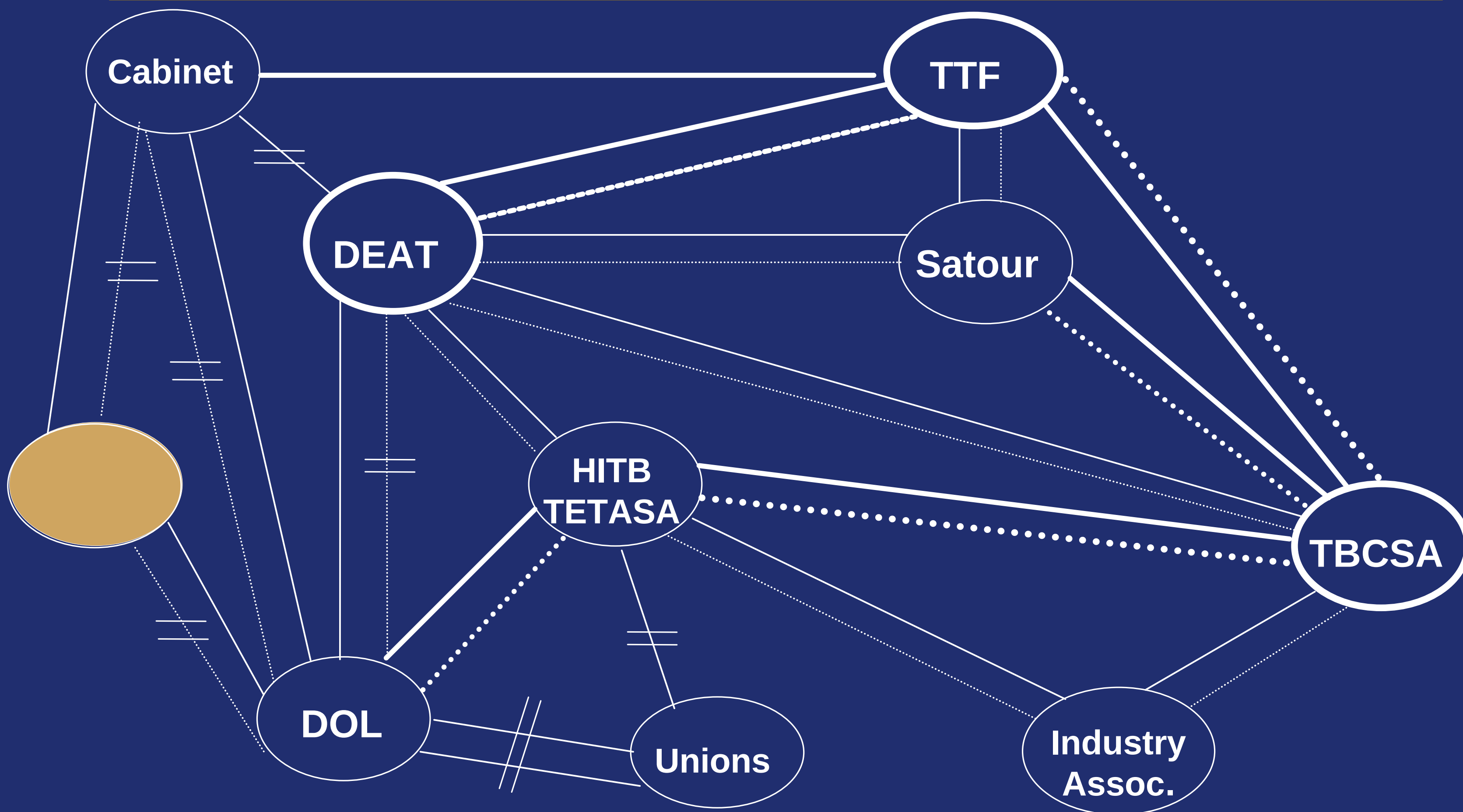
TRAINERS:

- Placement Office
- **Practicums**
- Curriculum Development
- Hiring from Industry
- Alumni Associations

INDUSTRY:

