

Chapter 7: Conclusion – Overview of Learning

1. EXECUTIVE SUMMARY

1.1 Background

- The recommendations set out in this chapter are *those which have arisen in the course of this project*, as a result of the work undertaken by the individual task teams and the background case work undertaken by TCC to assist the groups.
- The recommendations therefore are not intended to be interpreted as a final and comprehensive strategic plan for the South African Tourism Industry based upon primarily quantitative methods, as this is beyond the mandate of this work.
- The options and recommendations are informed by the three levels of the project itself as well as by the necessary content and case work undertaken by the TCC to support the work of the cluster.

1.2 Lessons Learned

- The extensive demands on time and commitment of leadership for this project were not able to be fully met by the TLG. The levels of commitment that would be required had not been fully understood at the beginning of the process and the process itself occurred in an election year. Future processes of this nature would benefit from a counterpart group with the capacity (time, resources etc) to fully manage and lead the process.
- The results of the process at all three levels at this stage of its development indicate good outcomes so far. There is little doubt nonetheless that a key finding from this project is that clustering from a tourism perspective will be most effective for South African tourism when focused on locally controlled clusters.
- National issues do require a collaborative approach, since tourism is systemic by nature, but will be better tackled by small groups of decision-makers, focusing on specific issues such as international marketing and appointed for that purpose⁴⁹.
- The roles and responsibilities of the public sector, the private sector and some of the national bodies within the tourism sector are not clearly understood by all those involved and this has been the source of much “fragmentation” within the industry. This fragmentation is well addressed through a collaborative approach to planning and development, whether such development is

⁴⁹ Such as the International marketing partnership working within the SATOUR framework

undertaken by the Public sector the private sector or ideally, the two working together.

- Simultaneously, many larger national issues will benefit from being broken down⁵⁰ into many smaller tranches so that cluster working groups which have a direct vested interest in the outcome, can engage and resolve some of the problems. It was clear from the work undertaken at a national level in some cases that the problems would be better addressed locally.
- Cluster participants in both the Public and Private sectors expressed a need for greater predictability and focus in the Tourism policy environment as a precursor to improved investment flows for the tourism sector.
- This clustering process was to a degree inhibited by the removal of the originally conceived information portion of the project⁵¹. Clusters in general need information input to begin to take decisions for action, only some of which is available at a local level.
- A central bank of information for South African tourism should be accessible for clusters through a central library system, using electronic access. This would mean that those with no access at home could still make use of the information, which is now known to and reserved for only a few. A bibliography of case work and reports has been gathered by this process which could serve as the seed for such a facility.
- In the shorter term, market segmentation work is urgently needed into domestic, regional and international markets in order to ensure that we are driven by demand and not by supply. Market Segmentation is essential to identify new markets for the future and to increase our understanding of what our Tourists need right now.
- Tourism clusters overall, large or small, will benefit from attention given to issues of financing, funding and capital access through appropriate incentives. It is clear that the future ability of smaller firms to enter the tourism economy and to operate there will be largely driven by access to resources such as small capital amounts and good information.
- The cluster found that access to international/global players in the distribution channel, especially for previously excluded South Africans, is another key driver for faster track success that is often neglected. Ensuring that international distributors are made aware (and that emerging businesses are helped to make them aware) of new products on an ongoing basis will help to open up the current

⁵⁰ Safety and Security issues would benefit from a local community approach

⁵¹ The International Market Segmentation work, originally conceived as part of this process, was split away from the project at the beginning, leaving the process with very limited access to much needed market information

tourism economy to new entrants. The highly competitive nature of the international tourism sector itself will ensure a quick learning curve for local product developers regarding what is internationally acceptable.

1.3 What the chapter will do

- This chapter outlines the learning, issues and recommendations which were articulated by the cluster participants in the course of the work as well as offering an overview of what was learnt in this process in terms of project and process management and implementation.
- The chapter also contains a discussion of aspects of project management and process management which posed problems for the process and which should be handled differently in the future
- Issues of leadership, roles, levers for action, linkages and communications are reviewed in the context of the project.
- We integrate the commentary from previous chapters in the report to offer an overview of the clustering process learning across the board.
- We summarise the integrated learning across the various clusters. The summary is entirely informed by the participants in the process, the TLG, the consultants and all other working stakeholders

2. INTRODUCTION

2.1 The National Tourism Cluster Process: in Context

Subsequent to South Africa's 1994 elections, and born out of the government's tourism policy interventions (Tourism in GEAR and the Tourism White Paper), various initiatives were seen to be necessary interventions in order to begin practically building South Africa's tourism economy.

