

Building resilience in tourism and hospitality despite downgrades

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The recent downgrades by international rating agencies signal that South African businesses must find ways to build strengths that could survive the political turbulence that plagues the country. Now is the time to reconsider real or perceived competitive advantages and to get ready for the time that the economy will survive the chaos and return to calmer waters.



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The tourism and hospitality industry holds the key to highlight to the world what South Africa is really all about. This industry's most important and visible competitive advantage is not found in flashy foyers but in the capability of its people to do things right the first time. There is an unfortunate complacency in the industry that must be addressed.

The tourism and hospitality industry is much more than the flashy property or the most expensive real estate in the world. It is also represented by the franchise restaurant whose staff walks around in soiled uniforms. The humble guesthouse tucked away in a corner that no one knows about also represents the industry. It is about the tour guide knowing all the interesting factoids about an area.

Creating a skilled tourism and hospitality workforce

The skills levels in the tourism and hospitality industry are highly polarised. A few are very well qualified for their roles but the vast majority's skills are unfortunately bordering on casual labour standards.

Business owners and managers claim that they do not have to fund for training their personnel. The fact is that any business enterprise with a payroll of more than R500,000 pays monthly skills development levies. This means that businesses are compelled to train their staff in compliance with the Skills Development Act.

For every ten business entities that each have an annual payroll of R500,000, eight employees can obtain a qualification within a year and thus add more value to the industry. Moreover, skills development spending is tax deductible. For every one person finishing a learnership, there is a minimum tax rebate of R30,000 available for the business. For every eight people finishing a learnership, the business could receive a tax rebate to a minimum value of R240,000. In addition, amendments to the Skills Development Act make it possible for smaller entities in the industry to engage with learnership programmes.

The tourism and hospitality industry is a flagship industry. It cannot afford to leave its staff unskilled and unqualified. At least one industry can survive tough times if and only if there is an increased focus on its people as a significant competitive advantage.

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