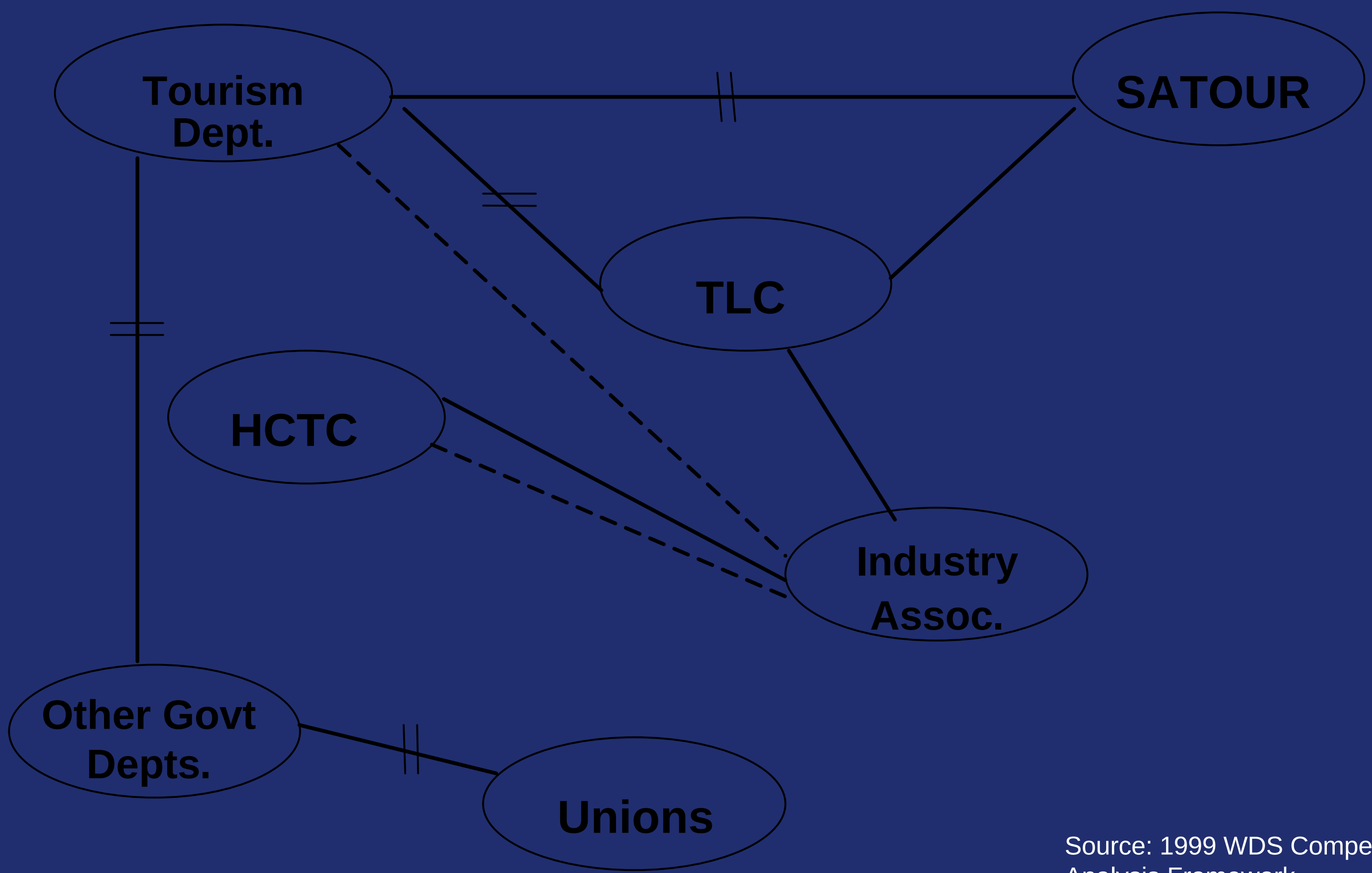
- Recruitment Office
- **Internships**
- Advisors
- Informal Linkages
- Internal Trainers