The original initiatives, put in place by DEAT with the help of its strategic partners (business, labour and, provincial and municipal government), focussed upon working and consulting towards a consolidated strategy to implement the policies specified in both policy documents. This clustering process is seen as one element of government's "implementation" plan.

In this context the tourism clustering process is not viewed as an endeavour to produce an entirely new basket of empirical research, to reinvent policy, or even to make policy recommendations. Instead it is seen as a process which primarily sought to dynamically integrate itself with the existing and potential objectives as articulated by Government.

3. OVERVIEW OF LEARNING FROM THE PROCESS

The focus of this section is to make explicit the general learning gained - from the perspective of “process”. It is hoped that the learning derived from the events and situations that influenced and changed the trajectory of this intervention be used to as tools to enhance all future cluster projects where the objective is growth achieved through partnership and collaboration. Five broad areas are examined :

- the application of clustering methodology
- the role of leadership
- project management issues
- stakeholder involvement in clustering
- different levers necessary for “action”.

3.1 Application of Clustering Methodology

A pivotal learning from this initiative is that clustering, in the context of the tourism clustering initiative, generates most value when applied at a local level, although collaborative planning is needed at all levels and on an ongoing basis. Local level clustering seemed to bring a more immediate sense of clear personal benefit for the participants, which acted as a powerful motivating force to continue working.

At a local level, there are certain actions that small groups of individuals can take that add value or change something immediately. People feel and are empowered to make an immediate and measurable difference to their own situations.

The focus at a local level was very much more on the real and practical short, medium and long-term benefits that could be derived for the members of the cluster. Getting to “action” on tasks is far quicker and so are positive results.

While there are some clear benefits in using clustering to consider crosscutting issues at a national level it was not without its problems. Often the participants at the national level were more interested in affecting the policy environment on behalf of their constituencies rather than initiating action on the ground. This is clear from the nature of the tasks they chose to engage in, and the way in which they engaged. This is not to say that collaboration between stakeholders around focussed drivers for tourism is not desirable - on the contrary, it is essential.

However, clustering initiatives per se planned from the top down across the nation are less likely to be as effective in mobilising the tourism economy as a multitude of small local efforts accruing towards a concerted national effort. TCC supports the TLG plan of focusing tourism clustering attention at a local level.

At a national level, blockages and policy issues are best tackled by a select group of decision-makers from all constituencies, with a mandate to take decisions.

The fundamental principle behind the clustering approach, -that the cluster working groups themselves *must be empowered to act* within the resources available- *is re- emphasised.*

For example, action around tourism safety is possible for clustering initiatives when the participants can exercise direct control over the implementation of a set of smaller scale actions for smaller problems. Where no empowerment for action exists, or cannot exist for structural reasons, the cluster will not engage or if it does, will not sustain the effort.

The levers for empowerment at the local cluster level mentioned earlier, access to funds, information and expertise, should be well understood and simultaneously addressed if sustainable success is the objective.

In summary, TCC would urge that clustering working groups be given access to decision making power, (via the decision-makers in the cluster) access to funds, markets and to information. Once this has been put in place, a system of support for the local clusters as per the TLG roll out plan will assist in moving the clusters forward until they are self sustaining.

3.2 Roles of Leadership

A Common Vision for the Tourism Leadership Group

Like many process oriented projects, the tourism cluster initiative was subject to a wide brief, with many possible interpretations. It was necessary for the consultants to spend considerable time with the TLG in order to develop a TLG view relating to :

- the roles and responsibilities of the consultants, and of the social partners involved in the project;
- what each of the constituencies wanted from the project, i.e. their visions.

Consensus around the above, it was expected, would result in more valuable project outcomes.