Industry Linkages in Tourism: South Africa
An Overview 1999



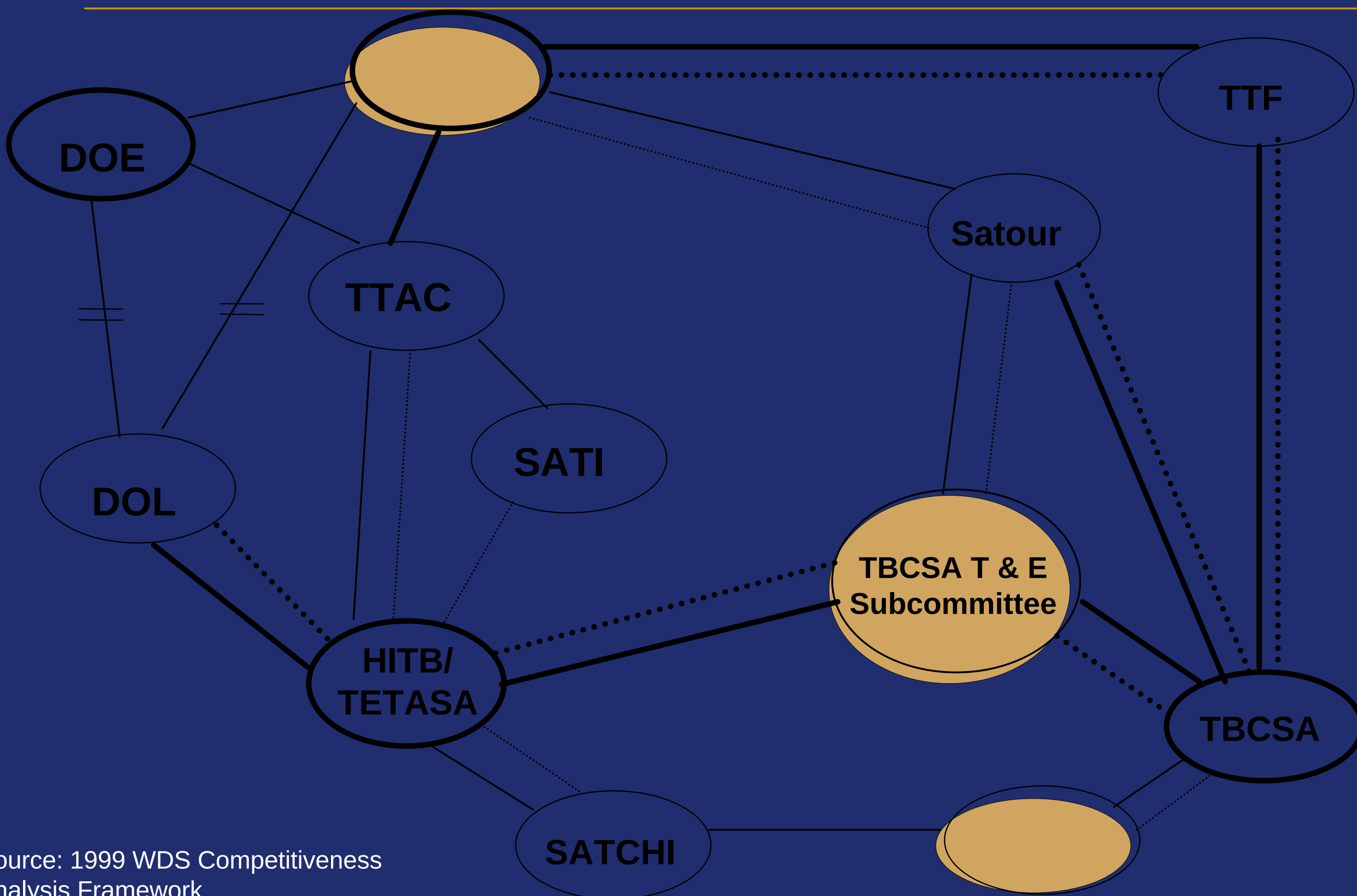
Source: 1999 WDS Competitiveness Analysis Framework

Industry Linkages in Tourism: South Africa
An Overview 1989



Source: 1999 WDS Competitiveness Analysis Framework

Overview of Institutional Linkages Affecting Training Programs 1999

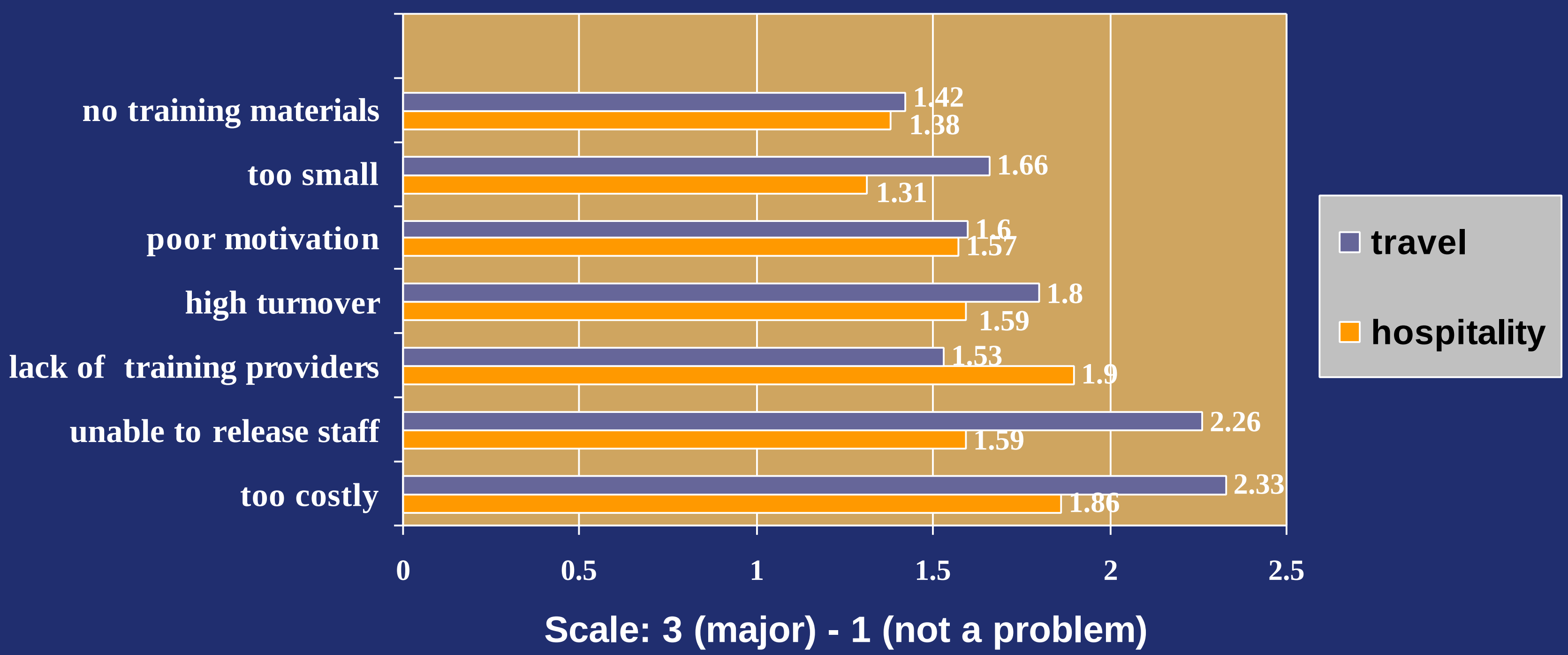


Source: 1999 WDS Competitiveness Analysis Framework

Linkage Mapping: Summary

- Linkages among stakeholders have evolved significantly over time
  - Linkages driven by personalities in the past
  - SETA/TTF are an opportunity to institutionalize some of these linkages
- Formation/evolution of other SETAs will depend on nature and strength of linkages
- Industry linkages are varied and strong, but...
- Government linkages are rare and weak
  - DOE, DOL, DEAT linkages seem to be ineffective
  - Lack of coordination in areas such as certification, accreditation
- TBCSA is the critical driver of strategy in the private sector
- HITB has not been central actor in tourism sector strategy
- Unions are not a central actor in tourism, and have marginalized themselves in the training arena

Also an employer attitude problem:
1999 Survey--Problems and Obstacles to Training