At the beginning of the project, the TLG was unable to find time to spend together as a team. As a result it took longer to develop a shared view of required outcomes than was originally envisaged. Some initiatives were already well underway in spite of the fact that a common vision had not been developed. Decisions had to be made on a decision-by-decision basis rather than from a shared platform.

The importance of a common view and consensus within the consulting team and between the consulting team and the counterpart group can not be over-emphasised, particularly when the processes are as flexible and transparent as those prescribed by collaborative action and partnership.

Leadership & Project Management Issues

The following are the issues that a group managing a process of this nature will need to agree upon :⁵²

- An overview of the resources that could be brought to bear on the process : - political, financial, knowledge and information
- Consensus as to the level of commitment required from the leadership (and its individual members), and an agreement around delivering on this.
- An understanding on how the role players would be expected to work together.
- An agreed project plan.
- A set of agreed outcomes that are measurable.

Future initiatives should ensure that leadership is aware of the time and commitment which process based initiatives demand, which is normally far in excess of the commitment required of the client in standard research based projects.

Without the issue outlined above firmly bedded down from the beginning, a process will become unstructured.

Leadership Changes

With certain exceptions, there was almost a complete absence of continuity in the leadership and management of the process – at TLG level⁵³. This had negative consequences for the project in that it retarded the process of developing a shared view of outcomes.

The decision-making capacity of the TLG was substantially slowed down by the non-attendance of some of the key social partners at some of its meetings which meant that the process could not proceed until the representative had been located and agreement reached on moving forward.

⁵² These aspects must be agreed by the “new” TLG as it rolls out the Tourism Cluster into Phase 2

⁵³ A number of things contributed to the continuity problems experienced by the TLG. The matters that contributed to this include :

- the elections : the national elections (June 1999) proved to be extremely disruptive to the clustering initiative – both before and after the elections. In the pre-election period the labour constituency spent considerable time in the election campaign. In addition many DEAT officials were also required to handle higher than normal workloads because of the elections. Then after the elections considerably more time was spent in briefing new role players. There was a new Minister and Deputy Minister; and senior bureaucrats were replaced.
- constituency representatives to TLG changed significantly: Labour’s and some business representatives were changed / dropped out. With government the changes in personnel were dramatic. The DEAT replaced both of their representatives – including a change in the chair of the TLG); the DTI and the IDC both changed their members of the TLG.

TCC would recommend that under fast changing circumstances such as these, the transfer of responsibility be a pre-determined and agreed process, with responsibility for such transfer required of the relevant person on the appointed leadership group. Another option would be to ensure co-representation in a practical way, so that in the event of a key person leaving the process management team, there is another able to take her/his place.

3.3 Project Management

Logistics and Event management

An important feature of this clustering project was the major logistical component. Ensuring that all potentially interested persons were made aware of, and then kept informed, of the initiatives of the project was a massive undertaking. This mammoth communications task was completely underestimated by TCC and the TLG. The diverse availability of communications technology (fax; e-mail; etc.); the absence of any central lists of parties that should have been involved in the process / aware of the process; the geographic spread, all exacerbated the massive logistics requirements – a requirement which had not been adequately planned for.

Engaging Leaders

Collaborative efforts typically depend heavily on securing active participation from stakeholders. Many business and labour stakeholders who could have been expected to involve themselves in the project did not, either because they had insufficient time available or, at a more senior level, because they wanted to debate less around generic issues and more around specific opportunities and options. In many cases heads of businesses and unions either delegated involvement to junior officials and employees in their organisations or to industry association or federation representatives.

There is a shortage of executive time available for process engagement in the business / investment / union leadership of the South African tourism cluster. There is a limited number of persons with the expertise and decision making power who have the time to participate in broader, or even focussed task based work outside their own diverse business / union interests.

For future cluster projects, more efficient use should be made of participation by top echelon business and labour leaders. When the material is available for strategic decision making, these individuals should engage, rather than in the broader agenda setting phases of sector development. From a decision making and budget perspective, limited chief executive officer participation can be expected at the larger public discussion forums.

Different Stakeholders

During the course of the intervention, it became clear that a key difference exists between stakeholders and budget holders. Stakeholders are necessary to ensure that the mandates upon which participants act are representative of the broader society, or a footprint of the process. Budget holders, to a

greater or lesser extent, depending on the innovative capacity of the community, enable the mandate to be carried out.