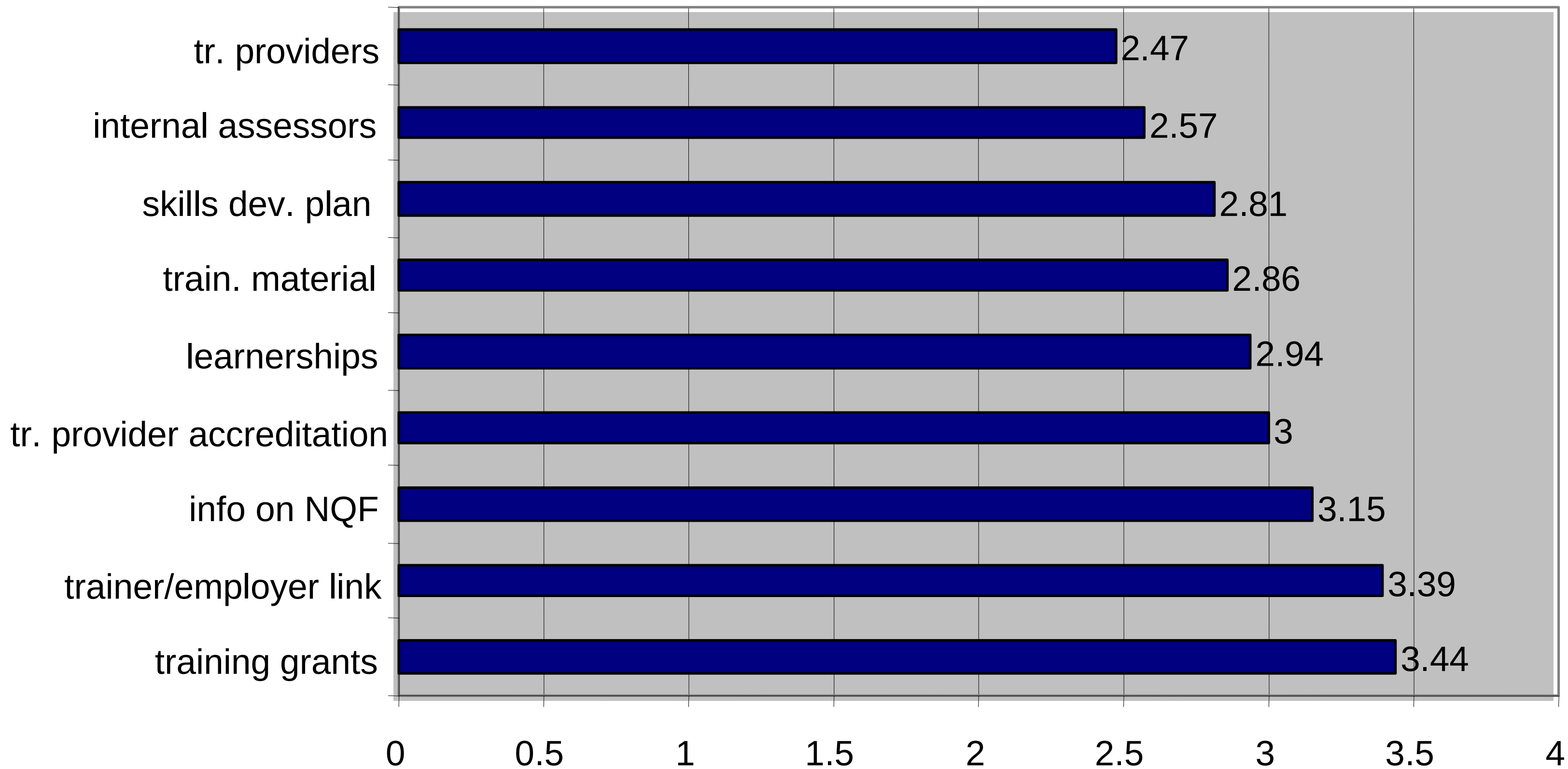
Source: 1999 BMI Survey

Other Issues:
Meeting Equal Employment Responsibilities

- Major shortage of non-white skilled staff at supervisory and management levels in all industries
- Majority of firms surveyed have no problem recruiting skilled white female staff at all levels (but varies by industry)
- Skilled disabled staff is difficult to find
- Supervisors tend to be promoted from within (less than 20% of supervisors recruited externally)
  - Managers are recruited externally more often (30%)
  - Supervisors do not have a career to management
    - Partly a skills problem
    - Partly a career path/tracking problem -----> career path of females and non whites?