In general, there was potential for an uneasy relationship to unfold between budget holders and the stakeholders in the tourism cluster. Stakeholders without budgets (usually at a local level) generally operate from a lower power base than stakeholders who are also budget holders and this substantially constrains their ability to act out their own, local agendas.

Where the budgets are totally controlled outside the cluster, the process can become corrupted, with budget holders seeking to initiate agendas and actions within the community which the community does not necessarily want.

In such cases, the prognosis for the success of the action clusters is not good. It is for this reason that other regions⁵⁴ of the world, when embarking upon such processes, frequently make use of some kind of matching grant scheme, which runs side by side with the mobilisation initiative (clustering), enabling and empowering the local clusters to act on their own agendas. Such a device also serves to prevent budget holders from seeking to leverage their power and use the attractive, transparent and collaborative clustering initiatives in ways that are not congruent with the aims of those engaged in the cluster.

It is crucial that no attempt is made to run a cluster on an exclusive basis. Inclusivity and representative participation are critical to ultimate sustainable success. Without true representation, cluster initiatives often turn into lobbying exercises which seek to perpetuate the status quo.

3.4 Stakeholder Involvement

Public Sector Role in Tourism

“The development of industrial strategies will be tackled by, amongst others, facilitative processes such as sector and cluster collaborative initiatives designed to help firms meet the new challenges in collaboration with the constellation of players in their sectors.”⁵⁵

The public sector participants in the South African tourism sector typically have strict mandates for development, capacity building, and shifting the equity balance in the tourism industry. Coupled with this critical social focus, these mandates often require such entities to set in place and effectively implement policies to enhance the enabling environment for the private tourism sector. This has to happen in such a way that the private sector is empowered to deliver on such Tourism in GEAR targets as

⁵⁴ For example, New Zealand and Ireland have instituted matching grant schemes when clustering in the tourism sector. They have empowered the stakeholders through access to financing independent of other agendas. The only criterion (after the technical criteria) was that each cluster applying for financial assistance should also put up the first 50% of the grant requested.

⁵⁵ Paragraph 3.3.2.4 - “Economic Transformation” - Resolutions from the 50th National ANC Congress

increased contribution of tourism to Gross Domestic product, increased foreign exchange earnings, etc.

In many countries around the world, public sector officials achieve this delivery through a process of shared planning and collaboration with private sector players. Such a collaborative/clustering approach facilitates delivery at a faster rate than could be achieved by planning in isolation. Speed of response to change in global competitive forces is enhanced through working partnerships with the private sector players.

(a) Tourism Investment Promotion

A sound infrastructure plan to encourage tourism development has been developed focusing upon areas of maximum potential⁵⁶ which can form the basis of a planned collaborative approach to infrastructure and superstructure development. Spatial development Initiatives which have identified tourism as a central opportunity, such as the Wild Coast, have found that road and air access are critical precursors for success, and no expectation can be held of substantial tourist development without such prior commitment to infrastructure.

As well as basic infrastructure, adequate public services must be in place before the private sector will engage in investing in the superstructure of hotels, restaurants, entertainment and other attractions. This too can be the basis of a collaboration.

Given the risk averse nature of investors and the investment profiles of South Africa at this time, coupled with the high perceived risk of tourism investment generally, it is likely that government intercession in order to break the chicken-and-egg investment situation will be necessary.

The cluster task teams at all three levels believe that this requires an incentivisation strategy.

(b) Development, Planning and Supervision - PPPs⁵⁷

It is argued by the cluster that , initiated by the Public sector and assisted by the private sector, government plays a major role in developing, planning and supervising the use of South Africa's tourism assets to ensure that they are not irresponsibly used and ultimately destroyed, and to ensure that the economic benefits are maximised.

A major concern of the clusters, especially relevant in the thematic clusters, Heritage and Eco Tourism, was the setting of the pace for tourism development – especially to protect against over-development. This balance between the pace of development and the earnings for the economy in terms of jobs, income and foreign exchange earnings was seen as a public sector function with private sector input on the planning issue and the balance needed.

⁵⁶ Refer KPMG infrastructural development report (1999)

⁵⁷ Public Private Partnerships

In terms of development and planning best practise internationally suggests that the emphasis has shifted in such matters to a collaborative effort between the participants in the tourism economy, focussing on clear objectives.

(c) Protection of Communities

Frequently in the clustering exercise, especially in the local and thematic clusters, the issue of exploitation and “responsible tourism” was brought up. The cultural and social impact of tourism on an area can be negative as well as a positive. Tourism can and does contribute substantially to social problems regardless of where it occurs.

For example where the mass tourism option is taken less adaptation to local mores⁵⁸ and culture is likely and more standardised services and structures as well as food etc, are likely to be required. If the tourists are “wealthy” compared to the locals, this can and does attract criminals or stimulate criminal behaviour, etc. Increases in thefts and muggings are common. In areas where gambling stimulates tourism growth, prostitution and organised crime often follow. Certain countries which have more relaxed laws on sexual behaviour attract tourists for sexual encounters (Bangkok, India, Philippines).

The tourist often demands instant culture, with limited time to experience a new destination. This requires “staged authenticity”⁵⁹. In this way, culture can become trivialised such as in Hawaii, where tourists are greeted and welcomed to the island no longer with fresh flower wreaths, but with plastic wreaths. Local artefacts (arts & crafts) are also sought, often this leads to mass production of poor quality pieces of work and can encourage the freezing of local arts and crafts in a pseudo traditional form.

(d) Regulatory Control and Supervision

The cluster focussed attention upon the need to protect and sustain South Africa’s heritage and related assets. In order to restrain undesirable growth, to facilitate the required growth, to maintain quality standards, to match supply and demand, and, to protect tourists, control and supervision of our eco and heritage assets will be needed.

Some mechanisms suggested were the use of planning permission (its refusal or granting) and expanding or not expanding infrastructure⁶⁰. These

⁵⁸ Relationships between „Hosts, and „Tourists,, are usually transitory, superficial and unbalanced, with the local in the position of continuously serving the holiday making tourist. Sometimes locals are exploited as “tourism objects”. An extreme example of this is noted in Thailand, where Burmese refugee women in Chiang Mai – the “long necks” are displayed to visiting tourists. In Kenya’s Masai Mara, the Masai extract payment for photographs of themselves.

⁵⁹ Dean MacCannell: 1989

⁶⁰ Timing can be used effectively also. In Germany, there is a rota system, where the States are required to take their holidays on a rota system basis. Factories, schools and businesses all plan their closures in accordance with the rota. France divides the country into three zones, each of which takes the Summer Holiday at a different time

measures are often only partially successful since tourists will go where they want, and refusal to expand infrastructure can backlash on local residents.

Some working members of the local clusters raised a concern that as tourism grows, its organisation, if uncontrolled, can result in the tourism economy being dominated by a handful of large firms. The Competitions Board, as it pertains to tourism, was seen to be the necessary watchdog in this regard.

Cluster participants felt it important to find a mechanism for safeguarding the nations heritage (cultural, natural and built) in such a way that it is protected from abuse, exploitation and decay.

(f) Organisation

The cluster sees the overall organisational responsibility of the public tourism sector to be a crucial⁶¹ factor in the effective use of resources - often effected and implemented through a national board.

Case material in the Appendices refers.

Economic Foundations

The various cluster working groups and task teams which dealt with the economic foundations aspects of the cluster itself, articulated the following needs:

1. The need for a clear and comprehensive policy environment with focussed development objectives. A clear and predictable policy environment is perceived by the cluster to be a necessary prerequisite for investment in tourism.

The ability of the private sector cluster participants to predict government action and to rely upon government planning assists, according to the cluster, in minimising the risks associated with tourism investment in superstructure, and essentially ensures that the government acts as a partner in the investment.

2. A need to engage more at all levels in the **planning of tourism**, involving the production of guidelines and objectives for the development, growth and management of tourism, and designing strategies to achieve those objectives. This is in turn dependent upon having the essential data provided by appropriate research and ongoing statistics.