Source: 1999 BMI Survey

Use of Probable SETA Services - Average

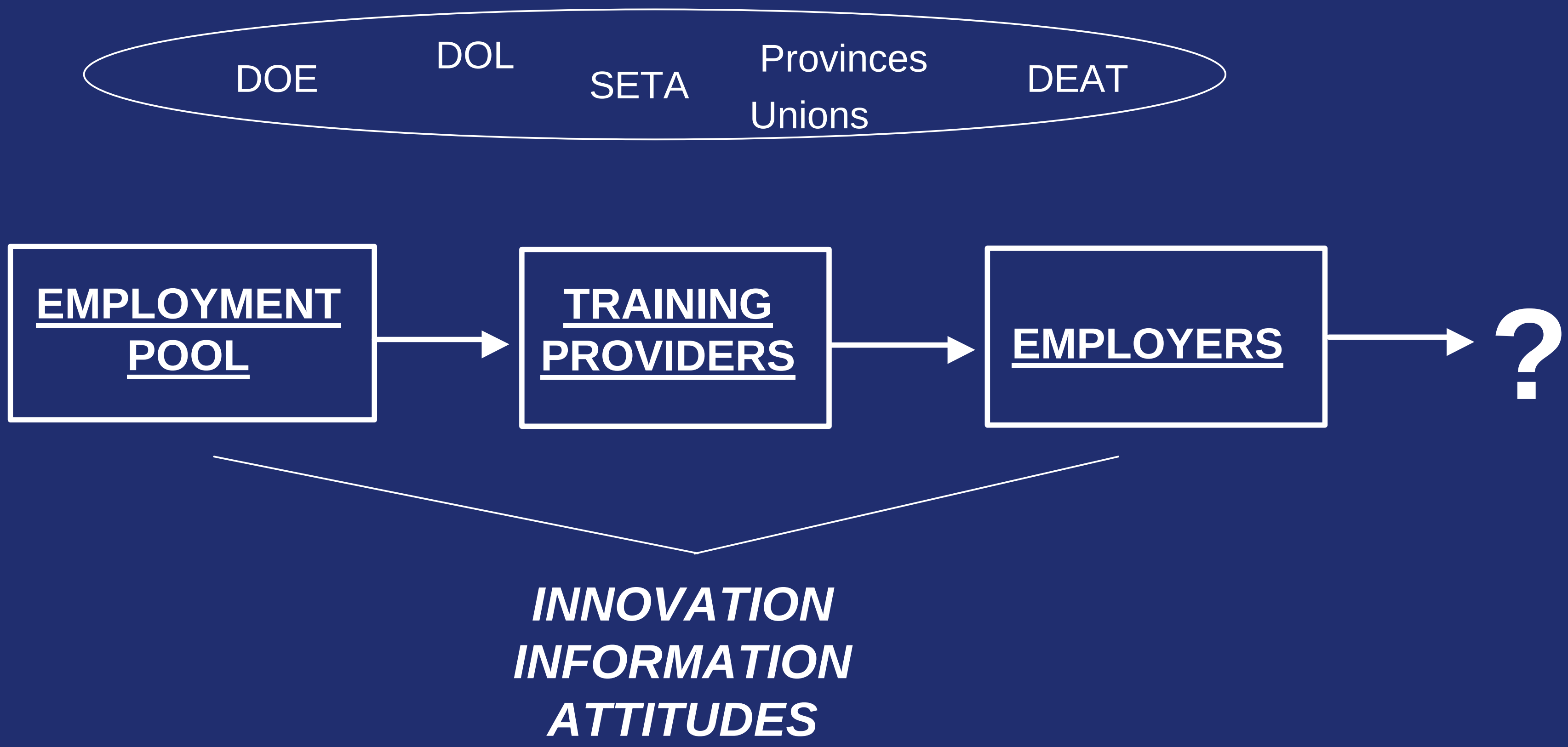


Scale: 5 (very likely) - 1 (very unlikely)

An Overall Perspective….

- How do trainers and employers link?
- Forward vision to customers
- High touch service and training to think?
- Attitudes or Aptitudes?
- How are job seekers/students brought into the picture?
- The need to innovate
- The need for information
- Institutional constellation

An Overall Perspective….



What we learned...
Stakeholder Priorities I

- **SETA Governance structure**
  - Key to creating ownership of SETA concept
    - Otherwise will be viewed as yet another bureaucratic layer
    - Role of all the stakeholders, including the training providers not clear, but must be inclusive
- **Lack of communication/information**
  - between providers and industry, lack of knowledge of SETA, legislation and impact on employers
  - Presents a threat and an opportunity

Source: 1999 Strategic Retreat

What we learned...
Stakeholder Priorities II

- **Standards and the accreditation/certification processes**
  - Too much fragmentation
  - Potential disconnect between DOE and DOL
  - Currently viewed as obstacle to curricula innovation
- **Attitudes**
  - Among employers (do not see link between competitiveness and training)
  - Among employees--more than technical skills training is required

What we learned...
Stakeholder actions and commitments I

- **SETA Governance Structure**
  - – Attention to composition of board (inclusion of providers?)
    - Critical for buy in
    - What do regulations say?
  - – Annual Tourism Forum--**all** stakeholders
    - SETA reports on industry progress
  - – Levy collection done by SETA

Source: 1999 Strategic Retreat

What we learned…
Stakeholder actions and commitments II

- **Improve industry-wide communication**
  - SETA role in collection and dissemination of information
    - Web site, bulletins, newsletters
    - Development of databases
    - Conferences
    - Consultative groups
    - Handbook
- **Skills development and accreditation**
  - Develop common accreditation system
    - Outsourcing to CERTAC
  - Life skills as part of curricula

Source: 1999 Strategic Retreat

Observations on Methodology

- Competitive analysis critical to design and understand context of the survey
- Baseline demarcation is critical
- Survey and contact groups met the objectives of providing insight into the training needs of the industry
- The pilot survey could be modified for use by other SETAs
- However, the survey was simply a pilot
  - Future SETAs will require a baseline analysis
- Strategic retreats are critical for fostering ownership
  - Best if facilitated by neutral/outside party
  - Innovative facilitation techniques work well

Agenda

What we agreed to do → What we did → What we learned → Recommendations and Issues to Consider