3. A need to understand the tourism focus priorities for investment in developing and maintaining infrastructure, as well as in upcoming investment opportunities. Added to this (for almost all of the smaller payers in the tourism economy) is access to development and project pre feasibility

⁶¹ Local Authorities often have differing statutory responsibilities and interests regarding Tourism. Often information and publicity services are handled at a local level as is the provision of local facilities and superstructure. Principal responsibilities are usually the provision of leisure facilities, planning, development control, provision of visitor services, parking, caravan sites, statistics provision at local level, local marketing, upkeep of Heritage sites, Public Health and Safety. Often the local authorities will own and operate locally situated airports.

financing, where, it is suggested, Government could focus the sectors attention on key areas by incentivising action in those regions.

Private Sector⁶² role in tourism

Much of today's tourist industry is made up of sophisticated organisations engaged in global strategies and it is in the development of globally competitive tourism that the energies of the private sector are mainly vested. South Africa has a number of firms already capable of and currently competing on a global basis.⁶³

Global competition has forced private sector tourism to move more and more towards economies of scale in operations, forcing a process of integration. Larger size is seen as lower risk by many, able to offer a better price to the consumer, and large carriers as well as large hotel groupings are in a better negotiating positions when negotiating routes than smaller ones. Integration can be one means of growth (albeit not always successful) which allows companies to increase market share.

The South African Tourism cluster is by definition itself made up of many different sectors, notably accommodation, transport, banking, retail shops, catering, taxis, arts and crafts, and more. The tourism product or offering of some combination of transport, accommodation and attractions, man made and natural ultimately results in the provision of a destination which will compete with other destinations for the Tourist spend.

The ability to continue to attract tourists to the tourist plant invested in by the public and private sectors, is a matter of making the right marketing, distribution and service decisions as a grouping of such, and being able to provide tourist destinations competitively. Around the central distribution system of tourism producers, wholesalers, and retailers, there are many other services such as guiding, financial services, trade newspapers and journals et al.

As a result, the concept of tourism clusters working together on marketing issues is one which is growing very quickly in the international competitive arena.⁶⁴ In such a marketing relationship, independent companies can work together to gain economies of scale with marketing brochures, or even mass advertising. This type of collaborative effort is especially useful for smaller to medium firms or regions in South Africa with limited individual resources.

Collaboration through clustering and through co-operative planning or both is crucial, since the ability to offer a selection of integrated packages (needs based) on the part of the private sector to the tourist is the essence of success.

⁶² Private sector in this context is used to mean all non-public sector players including organised labour, NGOs, etc.

⁶³ Sun International, Southern Sun, Fedics, Tourvest are some examples

⁶⁴ See Canadian and other case studies in Appendix D

However, at a National level, the notion of co-operating to compete is usually confined to the creation of packages and routes, rather than taking place in a more sophisticated and more meaningful way in order to increase South Africa's overall competitiveness.

This is one key rationale behind TCC's and TLG's argument that clustering in tourism for South Africa is more likely in the shorter term to be successful at a local level, since there is more motivation to collaborate at that level.

Linkages in the Tourism Cluster

It is acknowledged throughout the tourism clusters working in South Africa today that growth in tourism in the private sector will come about through an ability to deliver competitive and innovative product to customer needs, competing against the best in the world in destination marketing and management. Currently the linkages between the private sector players themselves as well as the interaction between the public and private sectors, are weak in many areas.

Increasing competitiveness on an ongoing basis will require real collaboration as opposed to lip service, and continuous upgrade of offerings. Business's input into tourism strategy could be weighted heavily to issues of planning, marketing and evaluation of segments and products likely to deliver value. Business structures could, through a process of commercially focused clustering, seek to engage government at a local level to develop products and services.

The national South African tourism industry per se is poor at information sharing within itself, not to mention with others, as far as information about markets and products and trends is concerned. The information is held closely as it is believed that it offers competitive advantage. Areas of collaboration are often limited to negotiation with government or transport providers or to membership in the relevant association.

The industry is not as integrated in its use of resources and collaboration within the sector as it might be. Many opportunities for collaboration exist, in order to improve the competitive offering of a region, or of a product line, but due to many reasons, some of them historical, such collaboration does not take place and the offering is weakened

Most collaborative tourism industry activity is at this time association based and focused on lobbying /representation behalf of members, rather than on collaboration for improving effectiveness.

Examples of associations are: the Hospitality Industries Leadership Group (composed of hotels) the Association of South African Travel Agents (ASATA) (travel agents) and so on. Cross pollinating linkages are required that go beyond monthly meetings under an umbrella organisation such as the TBC.

Clustering is needed among players for the development and effective implementation of marketing, distribution channel management, technology

upgrade and product development. This means structuring new kinds of working relationships and linkages.

Integrating new entrants into the tourism economy can be facilitated through a collaborative action process, as has been shown in the BEE task team working group of the National cluster process. The commercial development of SMMEs in tourism can be supported through the implementation of strategies such as outsourcing, mentoring small firms and financial aid. (refer Chapter 6)

A success world wide of the collaborative approach has been the setting up of what can be termed primarily marketing consortia which are theme and product based. The success of these collaborative efforts is especially noticeable in the commercial eco tourism sector, which has been collaborating for some time prior to this initiative on marketing issues, to the benefit of the entire cluster. (refer Chapter 5)

Some specific collaborative opportunities exist for the tourism sector players in terms of collaboration around socio economic objectives. These include:

- Business engaging with rural communities in the tourism arena in a way that develops new methods of equity sharing beneficial to local communities (refer Eco tourism model)
- Business developing strategies to improve Black Economic Empowerment in the Industry. The BEE working group (refer BEE Chapter 6) has developed some specific strategies for use by the tourism private sector in this regard.

There is a substantial opportunity for the South African tourism private sector to work together more effectively to deliver more globally competitive product along the value chain. Undertakings such as benchmarking costs and quality of South African service delivery against global players, for example, is something the private tourism sector might look at undertaking for itself in critical success areas, e.g. booking technology, tour packaging, distribution capability, etc.

The weaknesses referred to in earlier chapters of the South African Tourism cluster are in part a function of the relatively low levels of collaboration to be found within the cluster nationally, reducing the competitiveness and effectiveness of the cluster overall.

3.5 Different Levers for Action

Communications and Outreach

The “communications and outreach” portion of the work is critical for many reasons but perhaps the most critical is the function of engaging broader society in the learning and action process - thus stimulating learning and other self started initiatives. The resources put at the disposal of the communications and outreach portion of the cluster process were inadequate for the task.

The importance of the communications campaign in a transparent and participative process can not be over emphasised. In hindsight, the lack of public relations budget and the corresponding poor levels of awareness surrounding the process impacted negatively on the participation achieved and hence the overall success of the project.

Information

Throughout the process it was noticeable that few participants, even seasoned veterans of the tourism sector, knew where to find the information that they needed to evaluate potential opportunities, or to compare themselves against other, successful product developers, or even simply where to get information to help run their businesses.

Communications from the point of view of information dissemination for the tourism cluster is critical. However it is not working efficiently at this point in time. There are problems with data sourcing (the “what”), data management, (where to source it) and the dissemination of standard statistics down to the level of the tourism entrepreneur.

In the past few years a number of studies have been conducted, at great expense to the South African taxpayer, which will be of immeasurable benefit to the players in the tourism sector. However no central list of research reports / studies exists other than in the bibliography attached to this report, and repetition or overlap of studies occurs. Furthermore there is often no information fed through to the entrepreneurs in an area that certain tourism related projects are underway in which they can participate.

There is a clear need for an effective information sharing system, which will include updated information of projects happening nationally, incentive schemes, reports and studies available and where to locate them, and ongoing statistical updates of relevant information. Provision should be made for those who have no access to technology to hear of such activities and opportunities through media such as community radio or through local library access electronically.

Funding

One of the key issues which emerged at all levels and in all cases throughout this process was the importance of having access to financial and other resources for the clusters; and, even more basically, for small and emerging enterprises engaged in the tourism economy.

A coherent picture of what is actually available as a portfolio of options for the tourism entrepreneur from a funding and financing point of view is required. This is not only a product availability problem, but also a problem of effective communications on the part of the entities involved.