SETA in Four Years: Two Scenarios

SCENARIO 1

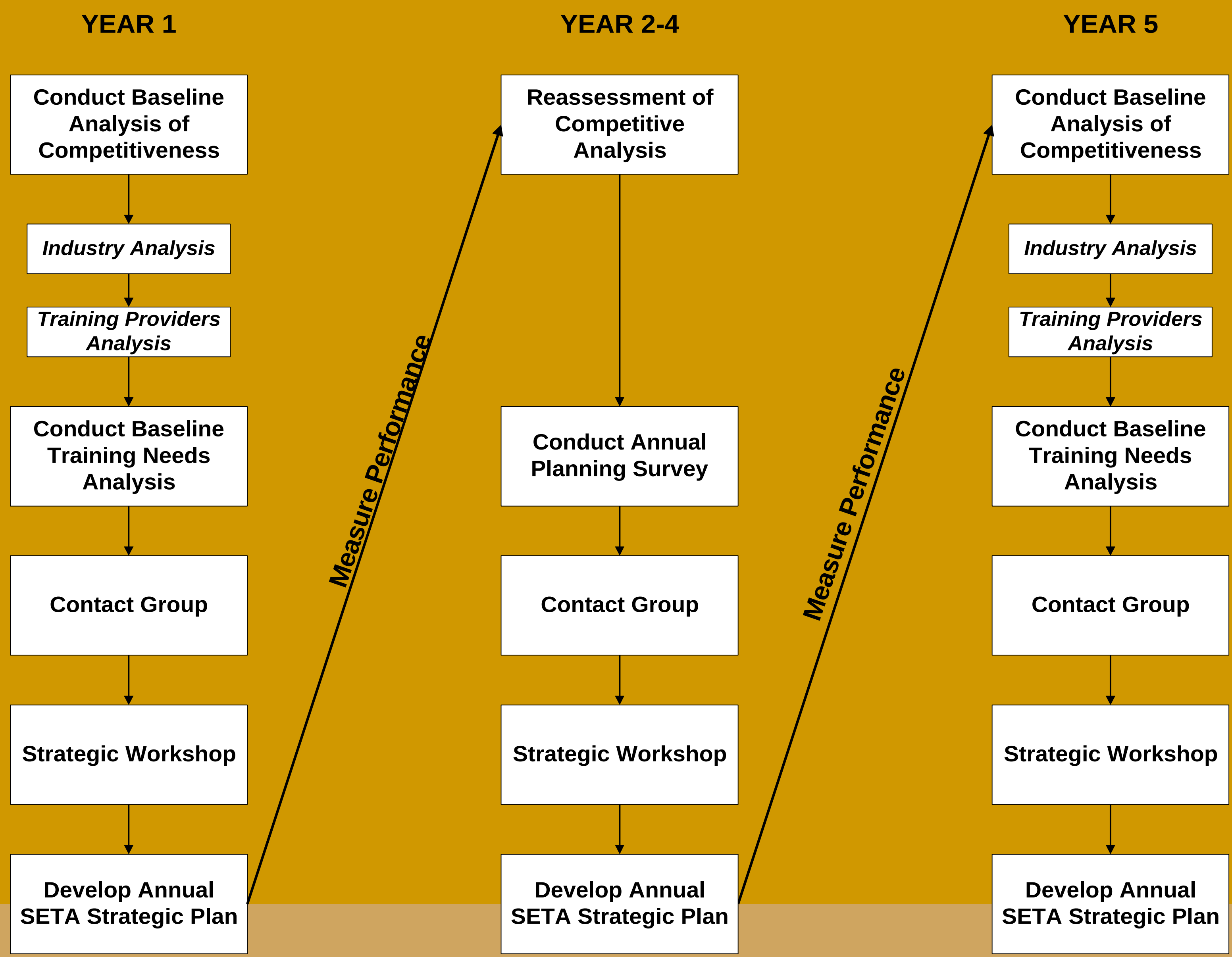
- SETA viewed as the agent of tourism industry cluster
  - Governance mechanisms are inclusive, transparent
- Industry is engaged
  - large proportion of industry is claiming grants
  - grant funds are growing
- Evidence of increasing curriculum innovation

SCENARIO 2

- SETA viewed as the agent of DOL
  - Governance mechanisms are exclusive, ill-understood
- Industry is aloof
  - Employers see the levy as another nuisance tax
  - few claim grant
  - relatively few funds available for grants
- Curriculum innovation process slow

What will it be?

Potential SETA Strategic Planning Process



Successful application of the methodology will require...

- Demarcation of the sector: pre-condition to replicability of this exercise
  - Could EU moneys be directed towards supporting this effort?
- Inclusion of training providers: critical to the strategic planning process
- Outside facilitators: key to the credibility of the process
- Union buy-in and participation
  - Yet in this sector they have marginalized themselves throughout the process

Issues to Consider going Forward I

- Absence of coordinated action between DOL and DOE on accreditation and certification
  - Obstacle to efficient provider response
  - Role of SETA in this area
- Technical skills training is not enough
  - Employers demand training to address attitudes
  - Possible “backward linkages” to secondary schools; how to foster these?
    - Reach and Teach, DEAT, DOE programs offer opportunities
- Standard setting process
  - Flexibility and agility in updating standards; role of SETA
  - Implications for legislation and regulation

Issues to Consider going Forward II

- SETA governance structures will be critical to creating ownership and commitment
  - How will providers participate?
  - How will various stakeholders gain appointment to the board?
  - What type of self corrective mechanisms exist/can be created
    - Role of data and dialogue in this context

Issues to Consider going Forward III

- SETAs must consider their role as information disseminators/facilitators
  - Not explicitly considered in the law
  - Potentially critical vehicle for engendering stakeholder linkages
- Special training/outreach efforts directed at addressing disadvantaged groups (e.g. non whites, women)
  - Research to determine extent of “glass ceiling”: how are certain groups being tracked in terms of career paths and skills training
  - SETA role in community outreach and promoting tourism in rural areas

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