Once the entrepreneur has located a source of funds, s/he is then required to develop a business plan. This is beyond the capability of many entrepreneurs to handle to the satisfaction of the funding entities, indeed, the application procedures are unnecessarily complicated and onerous and often no assistance is available in the preparation of such applications

Finally, once application has been successfully made, there is a clear necessity in many cases to ensure that in the delicate start up period, the entrepreneur is assisted to consolidate her/his business skills.

If this does not happen, a return may not be made and the funding entity's perception of risk will increase, limiting future investment in the section of the tourism economy that needs it most.

An important issue related to funding is the need to fund Local Economic Development. Without funding measures in place to support local tourism development initiatives such as clusters, LED, capacity development and the need to factor tourism related skills into communities at a fundamental level, there is real potential for a problem at the level of delivery direct to tourist.

Packaging the Effort

In the case of the local clusters, it became clear that packaging the intervention as part of a greater nationally driven scheme had value in terms of achieving participation at the local level. The local pilots were all removed from the heart of political and economic power located in Gauteng.

The intervention connected the local pilots directly to the source of decision making and budgetary control and packaging the initiatives as having strong links to the national tier had a positive effect in terms of mobilising participation. The concept of "lighting a thousand fires" - creating many initiatives throughout the country - will motivate other initiatives to start.

Duplication

Many participants of the cluster process were critical about the issue of duplication of efforts and initiatives within the industry. However, the duplication of effort aids in raising the levels of awareness in the industry and helps to "light a thousand" fires and mobilise clustering across the sector.

Part of the need to allow duplication was to ensure that individuals who had not historically participated in the tourism economy were able in this process to re-visit the foundations and basic structures of the industry. Many of these individuals indicated excitement and satisfaction at the opportunity to learn more. This process may have proved frustrating for the existing incumbents of the Tourism industry but was seen as essential by the newcomers and potential entrants.

The focus on tourism as a key economic sector is of fairly recent origin in South Africa.. As a result many of our institutions and entities were approaching the sector for the first time and curious to learn more about its potential as an engine of economic growth.

The clustering process itself allowed for the development of a heightened awareness on the part of the general public in many areas around tourism and its potential, - as a result new tourism clusters began spontaneously in certain areas.

Finally, many people objected to the “Talk Shop”. Getting to “action” is critical, but so is preliminary talking, especially when there is such a substantially diverse range of experience and knowledge in the tourism industry.

Since one of the major objectives of the clustering process as per the brief was to ensure that previously disadvantaged people were given the opportunity to access information about the industry, talking and re-looking at the industry became a critical first component of the process. The issue here is to know when to reduce the talking and increase the action.

This phased approach of information presentation, followed by discussion, followed by planning and then “action”, was part of the project design (refer Appendix C1 for detailed design) and is typical of cluster processes.

Economic Development through Clustering

Clustering processes are in general supply side measures. In this particular case, application of the methodology has resulted in steps being taken towards: developing projects (local pilots), transferring capacity (local pilots), make available funding (mobilising investment and funding working group) and sharing of information throughout the project.

The demand side levers for growth were not tackled by the clustering process.

Building New Teams & Extending Participation

One of the greatest positive impacts from the process has perhaps been the development of partnerships and allies. The tourism cluster process has seeded numerous different teams made up of people that would not otherwise have networked together.

Part of the mandate for this process was to demonstrate the potential for clustering as a methodological approach to extend the participation to South Africans who had been previously excluded from the tourism economy. Specifically mentioned in the mandate were black South Africans and women.

The composition of the clusters at a local level, and the national working groups as well as the composition of the heritage theme group, serves as a demonstration of the inclusive power of clustering.⁶⁵

Many individuals either outside of the formal tourism sector arena or completely uninformed as to the potential for them to engage in the tourism economy at all, were engaged by this process. Specific mechanisms were

⁶⁵ Refer Participant lists for all working groups and Local Clusters in Appendix C3

reviewed and identified to improve aspects of black economic empowerment in tourism.⁶⁶

The Roll Out plan, the plan for sustaining existing clusters into the future and the strategy for the future articulated by the cluster participants⁶⁷ are the drivers of this process into the future

⁶⁶ Refer Black Economic Empowerment, Chapter 6.

⁶⁷ Provided as separate reports.